



# Finance (No. 2) Act 1992

## 1992 CHAPTER 48

### PART II

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER I

#### GENERAL

#### *Miscellaneous*

#### **57 Rents or receipts between connected persons.**

(1) In the Taxes Act 1988, the following shall be inserted after section 33—

*“ Connected persons*

#### **33A Rents or receipts payable by a connected person.**

(1) Subsection (2) below applies where—

- (a) any rents or receipts in respect of which a person is chargeable to tax under Schedule A accrue in a chargeable period of his earlier than the one in which they are payable,
- (b) the person by whom they are payable is entitled to a deduction in respect of them in computing his profits or gains for tax purposes, and
- (c) the two persons are connected with one another when the rents or receipts accrue, or were connected with one another at any time before they accrue and after both 9th March 1992 and the making of the lease or other agreement under which they accrue.

(2) The chargeable person shall be regarded for the purposes of Schedule A as becoming entitled to the rents or receipts in the chargeable period in which

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*Status: Point in time view as at 16/07/1992. This version of this provision has been superseded.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992, Section 57. (See end of Document for details)*

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they accrue (rather than in the chargeable period in which they become payable).

- (3) For the purposes of this section, any rents or receipts shall be taken to accrue at the times at which, and in the amounts in which, they are taken to accrue for the purposes of calculating the deduction mentioned in subsection (1)(b) above.
- (4) Section 839 (connected persons) shall apply for the purposes of this section.

**33B Rents or receipts relating to land in respect of which a connected person makes payments to a third party.**

- (1) Subsection (2) below applies where—
- (a) any rents or receipts in respect of which a person is chargeable to tax under Schedule A accrue in a chargeable period of his earlier than the one in which they are payable,
  - (b) the land to which the rents or receipts relate is land in respect of which another person becomes entitled to a relevant tax deduction at any time before the rents or receipts become payable,
  - (c) the two persons are connected with one another when the rents or receipts accrue, or were connected with one another at any time before they accrue and after both 9th March 1992 and the making of the lease or other agreement referred to in subsection (4) below, and
  - (d) section 33A(2) does not apply.
- (2) The chargeable person shall be regarded for the purposes of Schedule A as becoming entitled to the rents or receipts in the chargeable period in which they accrue (rather than in the chargeable period in which they become payable).
- (3) For the purposes of this section, any rents or receipts payable to the chargeable person shall be taken to accrue at the times at which, and in the amounts in which, they would be taken to accrue for the purposes of calculating a deduction in respect of them in computing his profits or gains for tax purposes if—
- (a) they were payable by him instead of to him, and
  - (b) he were assessable to tax under Case I of Schedule D in respect of his profits or gains.
- (4) In this section, “relevant tax deduction”, in relation to a person and any land, means a deduction (in computing the person’s profits or gains for tax purposes) in respect of any rents or other sums payable after they accrue under a lease or other agreement relating to the land or any part of it.
- (5) For the purposes of this section—
- (a) a person shall be regarded as becoming entitled to a relevant tax deduction when the rents or other sums to which the deduction relates accrue, and
  - (b) any rents or other sums to which a relevant tax deduction relates shall be taken to accrue at the times at which, and in the amounts in which, they are taken to accrue for the purposes of calculating the deduction.
- (6) Section 839 (connected persons) shall apply for the purposes of this section.”

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- (2) This section shall have effect in relation to rents or receipts accruing on or after 10th March 1992.

**Status:**

Point in time view as at 16/07/1992. This version of this provision has been superseded.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance (No. 2) Act 1992, Section 57.