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Finance Act 1994

1994 CHAPTER 9

PART IV

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

VALID FROM 03/05/1994

Benefits in kind

87 Car fuel.

(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>
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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”
<p>(2) This section shall have effect for the year 1994-95 and subsequent years of assessment.</p>	
<p>88 Beneficial loan arrangements.</p>	
<p>(1) In section 160(1) of the Taxes Act 1988 (charge to tax of benefit of loan obtained by reason of employment) for the words following paragraph (b) there shall be substituted—</p> <p>“an amount equal to whatever is the cash equivalent of the benefit of the loan for that year shall, subject to the provisions of this Chapter, be treated as emoluments of the employment, and accordingly chargeable to tax under Schedule E; and where that amount is so treated, the employee is to be treated as having paid interest on the loan in that year of the same amount.</p> <p>(1A) Interest treated as paid by virtue of subsection (1) above—</p> <p>(a) shall be treated as paid for all the purposes of the Tax Acts (other than this Chapter, including Schedule 7), but shall not be treated for any purpose as income of the person making the loan or be treated as relevant loan interest to which section 369 applies, and</p> <p>(b) shall be treated as accruing during, and paid by the employee at the end of, the year or, if different, the period in the year during which he is employed in employment to which this Chapter applies and the loan is outstanding.</p> <p>(1B) All the loans between the same lender and borrower which—</p> <p>(a) are outstanding at any time, as to any amount, in any year,</p> <p>(b) are not qualifying loans, and</p> <p>(c) are made in the same currency,</p> <p>are, if a cash equivalent for them falls to be ascertained, to be treated for the purposes of subsections (1) and (1A) above and Part II of Schedule 7 as a single loan.</p> <p>(1C) In this section and section 161 “qualifying loan” means any loan made to any person where, assuming interest is being paid on the loan (whether or not it is in fact being paid), the whole or any part of the interest—</p> <p>(a) is eligible for relief under section 353 or would be so eligible but for subsection (2) of that section or section 357(1)(b), or</p> <p>(b) is deductible in computing the amount of the profits or gains to be charged under Case I or II of Schedule D in respect of a trade, profession or vocation carried on by him.”</p>	

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(2) At the end of section 160(5) of that Act (interpretation, including “official rate of interest”) there shall be added—

“and, without prejudice to the generality of section 178 of the Finance Act 1989, regulations under that section may make different provision in relation to a loan outstanding for the whole or part of a year if—

- (i) it was made in the currency of a country or territory outside the United Kingdom,
- (ii) the benefit of the loan is obtained by reason of the employment of a person who normally lives in that country or territory, and
- (iii) that person has lived in that country or territory at some time in the period of six years ending with that year”.

(3) For section 161(1) of that Act (exemption for loans the cash equivalent of which does not exceed £300) there shall be substituted—

“(1) The cash equivalent of the benefit of any such loan as is referred to in section 160(1) is not to be treated as emoluments of the employment if—

- (a) at no time in the year does the amount outstanding on the loan (or, if two or more such loans as are referred to in section 160(1) are outstanding in the year, the aggregate of the amounts outstanding on them) exceed £5000, or
- (b) where paragraph (a) above does not apply, the loan is not a qualifying loan and at no time in the year does the amount outstanding on the loan (or, if two or more such loans as are referred to in section 160(1) and are not qualifying loans are outstanding in the year, the aggregate of the amounts outstanding on them) exceed £5000.

(1A) Section 160(1) does not in any year apply to a loan made at any time in that or an earlier year by a person in the ordinary course of a business carried on by him which includes the lending of money if—

- (a) comparable loans were available, at the time the loan in question was made, to all those who might be expected to avail themselves of the services which he provides in the course of that business,
- (b) of the total number of the loan in question and comparable loans made by him at or about the time the loan in question was made, a substantial proportion were made to members of the public at large with whom he was dealing at arm’s length, and
- (c) the loan in question, and comparable loans in general made by him at or about that time to members of the public at large with whom he was dealing at arm’s length, are held on the same terms and, if those terms differ from the terms applicable immediately after the loan was first made, they were imposed in the ordinary course of his business.

