

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*



# Finance Act 1994

## 1994 CHAPTER 9

### PART IV **U.K.**

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

### CHAPTER I **U.K.**

#### GENERAL

##### *Income tax: charge, rates and reliefs*

#### <sup>F1</sup>75 Charge and rates of income tax for 1994-95. **U.K.**

.....

##### Textual Amendments

F1 S. 75 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

#### <sup>F2</sup>76 Personal allowance. **U.K.**

.....

##### Textual Amendments

F2 S. 76 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

#### 77 Rate of relief to married couples etc. **U.K.**

<sup>F3</sup>(1) .....

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

F3(2) .....

F4(3) .....

F4(4) .....

F5(5) .....

(6) The Taxes Act 1988 and the <sup>M1</sup>Taxes Management Act 1970 shall have effect with the amendments specified in Schedule 8 to this Act (which supplements the provisions of this section).

(7) This section and Schedule 8 to this Act shall have effect for the year 1994-95 and, subject to the following provisions of this section, for subsequent years of assessment.

F6(8) .....

F6(9) .....

F6(10) .....

**Textual Amendments**

- F3 S. 77(1)(2) omitted (21.7.2009) (with effect in accordance with Sch. 1 para. 7 of the amending Act) by virtue of Finance Act 2009 (c. 10), Sch. 1 para. 6(f)
- F4 S. 77(3)(4) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(4), Note in the repealing Act) by 1999 c. 16, s. 139, Sch. 20 Pt. III(4), Note
- F5 S. 77(5) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(5), Note 2 in the repealing Act) by 1999 c. 16, s. 139, Sch. 20 Pt. III(5), Note 2
- F6 S. 77(8)-(10) repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), Sch. 3 Pt. 1 (with Sch. 2)

**Marginal Citations**

- M1 1970 c. 9.

**F778 Amount by reference to which MCA is reduced. U.K.**

.....

**Textual Amendments**

- F7 S. 78 repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), Sch. 3 Pt. 1 (with Sch. 2)

**79 Relief for maintenance payments. U.K.**

(1) Sections 347A and 347B of the <sup>M2</sup>Taxes Act 1988 <sup>F8</sup> . . . (which contain provision with respect to the deductions from income allowed on account of maintenance payments) shall have effect in relation to payments becoming due on or after 6th April 1994 with the following modifications.

F9(2) .....

F10(3) .....

F10(4) .....

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- F10F9(5) .....
- F10(6) .....
- F9(7) .....
- F9(8) .....

#### Textual Amendments

- F8** Words in s. 79(1) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(6), Note in the repealing Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(6)**, Note
- F9** S. 79(2)(5)(7)(8) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(6), Note in the repealing Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(6)**, Note
- F10** S. 79(3)-(6) repealed (6.4.2007) by **Income Tax Act 2007 (c. 3)**, s. 1034(1), **Sch. 3 Pt. 1** (with **Sch. 2**)

#### Marginal Citations

- M2** 1988 c. 39.

### 80 Limit on relief for interest. **U.K.**

For each of the years 1994-95 and 1995-96 the qualifying maximum defined in section 367(5) of the Taxes Act 1988 (limit on relief for interest on certain loans) shall be £30,000.

### 81 Mortgage interest relief etc. **U.K.**

- (1) For subsection (1) of section 353 of the Taxes Act 1988 (general provision for relief for interest payments) there shall be substituted the following subsection—

“(1) Where a person pays interest in any year of assessment, that person, if he makes a claim to the relief, shall for that year of assessment be entitled (subject to sections 354 to 368) to relief in accordance with this section in respect of so much (if any) of the amount of that interest as is eligible for relief under this section by virtue of sections 354 to 365.”

- (2) After that subsection there shall be inserted the following subsections—

“(1A) Where a person is entitled for any year of assessment to relief under this section in respect of any amount of interest which—

- (a) is eligible for that relief by virtue of section 354 or 365, and
- (b) so far as eligible by virtue of section 354, is so eligible in a case which falls, or is treated as falling, within section 355(1)(a), 356 or 358,

that relief shall consist in an income tax reduction for that year calculated by reference to that amount.

(1B) Where a person is entitled for any year of assessment to relief under this section in respect of any amount of interest which—

- (a) is eligible for that relief otherwise than by virtue of section 354 or 365, or
- (b) is eligible for that relief by virtue of section 354 in a case falling within section 355(1)(b),

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter 1 is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

that relief shall consist (subject to sections 237(5)(b) and 355(4)) in a deduction or set-off of that amount from or against that person's income for that year.

(1C) Without prejudice to subsection (1E) below, where the whole or any part of an amount of interest is eligible for relief under this section by virtue of section 354 in a case which (apart from this subsection) would fall, or be treated as falling, within both section 355(1)(a) or 356 and section 355(1)(b), then that case shall be treated for the purposes of this section and the following provisions of this Act—

- (a) except in relation to payments to which an election made for the purposes of this subsection by the person entitled to the relief applies, as falling within section 355(1)(b) and not within section 355(1)(a) or 356; and
- (b) in relation to payments to which such an election does apply, as falling within section 355(1)(a) or, as the case may be, 356, and not within section 355(1)(b).

(1D) An election for the purposes of subsection (1C)—

- (a) shall be made, and may be withdrawn, by the giving of written notice to an officer of the Board;
- (b) shall apply to every payment of interest which—
  - (i) is made after the time specified in the notice of that election as the time as from which it takes effect; and
  - (ii) is not made after a time specified in a notice of the withdrawal of that election as the time as from which that election is withdrawn;
- (c) shall not be made so as to take effect as from any time except the beginning of a year of assessment or a time as from which the conditions for the case to fall, or be treated as falling, within both section 355(1)(a) or 356 and section 355(1)(b) have begun to be satisfied in relation to payments of interest on the loan in question;
- (d) shall not be withdrawn except as from the beginning of a year of assessment; and
- (e) shall not be made so as to take effect, and shall not be withdrawn, as from any time before the beginning of the year of assessment immediately before that in which the notice of the election or, as the case may be, of the withdrawal is given to an officer of the Board.

(1E) Where any person is entitled for any year of assessment to relief under this section in respect of any amount of interest as is eligible for that relief partly as mentioned in subsection (1A) above and partly as mentioned in subsection (1B) above, that amount of interest shall be apportioned between the cases to which each of those subsections applies without regard to what parts of the total amount borrowed remain outstanding but according to the following factors, that is to say—

- (a) the proportions of the total amount borrowed which were applied for different purposes; and
- (b) in the case of so much of any amount of interest which is, or in pursuance of an apportionment under paragraph (a) above is treated as, eligible for relief by virtue of section 354, the different uses to which the land or other property in question is put from time to time;

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

and subsection (1A) or (1B) above shall apply accordingly in relation to the interest apportioned to the case to which that subsection applies.

