Status: Point in time view as at 01/11/1994. This version of this provision has been superseded.
Changes to legislation: Finance Act 1994, Section 217 is up to date with all changes known to be in force
on or before 14 June 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

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER IV

CHANGES FOR FACILITATING SELF-ASSESSMENT

Miscellaneous and supplemental

217 Double taxation relief in respect of overlap profits.

(1) In subsection (1) of section 804 of the Taxes Act 1988 (relief against income tax in respect of income arising in years of commencement), for the words "any income arising in the years of commencement" there shall be substituted the words " any income which is an overlap profit ".

(2) For subsection (5) of that section there shall be substituted the following subsections—

"(5) Subsections (5A) and (5B) below apply where—

   (a) credit against income tax for any year of assessment is allowed by virtue of subsection (1) above in respect of any income which is an overlap profit ("the original income"), and

   (b) the original income or any part of it contributes to an amount which, by virtue of section 63A(1) or (3), is deducted in computing the profits or gains of a subsequent year of assessment ("the subsequent year").

(5A) The following shall be set off one against the other, namely—

   (a) the difference between—

        (i) the amount of the credit which, under this Part (including this section), has been allowed against income tax in respect of

2

Finance Act 1994 (c. 9)
Part IV – Income Tax, Corporation Tax and Capital Gains Tax
Chapter IV – Changes for Facilitating Self-Assessment
Document Generated: 2024-06-14

so much of the original income as contributes as mentioned in subsection (5) above, and

(ii) the amount of the credit which, apart from this section, would have been so allowed; and

(b) the amount of credit which, on the assumption that no amount were deducted by virtue of section 63A(1) or (3), would be allowable under this Part against income tax in respect of income arising in the subsequent year from the same source as the original income.

(5B) The person chargeable in respect of the income (if any) arising in the subsequent year from the same source as the original income shall—

(a) if the amount given by paragraph (a) of subsection (5A) above exceeds that given by paragraph (b) of that subsection, be treated as having received in that year a payment chargeable under Case VI of Schedule D of an amount such that income tax on it at the basic rate is equal to the excess; and

(b) if the amount given by paragraph (b) of subsection (5A) above exceeds that given by paragraph (a) of that subsection, be allowed for that year under this Part an amount of credit equal to the excess.

(5C) For the purposes of subsections (5) to (5B) above, it shall be assumed that, where an amount is deducted by virtue of section 63A(1), each of the overlap profits included in the aggregate of such profits contributes to that amount in the proportion which that overlap profit bears to that aggregate."

(3) In subsection (8) of that section—

(a) immediately before the definition of "overseas tax" there shall be inserted the following definition—

"" "overlap profit" means an amount of profits or gains which, by virtue of sections 60 to 62, is included in the computations for two successive years of assessment;"; and

(b) the definitions of "non-basis period" and "years of commencement" and the words "references to the enactments relating to cessation are references to sections 63, 67 and 113" shall cease to have effect."

Status:
Point in time view as at 01/11/1994. This version of this provision has been superseded.

Changes to legislation:
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