(1B) For the purposes of subsection (1A) above, a loan is comparable to the loan in question if it is made for the same or similar purposes, and on the same terms and conditions, as that loan.”

(4) In Schedule 7 to that Act (beneficial loan arrangements)—

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- (a) in paragraph 1(5) for “Sub-paragraph (2) above does” there shall be substituted “ Sub-paragraphs (2) and (4) above do ” and the words “his employer, being” shall cease to have effect, and
 - (b) Parts III to V shall cease to have effect.
- (5) In determining for the purposes of section 161(1A) and (1B) of that Act (inserted by this section) whether any loans made by any person before 1st June 1994 are made or held on the same terms or conditions, there shall be left out of account any amounts, by way of fees, commission or other incidental expenses, incurred for the purpose of obtaining any of those loans by the persons to whom they are made.
- (6) This section shall have effect for the year 1994-95 and subsequent years of assessment.

89 Vouchers and credit-tokens.

- (1) Section 141 of the Taxes Act 1988 (non-cash vouchers) shall be amended as follows.
- (2) In subsection (1)—
- (a) in paragraph (a), for the words from “the expense incurred” to “exchanged;” there shall be substituted “the expense incurred (“the chargeable expense”)—
 - (i) by the person at whose cost the voucher and the money, goods or services for which it is capable of being exchanged are provided,
 - (ii) in or in connection with that provision;” and
 - (b) the words following paragraph (b) shall be omitted.
- (3) In subsection (6B), in paragraph (a) for the words “the person providing the non-cash voucher” there shall be substituted “ the person at whose cost the voucher and the entertainment are provided ”.
- (4) Section 142 of the Taxes Act 1988 (credit-tokens) shall be amended as follows.
- (5) In subsection (1)(a), for the words from “the expense incurred” to “obtained;” there shall be substituted “the expense incurred—
- (i) by the person at whose cost the money, goods or services are provided,
 - (ii) in or in connection with that provision;”.
- (6) In subsection (3) for the words “providing the credit-token as mentioned in subsection (1)(a) above” there shall be substituted “ mentioned in subsection (1)(a)(i) above ”.
- (7) In subsection (3B), in paragraph (a) for the words “providing the credit-token” there shall be substituted “ mentioned in subsection (1)(a)(i) above ”.
- (8) Section 143 of the Taxes Act 1988 (cash vouchers) shall be amended as follows.
- (9) In subsection (1) for the words from “(and in particular section 203)” to “paid by his employer” there shall be substituted “—
- (a) he shall be treated as having received”.
- (10) In subsection (3) for the words “in providing the voucher by the person who provides it” there shall be substituted “ by the person at whose cost the voucher is provided ”.

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- (11) In subsection (4)—
- (a) in paragraph (a) for the words “in providing the voucher by the person who provides it” there shall be substituted “ by the person at whose cost the voucher, stamp or similar document is provided ”; and
 - (b) in the words following paragraph (b) for the words from “the expense incurred” to the end there shall be substituted “ the expense incurred by the person mentioned in paragraph (a) above shall be treated as reduced by the difference or part of the difference mentioned in paragraph (b) above. ”
- (12) Section 144 of the Taxes Act 1988 (supplementary provisions relating to sections 141 to 143) shall be amended as follows.
- (13) In subsection (1)—
- (a) for the words “or credit-tokens” there shall be substituted “ , credit-tokens or cash vouchers ”; and
 - (b) for the words “141 or 142” there shall be substituted “ 141, 142 or 143 ”.
- (14) In subsection (3)—
- (a) for the words “141 and 142” there shall be substituted “ 141, 142 and 143 ”; and
 - (b) for the words “by him of non-cash” there shall be substituted “ of ”.

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