(1F) Where any person is entitled under this section for any year of assessment to an income tax reduction calculated by reference to an amount of interest, the amount of that person's liability for that year to income tax on his total income shall be the amount to which he would have been liable apart from this section less whichever is the smaller of—

- (a) the amount equal to the applicable percentage of that amount of interest; and
- (b) the amount which reduces his liability to nil.

(1G) In subsection (1F) above “the applicable percentage”—

- (a) in relation to so much of any interest as is eligible for relief under this section by virtue of section 354, means 20 per cent.; and
- (b) in relation to so much of any interest as is eligible for relief under this section by virtue of section 365, means the percentage which is the basic rate for the year of assessment in question;

but, in relation to any payment of interest which (whenever falling due) is made in the year 1995-96 or any subsequent year of assessment, paragraph (a) above shall have effect with the substitution of “15 per cent.” for “20 per cent.”

(1H) In determining for the purposes of subsection (1F) above the amount of income tax to which a person would be liable apart from any income tax reduction under this section, no account shall be taken of—

- (a) any income tax reduction under Chapter I of Part VII or section 347B;
- (b) any relief by way of a reduction of liability to tax which is given in accordance with any arrangements having effect by virtue of section 788 or by way of a credit under section 790(1); or
- (c) any tax at the basic rate on so much of that person's income as is income the income tax on which he is entitled to charge against any other person or to deduct, retain or satisfy out of any payment.”

<sup>F11</sup>(3) .....

(4) For subsections (3) to (5B) of section 369 of that Act (provisions balancing deduction of relevant loan interest from income against charge to tax) there shall be substituted the following subsection—

“(3) The following payments, that is to say—

- (a) payments of relevant loan interest to which this section applies, and
- (b) payments which would be such payments but for section 373(5),

shall not be allowable as deductions for any purpose of the Income Tax Acts except in so far as they fall to be treated as such payments by virtue only of section 375(2) and would be allowable apart from this subsection.”

(5) Schedule 9 to this Act (which for the purposes of or in connection with the provisions of this section makes further modifications of certain enactments in relation to tax relief on interest payments) shall have effect.

(6) The preceding provisions of this section and that Schedule—

- (a) shall have effect in relation to payments of interest made on or after 6th April 1994 (whenever falling due); and

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

(b) shall also have effect, so far as they relate to relevant loan interest, in relation to any payments of interest becoming due on or after 6th April 1994 which have been made at any time before that date but on or after 30th November 1993.

(7) Any provision made before the passing of this Act by reference to the basic rate of income tax and contained in any instrument or agreement under or in accordance with which payments of relevant loan interest have been or are to be made shall be taken, in relation to any such payment as is mentioned in subsection (6)(a) or (b) above, to have been made, instead, by reference to a rate which, in the case of that payment, is the applicable percentage for the purposes of subsection (1) of section 369 of the Taxes Act 1988.

<sup>F11</sup>(8) .....

(9) In this section “relevant loan interest” has the same meaning as in Part IX of the Taxes Act 1988.

**Textual Amendments**

**F11** S. 81(3)(8) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(7), Note 4 in the repealing Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(7)**, Note 4

**82 Relief for blind persons. U.K.**

(1) In section 265(1) of the Taxes Act 1988 (blind person’s allowance) for “£1,080” there shall be substituted “ £1,200 ”.

(2) This section shall apply for the year 1994-95 and subsequent years of assessment.

<sup>F12</sup>**83** ..... **U.K.**

**Textual Amendments**

**F12** S. 83 repealed (31.7.1997 with effect as mentioned in Sch. 8 Pt. II(2), Note in the repealing Act) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(2)**, Note

<sup>F13</sup>**84** ..... **U.K.**

**Textual Amendments**

**F13** S. 84 repealed (27.7.1999 with effect as mentioned in s. 59(3)(b), Sch. 20 Pt. III(15), Note in the repealing Act) by 1999 c. 16, ss. 59(3)(b), 139, **Sch. 20 Pt. III(15)**, Note; S.I. 2000/2004, **art. 2**

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

### Corporation tax charge and rate

#### 85 Charge and rate of corporation tax for 1994. **U.K.**

Corporation tax shall be charged for the financial year 1994 at the rate of 33 per cent.

#### <sup>F14</sup>86 Small companies. **U.K.**

.....

#### Textual Amendments

**F14** S. 86 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

### Benefits in kind

#### 87 Car fuel. **U.K.**

(1) In section 158 of the Taxes Act 1988 (car fuel) for the Tables in subsection (2) (tables of cash equivalents) there shall be substituted—

#### “ TABLE A

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Cash equivalent</i>
1,400 or less	£640
More than 1,400 but not more than 2,000	£810
More than 2,000	£1,200

#### TABLE AB

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Cash equivalent</i>
2,000 or less	£580
More than 2,000	£750

#### TABLE B

<i>Description of car</i>	<i>Cash equivalent</i>
Any car	£1,200”

(2) This section shall have effect for the year 1994-95 and subsequent years of assessment.

#### <sup>F15</sup>88 Beneficial loan arrangements. **U.K.**

.....

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter 1 is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

**Textual Amendments**

**F15** S. 89 repealed (6.4.2003) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))

**F1589 Vouchers and credit-tokens. U.K.**

.....

**Textual Amendments**

**F15** S. 89 repealed (6.4.2003) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))

*Chargeable gains*

**90 Annual exempt amount for 1994-95. U.K.**

For the year 1994-95 section 3 of the <sup>M3</sup>Taxation of Chargeable Gains Act 1992 (annual exempt amount) shall have effect as if the amount specified in subsection (2) were £5,800, and accordingly subsection (3) of that section (indexation) shall not apply for that year.

**Marginal Citations**

**M3** 1992 c. 12.

**91 Relief on re-investment. U.K.**

- (1) Schedule 11 to this Act (which extends the relief on re-investment for individuals and trustees provided by Chapter IA of Part V of the Taxation of Chargeable Gains Act 1992) shall have effect.
- (2) That Schedule shall have effect in relation to disposals made on or after 30th November 1993.
- (3) In section 164H(1) of that Act—
  - (a) for “is greater than” there shall be substituted “ exceeds ”, and
  - (b) at the end there shall be added “ or half the value of the company’s assets as a whole (whichever is the greater); and section 294(3) and (4) of the Taxes Act (meaning of value of company’s assets as a whole) applies for the purposes of this subsection as it applies for the purposes of section 294 of that Act ”.
- (4) Subsection (3) above shall apply to determine whether a company is a qualifying company on or after 30th November 1993.

**F1692 ..... U.K.**



*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

### Textual Amendments

**F16** S. 92 repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(31), Note in the repealing Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(31)** Note

## 93 Indexation losses. **U.K.**

- (1) In section 53 of the Taxation of Chargeable Gains Act 1992 (indexation allowance), in subsection (1), for the words following “contrary” to the end of paragraph (c) there shall be substituted “if on the disposal of an asset there is an unindexed gain, an allowance (“the indexation allowance”) shall be allowed against the unindexed gain—
  - (a) so as to give the gain for the purposes of this Act, or
  - (b) if the indexation allowance equals or exceeds the unindexed gain, so as to extinguish it (in which case the disposal shall be one on which, after taking account of the indexation allowance, neither a gain nor a loss accrues)”.
- (2) In subsection (2) of that section—
  - (a) for “subsection (1) above” there shall be substituted “ this Chapter ”,
  - (b) for paragraph (a) there shall be substituted—
    - “(a) “unindexed gain” means the amount of the gain on the disposal computed in accordance with this Part”, and
  - (c) in paragraph (b), for “gain or loss” there shall be substituted “ gain ”.
- (3) After that subsection there shall be inserted—

“(2A) Notwithstanding anything in section 16 of this Act, this section shall not apply to a disposal on which a loss accrues.”
- (4) In section 55 of that Act (assets acquired on a no gain/no loss disposal), after subsection (6) there shall be inserted—
  - “(7) The rules in subsection (8) below apply (after the application of section 53 but before the application of section 35(3) or (4)) to give the gain or loss for the purposes of this Act where—
    - (a) subsection (6) above applies to the disposal (the “disposal in question”) of an asset by any person (the “transferor”), and
    - (b) but for paragraph (b) of that subsection, the consideration the transferor would be treated as having given for the asset would include an amount or amounts of indexation allowance brought into account by virtue of section 56(2) on any disposal made before 30th November 1993.
- (8) The rules are as follows—
  - (a) where (apart from this subsection) there would be a loss, an amount equal to the rolled-up indexation shall be added to it so as to increase it,
  - (b) where (apart from this subsection) the unindexed gain or loss would be nil, there shall be a loss of an amount equal to the rolled-up indexation, and
  - (c) where (apart from this subsection)—

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (i) there would be an unindexed gain, and
  - (ii) the gain or loss would be nil but the amount of the indexation allowance used to extinguish the gain would be less than the rolled-up indexation,
- the difference shall constitute a loss.
- (9) In this section the “rolled-up indexation” means, subject to subsections (10) and (11) below, the amount or, as the case may be, the aggregate of the amounts referred to in subsection (7)(b) above; and subsections (10) and (11) below shall, as well as applying on the disposal in question, be treated as having applied on any previous part disposal by the transferor.
- (10) Where, for the purposes of any disposal of the asset by the transferor, any amount falling within any, or any combination of, paragraphs (a) to (c) of section 38(1) is required by any enactment to be excluded, reduced or written down, the amount or aggregate referred to in subsection (9) above (or so much of it as remains after the application of this subsection and subsection (11) below on a previous part disposal) shall be reduced in proportion to any reduction made in the amount falling within the paragraph, or the combination of paragraphs, in question.
- (11) Where the transferor makes a part disposal of the asset at any time, then, for the purposes of that and any subsequent disposal, the amount or aggregate referred to in subsection (9) above (or so much of it as remains after the application of this subsection and subsection (10) above on a previous part disposal by him or after the application of subsection (10) above on the part disposal) shall be apportioned between the property disposed of and the property which remains in the same proportions as the sums falling within section 38(1)(a) and (b).”
- (5) In section 56 of that Act (amount of consideration on no gain/no loss disposals)—
- (a) in subsection (2) for the words preceding paragraph (a) there shall be substituted “ On a no gain/no loss disposal by any person (“the transferor”)”, and
  - (b) after that subsection there shall be added—
    - “(3) Where apart from this subsection—
      - (a) a loss would accrue on the disposal of an asset, and
      - (b) the sums allowable as a deduction in computing that loss would include an amount attributable to the application of the assumption in subsection (2) above on any no gain/no loss disposal made on or after 30th November 1993,
 those sums shall be determined as if that subsection had not applied on any such disposal made on or after that date and the loss shall be reduced accordingly or, if those sums are then equal to or less than the consideration for the disposal, the disposal shall be one on which neither a gain nor a loss accrues.
- (4) For the purposes of this section a no gain/no loss disposal is one which, by virtue of any enactment other than section 35(4), 53(1) or this section, is treated as a disposal on which neither a gain nor a loss accrues to the person making the disposal.”

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

(6) In section 110 of that Act (indexation allowance for share pools), after subsection (6) there shall be inserted—

“(6A) Where a disposal to a person acquiring or adding to a new holding is treated by virtue of any enactment as one on which neither a gain nor a loss accrues to the person making the disposal—

- (a) section 56(2) shall not apply to the disposal (and, accordingly, the amount of the consideration shall not be calculated on the assumption that a gain of an amount equal to the indexation allowance accrues to the person making the disposal), but
- (b) an amount equal to the indexation allowance on the disposal shall be added to the indexed pool of expenditure for the holding acquired or, as the case may be, held by the person to whom the disposal is made (and, where it is added to the indexed pool of expenditure for a holding so held, it shall be added after any increase required by subsection (8)(a) below).”

(7) Sections 103 (collective investment schemes, etc.), 111 (building society etc. shares), 182 to 184 (groups and associated companies) and 200 (oil industry assets) of that Act (all of which relate to indexation allowance) shall cease to have effect.

<sup>F17</sup>(8) .....

<sup>F17</sup>(9) .....

<sup>F17</sup>(10) .....

(11) This section shall have effect in relation to disposals made on or after 30th November 1993 and Schedule 12 to this Act (which gives transitional relief) shall have effect for the years 1993–94 and 1994–95.

**Textual Amendments**

**F17** S. 93(8)-(10) repealed (19.7.2011) (with effect in accordance with Sch. 11 para. 11 12 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 11 para. 10\(a\)](#)

**<sup>F18</sup>94 Set-off of pre-entry losses. U.K.**

.....

**Textual Amendments**

**F18** S. 94 repealed (19.7.2011) (with effect in accordance with Sch. 11 para. 11 12 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 11 para. 10\(a\)](#)

**95 Commodity and financial futures. U.K.**

(1) In section 143 of the <sup>M4</sup>Taxation of Chargeable Gains Act 1992 (commodity and financial futures and qualifying options), subsection (4) shall cease to have effect and for subsection (6) there shall be substituted the following subsections—

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- “(6) In any case where, in the course of dealing in commodity or financial futures, a person has entered into a futures contract and—
- (a) he has not closed out the contract (as mentioned in subsection (5) above), and
  - (b) he becomes entitled to receive or liable to make a payment, whether under the contract or otherwise, in full or partial settlement of any obligations under the contract,
- then, for the purposes of this Act, he shall be treated as having disposed of an asset (namely, that entitlement or liability) and the payment received or made by him shall be treated as consideration for the disposal or, as the case may be, as incidental costs to him of making the disposal.
- (7) Section 46 shall not apply to obligations under—
- (a) a commodity or financial futures contract which is entered into by a person in the course of dealing in such futures on a recognised futures exchange; or
  - (b) a commodity or financial futures contract to which an authorised person or listed institution is a party.
- (8) In this section—
- “authorised person” has the same meaning as in the Financial Services Act 1986, and
- “listed institution” has the same meaning as in section 43 of that Act.”
- (2) This section shall apply in relation to contracts entered into on or after 30th November 1993.

**Marginal Citations**

M4 1992 c.12.

**96 Cash-settled options. U.K.**

- (1) After section 144 of the <sup>M5</sup>Taxation of Chargeable Gains Act 1992 (options and forfeited deposits) there shall be inserted the following section—

**“144A Cash-settled options.**

- (1) In any case where—
- (a) an option is exercised; and
  - (b) the nature of the option (or its exercise) is such that the grantor of the option is liable to make, and the person exercising it is entitled to receive, a payment in full settlement of all obligations under the option,
- subsections (2) and (3) below shall apply in place of subsections (2) and (3) of section 144.
- (2) As regards the grantor of the option—

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (a) he shall be treated as having disposed of an asset (namely, his liability to make the payment) and the payment made by him shall be treated as incidental costs to him of making the disposal; and
  - (b) the grant of the option and the disposal shall be treated as a single transaction and the consideration for the option shall be treated as the consideration for the disposal.
- (3) As regards the person exercising the option—
- (a) he shall be treated as having disposed of an asset (namely, his entitlement to receive the payment) and the payment received by him shall be treated as the consideration for the disposal;
  - (b) the acquisition of the option (whether directly from the grantor or not) and the disposal shall be treated as a single transaction and the cost of acquiring the option shall be treated as expenditure allowable as a deduction under section 38(1)(a) from the consideration for the disposal; and
  - (c) for the purpose of computing the indexation allowance (if any) on the disposal, the cost of the option shall be treated (notwithstanding paragraph (b) above) as incurred when the option was acquired.
- (4) In any case where subsections (2) and (3) above would apply as mentioned in subsection (1) above if the reference in that subsection to full settlement included a reference to partial settlement, those subsections and subsections (2) and (3) of section 144 shall both apply but with the following modifications—
- (a) for any reference to the grant or acquisition of the option there shall be substituted a reference to the grant or acquisition of so much of the option as relates to the making and receipt of the payment or, as the case may be, the sale or purchase by the grantor; and
  - (b) for any reference to the consideration for, or the cost of or of acquiring, the option there shall be substituted a reference to the appropriate proportion of that consideration or cost.
- (5) In this section “appropriate proportion” means such proportion as may be just and reasonable in all the circumstances.”
- (2) This section shall apply in relation to options granted on or after 30th November 1993.

#### Marginal Citations

M5 1992 c.12.

## 97 Settlements with foreign element: information. **U.K.**

- (1) The <sup>M6</sup>Taxation of Chargeable Gains Act 1992 shall be amended as mentioned in subsections (2) to (4) below.
- (2) In Chapter II of Part III (settlements) the following section shall be inserted after section 98—

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

### **“98A Settlements with foreign element: information.**

Schedule 5A to this Act (which contains general provisions about information relating to settlements with a foreign element) shall have effect.”

(3) The following Schedule shall be inserted after Schedule 5—

#### “SCHEDULE 5A U.K.

Section 98A.

##### SETTLEMENTS WITH FOREIGN ELEMENT: INFORMATION

- 1 In this Schedule “the commencement day” means the day on which the Finance Act 1994 was passed.
- 2 (1) This paragraph applies if—
  - (a) a settlement was created before 19th March 1991,
  - (b) on or after the commencement day a person transfers property to the trustees otherwise than under a transaction entered into at arm’s length and otherwise than in pursuance of a liability incurred by any person before that day,
  - (c) the trustees are not resident or ordinarily resident in the United Kingdom at the time the property is transferred, and
  - (d) the transferor knows, or has reason to believe, that the trustees are not so resident or ordinarily resident.

(2) Before the expiry of the period of twelve months beginning with the relevant day, the transferor shall deliver to the Board a return which—

  - (a) identifies the settlement, and
  - (b) specifies the property transferred, the day on which the transfer was made, and the consideration (if any) for the transfer.

(3) For the purposes of sub-paragraph (2) above the relevant day is the day on which the transfer is made.
- 3 (1) This paragraph applies if a settlement is created on or after the commencement day, and at the time it is created—
  - (a) the trustees are not resident or ordinarily resident in the United Kingdom, or
  - (b) the trustees are resident or ordinarily resident in the United Kingdom but fall to be regarded for the purposes of any double taxation relief arrangements as resident in a territory outside the United Kingdom.

(2) Any person who—

  - (a) is a settlor in relation to the settlement at the time it is created, and
  - (b) at that time fulfils the condition mentioned in sub-paragraph (3) below,

shall, before the expiry of the period of three months beginning with the relevant day, deliver to the Board a return specifying the particulars mentioned in sub-paragraph (4) below.

(3) The condition is that the person concerned is domiciled in the United Kingdom and is either resident or ordinarily resident in the United Kingdom.

*Status: Point in time view as at 01/08/2023.*

**Changes to legislation:** Finance Act 1994, Chapter 1 is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (4) The particulars are—
    - (a) the day on which the settlement was created;
    - (b) the name and address of the person delivering the return;
    - (c) the names and addresses of the persons who are the trustees immediately before the delivery of the return.
  - (5) For the purposes of sub-paragraph (2) above the relevant day is the day on which the settlement is created.
- 4 (1) This paragraph applies if a settlement is created on or after 19th March 1991, and at the time it is created—
- (a) the trustees are not resident or ordinarily resident in the United Kingdom, or
  - (b) the trustees are resident or ordinarily resident in the United Kingdom but fall to be regarded for the purposes of any double taxation relief arrangements as resident in a territory outside the United Kingdom.
- (2) Any person who—
- (a) is a settlor in relation to the settlement at the time it is created,
  - (b) at that time does not fulfil the condition mentioned in sub-paragraph (3) below, and
  - (c) first fulfils that condition at a time falling on or after the commencement day,
- shall, before the expiry of the period of twelve months beginning with the relevant day, deliver to the Board a return specifying the particulars mentioned in sub-paragraph (4) below.
- (3) The condition is that the person concerned is domiciled in the United Kingdom and is either resident or ordinarily resident in the United Kingdom.
- (4) The particulars are—
- (a) the day on which the settlement was created;
  - (b) the name and address of the person delivering the return;
  - (c) the names and addresses of the persons who are the trustees immediately before the delivery of the return.
- (5) For the purposes of sub-paragraph (2) above the relevant day is the day on which the person first fulfils the condition as mentioned in paragraph (c) of that sub-paragraph.
- 5 (1) This paragraph applies if—
- (a) the trustees of a settlement become at any time (the relevant time) on or after the commencement day neither resident nor ordinarily resident in the United Kingdom, or
  - (b) the trustees of a settlement, while continuing to be resident and ordinarily resident in the United Kingdom, become at any time (the relevant time) on or after the commencement day trustees who fall to be regarded for the purposes of any double taxation relief arrangements as resident in a territory outside the United Kingdom.
- (2) Any person who was a trustee of the settlement immediately before the relevant time shall, before the expiry of the period of twelve months beginning with the relevant day, deliver to the Board a return specifying—

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (a) the day on which the settlement was created,
  - (b) the name and address of each person who is a settlor in relation to the settlement immediately before the delivery of the return, and
  - (c) the names and addresses of the persons who are the trustees immediately before the delivery of the return.
- (3) For the purposes of sub-paragraph (2) above the relevant day is the day when the relevant time falls.
- 6 (1) Nothing in paragraph 2, 3, 4 or 5 above shall require information to be contained in the return concerned to the extent that—
- (a) before the expiry of the period concerned the information has been provided to the Board by any person in pursuance of the paragraph concerned or of any other provision, or
  - (b) after the expiry of the period concerned the information falls to be provided to the Board by any person in pursuance of any provision other than the paragraph concerned.
- (2) Nothing in paragraph 2, 3, 4 or 5 above shall require a return to be delivered if—
- (a) before the expiry of the period concerned all the information concerned has been provided to the Board by any person in pursuance of the paragraph concerned or of any other provision, or
  - (b) after the expiry of the period concerned all the information concerned falls to be provided to the Board by any person in pursuance of any provision other than the paragraph concerned.”
- (4) In Schedule 5, paragraphs 11 to 14 (information) shall be omitted.
- (5) Subsection (4) above shall have effect where the relevant day falls on or after the day on which this Act is passed.
- (6) In the Table in section 98 of the <sup>M7</sup>Taxes Management Act 1970 (penalties) at the end of the second column there shall be inserted—
- “ Paragraphs 2 to 6 of Schedule 5A to the 1992 Act. ”

#### Marginal Citations

**M6** 1992 c. 12.

**M7** 1970 c. 9.

#### *Profit-related pay*

**F19**<sup>98</sup> ..... **U.K.**

#### Textual Amendments

**F19** **S. 98** repealed (19.3.1997 with effect as mentioned in s. 61(2)(3), Sch. 18 Pt. VI(3), Notes 1, 2 in the repealing Act) by 1997 c. 16, ss. 61(2)(3), 113, **Sch. 18 Pt. VI(3)**, Notes 1, 2



*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter 1 is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

F2099 ..... **U.K.**

**Textual Amendments**

**F20** S. 99 repealed (19.3.1997 with effect as mentioned in s. 61(2)(3), Sch. 18 Pt. VI(3), Notes 1, 2 in the repealing Act) by 1997 c. 16, ss. 61(2)(3), 113, Sch. 18 Pt. VI(3), Notes 1, 2

*Profit sharing schemes*

**100 Relevant age for purpose of appropriate percentage. **U.K.****

- (1) Schedule 10 to the Taxes Act 1988 (profit sharing schemes) shall be amended as follows.
- (2) In paragraph 3 (the appropriate percentage for purposes of tax charge) the words from “In this paragraph” to the end of the paragraph shall be omitted.
- (3) The following paragraph shall be inserted after paragraph 3—

- “3A
- (1) In paragraph 3 above the reference to the relevant age shall be construed as follows.
  - (2) Where the scheme is approved before 25th July 1991 and the event occurs before 30th November 1993, the relevant age is pensionable age.
  - (3) Where—
    - (a) the scheme is approved before 25th July 1991,
    - (b) the event occurs on or after 30th November 1993,
    - (c) the scheme defines the period of retention by reference to the age of 60 for both men and women, and
    - (d) the reference to that age is incorporated in the definition by virtue of an alteration approved by the Board under paragraph 4 of Schedule 9 before the event occurs,the relevant age is 60.
  - (4) Where—
    - (a) the scheme is approved before 25th July 1991,
    - (b) the event occurs on or after 30th November 1993, and
    - (c) sub-paragraph (3) above does not apply,the relevant age is pensionable age.
  - (5) Where the scheme is approved on or after 25th July 1991, the relevant age is the specified age.”

**101 Acceptance of qualifying corporate bonds for shares. **U.K.****

- (1) Schedule 10 to the Taxes Act 1988 (profit sharing schemes) shall be amended as mentioned in subsections (2) to (4) below.

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (2) In paragraph 1 (limitations on contractual obligations of participants) in sub-paragraph (1) the following paragraph shall be inserted after paragraph (c)—
- “(cc) directing the trustees to accept an offer of a qualifying corporate bond, whether alone or with cash or other assets or both, for his shares if the offer forms part of a general offer which is made as mentioned in paragraph (c) above; or”.
- (3) In paragraph 1 the following sub-paragraph shall be inserted after sub-paragraph (3)—
- “(4) In sub-paragraph (1)(cc) above “qualifying corporate bond” shall be construed in accordance with section 117 of the 1992 Act.”
- (4) The following paragraph shall be inserted after paragraph 5 (company reconstructions)
- “5A
- (1) Paragraph 5(2) to (6) above apply where there occurs in relation to any of a participant’s shares (“the original holding”) a relevant transaction which would result in a new holding being equated with the original holding for the purposes of capital gains tax, were it not for the fact that what would be the new holding consists of or includes a qualifying corporate bond; and “relevant transaction” here means a transaction mentioned in Chapter II of Part IV of the 1992 Act.
- (2) In paragraph 5(2) to (6) above as applied by this paragraph—
- (a) references to a company reconstruction are to the transaction referred to in sub-paragraph (1) above;
- (b) references to the new holding are to what would be the new holding were it not for the fact mentioned in sub-paragraph (1) above;
- (c) references to the original holding shall be construed in accordance with sub-paragraph (1) above (and not paragraph 5(1));
- (d) references to shares, in the context of the new holding, include securities and rights of any description which form part of the new holding.
- (3) In sub-paragraph (1) above “qualifying corporate bond” shall be construed in accordance with section 117 of the 1992 Act.”
- (5) In paragraph 32(1) of Schedule 9 to the Taxes Act 1988 (requirements applicable to profit sharing schemes) for “or (c)” there shall be substituted “, (c) or (cc)”.
- (6) In paragraph 33(a) of Schedule 9 to the Taxes Act 1988 (which provides that the trust instrument must contain certain provision by reference to new shares within the meaning of paragraph 5 of Schedule 10) the reference to paragraph 5 of Schedule 10 shall be construed as including a reference to that paragraph as applied by paragraph 5A.
- (7) Subsections (2) and (3) above shall have effect where a direction is made on or after the day on which this Act is passed.
- (8) Subsection (4) above shall have effect where what would be the new holding comes into being on or after the day on which this Act is passed; but this is subject to subsection (13) below.

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter 1 is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (9) Subsection (5) above shall have effect in relation to any scheme not approved before the day on which this Act is passed.
- (10) In a case where—
- (a) a scheme is approved before the day on which this Act is passed, and
  - (b) on or after that day the trust instrument is altered in such a way that paragraph 32(1) of Schedule 9 to the Taxes Act 1988 would be fulfilled if subsection (5) above applied in relation to the scheme,
- subsection (5) above shall apply in relation to the scheme with effect from the time the alteration is made.
- (11) Subsection (6) above shall have effect in relation to any scheme not approved before the day on which this Act is passed.
- (12) In a case where—
- (a) a scheme is approved before the day on which this Act is passed, and
  - (b) on or after that day the trust instrument is altered in such a way that paragraph 33(a) of Schedule 9 to the Taxes Act 1988 would be fulfilled if subsection (6) above applied in relation to the scheme,
- subsection (6) above shall apply in relation to the scheme with effect from the time the alteration is made.
- (13) In a case where—
- (a) a scheme is approved before the day on which this Act is passed,
  - (b) subsection (4) above would apply in relation to the scheme by virtue of subsection (8) above and apart from this subsection, and
  - (c) the trust instrument is not altered as mentioned in subsection (12)(b) above before what would be the new holding comes into being,
- subsection (4) above shall not apply in relation to the scheme.
- (14) Subsection (6) above shall not imply a contrary intention for the purposes of section 20(2) of the <sup>M8</sup>Interpretation Act 1978 in its application to other references to paragraph 5 of Schedule 10 to the Taxes Act 1988.

**Marginal Citations**

**M8** 1978 c.30.

*Employee share ownership trusts*

**102 Employee share ownership trusts. U.K.**

Schedule 13 to this Act (which contains provisions about employee share ownership trusts) shall have effect.

*Retirement benefits schemes*

<sup>F21</sup>**103 The administrator. U.K.**

.....

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

**Textual Amendments**

**F21** Ss. 103-107 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3 (with Sch. 36)

**F21 104 Default of administrator etc. U.K.**

.....

**Textual Amendments**

**F21** Ss. 103-107 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3 (with Sch. 36)

**F21 105 Information. U.K.**

.....

**Subordinate Legislation Made**

**P1** S. 105(5) power exercised: 1.1.1996 appointed by S.I. 1995/3125, art. 2

**Textual Amendments**

**F21** Ss. 103-107 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3 (with Sch. 36)

**Commencement Information**

**II** S 105 wholly in force at 1.1.1996; s. 105 in force at Royal Assent except for s. 105(3)(4)(b) see s. 105(5); s. 105(3)(4)(b) in force at 1.1.1996 by S.I. 1995/3125, art. 2

**F21 106 False statements etc. U.K.**

.....

**Textual Amendments**

**F21** Ss. 103-107 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3 (with Sch. 36)

**F21 107 Discretionary approval. U.K.**

.....

**Textual Amendments**

**F21** Ss. 103-107 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3 (with Sch. 36)

**108 Taxation of benefits of non-approved schemes. U.K.**

**F22**(1) .....

**F22**(2) .....

*Status: Point in time view as at 01/08/2023.*

**Changes to legislation:** Finance Act 1994, Chapter 1 is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F22(3) .....

F22(4) .....

F22(5) .....

F22(6) .....

(7) Subject to subsection (8) below, in the Taxes Act 1988—

(a) in section 188(1), paragraph (c), and

F22(b) .....

(exemption from tax where recipient of benefit or lump sum chargeable to tax in respect of sums paid or treated as paid with a view to the provision of the benefit or lump sum) shall cease to have effect in relation to any benefit provided or lump sum paid on or after 1st December 1993.

(8) The repeals made by subsection (7) above shall not have effect in relation to any benefit provided or lump sum paid on or after 1st December 1993 in pursuance of a scheme or arrangement entered into before that day unless the scheme or arrangement is varied on or after that day with a view to the provision of the benefit or lump sum.

**Textual Amendments**

**F22** S. 108(1)-(6)(7)(b) repealed (6.4.2003) (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

*Annuities*

**F23 109 Annuities derived from personal pension schemes. U.K.**

.....

**Textual Amendments**

**F23** Ss. 109, 110 repealed (6.4.2003) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

**F23 110 Annuities derived from retirement benefits schemes. U.K.**

.....

**Textual Amendments**

**F23** Ss. 109, 110 repealed (6.4.2003) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

### *Authorised unit trusts*

#### <sup>F24</sup> 111 ..... **U.K.**

##### **Textual Amendments**

**F24** S. 111 repealed (29.4.1996 with effect as mentioned in Sch. 41 Pt. V(1) Note 1 of the amending Act) by 1996 c. 8, ss. 73, 205, Sch. 6 para. 28, **Sch. 41 Pt. V(1)** Note 1

#### 112 **Distributions of authorised unit trusts.** **U.K.**

Schedule 14 to this Act (distributions of authorised unit trusts) shall have effect.

#### <sup>F25</sup> 113 **Umbrella schemes.** **U.K.**

.....

##### **Textual Amendments**

**F25** S. 113 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

### *Exchange gains and losses*

#### 114 **Assets and liabilities.** **U.K.**

<sup>F26</sup> .....

##### **Textual Amendments**

**F26** S. 114 repealed (with effect as mentioned in s. 79(3) and Sch. 23 of the amending Act) by Finance Act 2002 (c. 23), s. 141, **Sch. 40 Pt. 3(10)**

#### 115 **Currency contracts: net payments.** **U.K.**

<sup>F27</sup> .....

##### **Textual Amendments**

**F27** S. 115 repealed (with effect as mentioned in s. 79(3) and Sch. 23 of the amending Act) by Finance Act 2002 (c. 23), s. 141, **Sch. 40 Pt. 3(10)**

#### 116 **Currency contracts: matching.** **U.K.**

<sup>F28</sup> .....

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

**Textual Amendments**

**F28** S. 116 repealed (with effect as mentioned in s. 79(3) and Sch. 23 of the amending Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt. 3(10)

*Capital allowances*

**F29** 117 ..... **U.K.**

**Textual Amendments**

**F29** S. 117 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by 2001 c. 2, s. 580, Sch. 4

**118 Expenditure on machinery or plant: notification. U.K.**

**F30**(1) .....

**F30**(2) .....

**F30**(3) .....

**F30**(3A) .....

**F30**(4) .....

**F30**(5) .....

(6) For the purposes of—

**F31F32**(a) .....

(b) section 44(4) of the Finance Act 1971 (provision corresponding to section 25(1) applicable to earlier chargeable periods),]

expenditure which has not formed part of a person's qualifying expenditure for a previous chargeable period may not form part of his qualifying expenditure for a subsequent chargeable period unless the machinery or plant on which the expenditure was incurred belongs to that person at some time in that subsequent period <sup>F33</sup> . . .

**F30**(7) .....

**F30**(8) .....

**F30**(9) .....

**Textual Amendments**

**F30** S. 118(1)-(5)(7)-(9) repealed (28.7.2000 with effect as mentioned in s. 73(2) of the repealing Act) by 2000 c. 17, ss. 73(1)(a), 156, Sch. 40 Pt. II(8), Note 3

**F31** S. 118(6)(a)(b) substituted for words in s. 118(6) (28.7.2000 with effect as mentioned in s. 73(2) of the amending Act) by 2000 c. 17, s. 73(1)(b)

**F32** S. 118(6)(a) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by 2001 c. 2, s. 580, Sch. 4

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

**F33** Words in [s. 118\(6\)](#) repealed (3.5.1994 with effect as mentioned in ss. 211(2), 218(1)(b) of the amending Act) by [1994 c. 9, s. 258, Sch. 26 Pt. V\(24\)](#), Note 5

## 119 Transactions between connected persons. **U.K.**

<sup>F34</sup>(1) .....

(2) Paragraph 4(2) of Schedule 7 to the <sup>M9</sup>Capital Allowances Act 1968 (provision corresponding to section 158(2)) shall be assumed always to have had effect subject to amendments corresponding to those made to section 158(2) of the 1990 Act by section 117(2) and (3) of the Finance Act 1993.

### Textual Amendments

**F34** [S. 119\(1\)](#) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by [2001 c. 2, s. 580, Sch. 4](#)

### Marginal Citations

**M9** [1968 c. 3.](#)

## <sup>F35</sup>120 ..... **U.K.**

### Textual Amendments

**F35** [S. 120](#) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by [2001 c. 2, s. 580, Sch. 4](#)

## <sup>F36</sup>121 ..... **U.K.**

### Textual Amendments

**F36** [S. 121](#) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by [2001 c. 2, s. 580, Sch. 4](#)

## Securities

## <sup>F37</sup>122 Sale and repurchase of securities: deemed manufactured payments. **U.K.**

.....

### Textual Amendments

**F37** [S. 122](#) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\), Sch. 27 Pt. 2\(14\)](#)



*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter 1 is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

**123 Manufactured payments. U.K.**

- F38 (1) .....
- F39 (2) .....
- F39 (3) .....
- F39 (4) .....
- F39 (5) .....
- F40 (6) .....
- F39 (7) .....

**Textual Amendments**

- F38** S. 123(1) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))
- F39** S. 123(2)-(5)(7) repealed (19.3.1997 with effect as mentioned in [Sch. 10 para. 7\(1\)](#), [Sch. 18 Pt. VI\(10\)](#), Note 1 of the repealing Act) by [1997 c. 16](#), s. 113, **Sch. 18 Pt. VI(10)**; [S.I. 1997/991](#), **art. 2**
- F40** S. 123(6) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

**F41 124 ..... U.K.**

**Textual Amendments**

- F41** S. 124 repealed (29.4.1996) by [1996 c. 8](#), s. 205, **Sch. 41 Pt. V(21)** Note 2

*PAYE*

**F42 125 Payment by intermediary. U.K.**

.....

**Textual Amendments**

- F42** [Ss. 125-132](#) repealed (6.4.2003) (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))

**F42 126 Employees working for persons other than their employers, etc. U.K.**

.....

**Textual Amendments**

- F42** [Ss. 125-132](#) repealed (6.4.2003) (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

<sup>F42</sup>**127 Tradeable assets. U.K.**

.....

**Textual Amendments**

**F42** Ss. 125-132 repealed (6.4.2003) (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

<sup>F42</sup>**128 Non-cash vouchers. U.K.**

.....

**Textual Amendments**

**F42** Ss. 125-132 repealed (6.4.2003) (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

<sup>F42</sup>**129 Credit-tokens. U.K.**

.....

**Textual Amendments**

**F42** Ss. 125-132 repealed (6.4.2003) (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

<sup>F42</sup>**130 Cash vouchers. U.K.**

.....

**Textual Amendments**

**F42** Ss. 125-132 repealed (6.4.2003) (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

<sup>F42</sup>**131 Supplementary. U.K.**

.....

**Textual Amendments**

**F42** Ss. 125-132 repealed (6.4.2003) (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

<sup>F42</sup>**132 Payments etc. received free of tax. U.K.**

.....

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter 1 is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

### Textual Amendments

**F42** Ss. 125-132 repealed (6.4.2003) (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

## 133 PAYE regulations: past cases. **U.K.**

- (1) Regulation 4 of the 1993 Regulations (intermediate employers) is hereby revoked; but in relation to any time before its revocation it shall be deemed to have been validly made.
- (2) Regulation 3 of the 1973 Regulations (intermediate employers) shall, in relation to any time before its revocation, be deemed to have been validly made.
- (3) Where, at any time before the passing of this Act—
  - (a) a payment has been made of, or on account of, any income of an employee not resident or, if resident, not ordinarily resident in the United Kingdom,
  - (b) at the time when the payment was made it appeared that some of the income would be assessable to income tax under Case II of Schedule E, but that some of the income might prove not to be assessable to income tax under that Schedule, and
  - (c) the payment or any proportion of it was treated for the purposes of the 1993 Regulations or the 1973 Regulations as a payment to which the regulations applied,then the treatment of that payment or that proportion of the payment as being a payment to which the regulations applied shall be deemed to have been lawful.
- (4) In this section—
  - (a) “employee” means a person holding an office or employment under or with any other person;
  - (b) “the 1993 Regulations” means the <sup>M10</sup>Income Tax (Employments) Regulations 1993; and
  - (c) “the 1973 Regulations” means the <sup>M11</sup>Income Tax (Employments) Regulations 1973.

### Marginal Citations

**M10** [S.I. 1993/774](#).

**M11** [S.I. 1973/334](#).

## *Miscellaneous provisions about companies*

## <sup>F43</sup>134 Controlled foreign companies. **U.K.**

.....

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

#### Textual Amendments

**F43** S. 134 omitted (21.7.2009) (with effect in accordance with Sch. 16 para. 6 of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 5(b)** (with Sch. 16 paras. 7, 8)

### <sup>F44</sup>135 Prevention of avoidance of corporation tax. **U.K.**

.....

#### Textual Amendments

**F44** S. 135 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

### 136 Parts of trades: computations in different currencies. **U.K.**

(1) The following section shall be inserted after section 94 of the <sup>M12</sup>Finance Act 1993 (computations in different currencies for different parts of trades)—

#### “94A Parts of trades: petroleum extraction companies.

- (1) If a trade carried on by a petroleum extraction company is a ring fence trade—
- (a) subsection (1) of section 94 above shall not apply as regards the trade, but
  - (b) regulations may make provision under that section as regards a case where in an accounting period the company carries on the trade and the condition mentioned in subsection (2) below is fulfilled.
- (2) The condition is that—
- (a) part of the trade consists of activities which relate to oil and are carried on under the authority of a petroleum licence in the United Kingdom or a designated area, and
  - (b) part of the trade consists of activities which relate to gas and are carried on under the authority of a petroleum licence in the United Kingdom or a designated area.
- (3) For the purposes of this section—
- (a) a petroleum licence is a licence granted under the Petroleum (Production) Act 1934 or the Petroleum (Production) Act (Northern Ireland) 1964;
  - (b) a petroleum extraction company is a company which carries on activities under the authority of such a licence;
  - (c) a designated area is an area designated by Order in Council under section 1(7) of the Continental Shelf Act 1964.
- (4) For the purposes of this section “ring fence trade” means activities which—
- (a) fall within any of paragraphs (a) to (c) of subsection (1) of section 492 of the Taxes Act 1988 (oil extraction etc.), and
  - (b) constitute a separate trade (whether by virtue of that subsection or otherwise).

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter 1 is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

(5) For the purposes of this section—

- (a) “oil” means such substance as falls within the meaning of oil contained in section 502(1) of the Taxes Act 1988 and is not gas;
- (b) “gas” means such substance as falls within the meaning of oil contained in section 502(1) of the Taxes Act 1988 and is gas of which the largest component by volume, measured at a temperature of 15 degrees centigrade and a pressure of one atmosphere, is methane or ethane or a combination of those gases.”

(2) In section 95(6) of the <sup>M13</sup>Finance Act 1993 (commencement of provisions about currency to be used for computations) for “94” there shall be substituted “94A ”.

**Marginal Citations**

M12 1993 c.34.

M13 1993 c. 34.

*Miscellaneous*

**137 Enterprise investment scheme. U.K.**

<sup>F45</sup>(1) .....

<sup>F45</sup>(2) .....

(3) The <sup>M14</sup>Taxation of Chargeable Gains Act 1992 shall have effect with the amendments made by that Schedule.

**Textual Amendments**

F45 S. 137(1)(2) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 2](#) (with [Sch. 2](#))

**Marginal Citations**

M14 1992 c. 12.

**138 Foreign income dividends. U.K.**

Schedule 16 to this Act (which contains provisions about foreign income dividends) shall have effect.

<sup>F46F47</sup>**139 Taxation of incapacity benefit. U.K.**

.....

**Textual Amendments**

F46 S. 139(1)(b) repealed (6.4.2003) by [Tax Credits Act 2002 \(c. 21\)](#), [Sch. 6](#)

F47 S. 139 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

<sup>F48</sup>**140 Restriction on deduction from income. U.K.**

.....

**Textual Amendments**

**F48** S. 140 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

<sup>F49</sup>**141 Expenditure involving crime. U.K.**

.....

**Textual Amendments**

**F49** S. 141 repealed (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**142 Mortgage interest payable under deduction of tax: qualifying lenders. U.K.**

<sup>F50</sup>(1) .....

(2) The following section shall be inserted in the Taxes Act 1988 after section 376—

**“376A The register of qualifying lenders.**

- (1) The Board shall maintain, and publish in such manner as they consider appropriate, a register for the purposes of section 376(4).
- (2) If the Board are satisfied that an applicant for registration is entitled to be registered, they may register the applicant generally or in relation to any description of loan specified in the register, with effect from such date as may be so specified; and a body which is so registered shall become a qualifying lender in accordance with the terms of its registration.
- (3) The registration of any body may be varied by the Board—
  - (a) where it is general, by providing for it to be in relation to a specified description of loan, or
  - (b) where it is in relation to a specified description of loan, by removing or varying the reference to that description of loan,
 and where they do so, they shall give the body written notice of the variation and of the date from which it is to have effect.
- (4) If it appears to the Board at any time that a body which is registered under this section would not be entitled to be registered if it applied for registration at that time, the Board may by written notice given to the body cancel its registration with effect from such date as may be specified in the notice.
- (5) The date specified in a notice under subsection (3) or (4) above shall not be earlier than the end of the period of 30 days beginning with the date on which the notice is served.

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter 1 is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (6) Any body which is aggrieved by the failure of the Board to register it under this section, or by the variation or cancellation of its registration, may, by notice given to the Board before the end of the period of 30 days beginning with the date on which the body is notified of the Board’s decision, require the matter to be determined by the Special Commissioners; and the Special Commissioners shall thereupon hear and determine the matter in like manner as an appeal.”
- (3) Any body which is, immediately before the date on which this Act is passed, a prescribed body for the purposes of section 376 of the Taxes Act 1988 (by virtue of an order made under subsection (5) of that section) shall be entitled to be entered in the register maintained under section 376A of that Act as a qualifying lender except that if it was, immediately before that date, a qualifying lender only in relation to such description of loan as was specified in the order, it shall be entitled to be entered in the register as a qualifying lender only in relation to that description of loan.
- (4) Until such time as the Board enter any such body in the register, that body shall be deemed to have been registered in accordance with its entitlement.

**Textual Amendments**

**F50** S. 142(1) repealed (1.12.2001) by S.I. 2001/3629, arts. 1(2)(a), 109, Sch.

<sup>F51</sup> **143** ..... **U.K.**

**Textual Amendments**

**F51** S. 143 repealed (1.5.1995 with effect as mentioned in Sch. 8 para. 57 of the repealing Act) by 1995 c. 4, s. 162, Sch. 29 Pt. VIII(5), Note 2 (with Sch. 8 paras. 55(2), 57(1))

<sup>F52</sup> **144 Debts released in voluntary arrangement: relief from tax.** **U.K.**

**Textual Amendments**

**F52** S. 144 repealed (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

<sup>F53</sup> **145 Relief for business donations.** **U.K.**

**Textual Amendments**

**F53** S. 145 repealed (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

---

*Status: Point in time view as at 01/08/2023.*

*Changes to legislation: Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

---

**146 Minor corrections. U.K.**

Schedule 17 to this Act (which corrects various mistakes made in or introduced into the Taxes Act 1988) shall have effect.



**Status:**

Point in time view as at 01/08/2023.

**Changes to legislation:**

Finance Act 1994, Chapter I is up to date with all changes known to be in force on or before 03 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.