



Finance Act 1995

1995 CHAPTER 4

An Act to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with Finance. [1st May 1995]

^{X1}Most Gracious Sovereign,

WE, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and grant unto Your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Editorial Information

- X1** General amendments to Taxes Acts, Income Tax Acts and/or Corporation Tax Acts made by legislation after 1.2.1991 are noted against Income and Corporation Taxes Act [1988 c. 1](#) but not against each Act.

Commencement Information

- I1** Act partly in force at Royal Assent, partly retrospective and partly prospective; see individual provisions.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

PART I

DUTIES OF EXCISE

Alcoholic liquor duties

1 Low-strength wine, made-wine and cider.

- (1) The ^{M1}Alcoholic Liquor Duties Act 1979 shall be amended as follows.
- (2) In section 1 (the alcoholic liquors dutiable under the Act) in subsections (4) and (5) (definitions of “wine” and “made-wine”) after the words “any liquor” there shall in both cases be inserted “ which is of a strength exceeding 1.2 per cent and which is ”.
- (3) In section 1(6) (definition of “cider”) after the word “strength” there shall be inserted “ exceeding 1.2 per cent but ”.
- (4) In section 59(1) (prohibition on rendering wine and made-wine sparkling) for paragraph (b) there shall be substituted the following paragraph—
“(b) is wine or made-wine of a strength exceeding 5.5 per cent.”.
- (5) Subsections (2) and (4) above—
 - (a) shall apply in relation to liquor imported into, or produced in, the United Kingdom on or after 1st January 1995, and
 - (b) as regards any provision about liquor removed to the United Kingdom from the Isle of Man, shall also apply in relation to liquor so removed on or after that date.
- (6) Subsection (3) above shall apply in relation to liquor imported into, or made in, the United Kingdom on or after 1st January 1995.

Marginal Citations

M1 1979 c. 4.

2 Wine and made-wine: rates.

- (1) For the Table of rates of duty in Schedule 1 to the ^{M2}Alcoholic Liquor Duties Act 1979 (wine and made-wine) there shall be substituted the Table in Schedule 1 to this Act.
- (2) This section shall be deemed to have come into force on 1st January 1995.

Commencement Information

I2 S. 2 in force on 1.1.1995: see s. 2(2).

Marginal Citations

M2 1979 c. 4.

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3 Spirits, beer and cider: rates.

- (1) In section 5 of the ^{M3}Alcoholic Liquor Duties Act 1979 (spirits) for “£19.81” there shall be substituted “ £20.60 ”.
- (2) In section 36(1) of that Act (beer) for “£10.45” there shall be substituted “ £10.82 ”.
- (3) In section 62(1) of that Act (cider) for “£22.82” there shall be substituted “ £23.78 ”.
- (4) This section shall be deemed to have come into force on 1st January 1995.

Commencement Information

I3 S. 3 in force on 1.1.1995: see s. 3(4).

Marginal Citations

M3 1979 c. 5.

4 Alcoholic ingredients relief.

- (1) Subject to the following provisions of this section, where any person proves to the satisfaction of the Commissioners that any dutiable alcoholic liquor on which duty has been paid has been—
 - (a) used as an ingredient in the production or manufacture of a product falling within subsection (2) below, or
 - (b) converted into vinegar,he shall be entitled to obtain from the Commissioners the repayment of the duty paid thereon.
- (2) The products falling within this subsection are—
 - (a) any beverage of an alcoholic strength not exceeding 1.2 per cent.,
 - (b) chocolates for human consumption which contain alcohol such that 100 kilograms of the chocolates would not contain more than 8.5 litres of alcohol, or
 - (c) any other food for human consumption which contains alcohol such that 100 kilograms of the food would not contain more than 5 litres of alcohol.
- (3) A repayment of duty shall not be made under this section in respect of any liquor except to a person who—
 - (a) is the person who used the liquor as an ingredient in a product falling within subsection (2) above or, as the case may be, who converted it into vinegar;
 - (b) carries on a business as a wholesale supplier of products of the applicable description falling within that subsection or, as the case may be, of vinegar;
 - (c) produced or manufactured the product or vinegar for the purposes of that business;
 - (d) makes a claim for the repayment in accordance with the following provisions of this section; and
 - (e) satisfies the Commissioners as to the matters mentioned in paragraphs (a) to (c) above and that the repayment claimed does not relate to any duty which has been repaid or drawn back prior to the making of the claim.

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- (4) A claim for repayment under this section shall take such form and be made in such manner, and shall contain such particulars, as the Commissioners may direct, either generally or in a particular case.
- (5) Except so far as the Commissioners otherwise allow, a person shall not make a claim for a repayment under this section unless—
- (a) the claim relates to duty paid on liquor used as an ingredient or, as the case may be, converted into vinegar in the course of a period of three months ending not more than one month before the making of the claim; and
 - (b) the amount of the repayment which is claimed is not less than £250.
- (6) The Commissioners may by order made by statutory instrument increase the amount for the time being specified in subsection (5)(b) above; and a statutory instrument containing an order under this subsection shall be subject to annulment in pursuance of a resolution of the House of Commons.
- (7) There may be remitted by the Commissioners any duty charged either—
- (a) on any dutiable alcoholic liquor imported into the United Kingdom at a time when it is contained as an ingredient in any chocolates or food falling within subsection (2)(b) or (c) above; or
 - (b) on any dutiable alcoholic liquor used as an ingredient in the manufacture or production in an excise warehouse of any such chocolates or food.
- (8) This section shall be construed as one with the ^{M4}Alcoholic Liquor Duties Act 1979, and references in this section to chocolates or food do not include references to any beverages.

Marginal Citations

M4 1979 c. 4.

5 Denatured alcohol.

- (1) The liquors on which duty is charged under the ^{M5}Alcoholic Liquor Duties Act 1979 shall not include any denatured alcohol; and any duty so charged on liquor which has become denatured alcohol before the requirement to pay the duty takes effect shall be remitted.
- (2) In this section—
- “denatured alcohol” means any dutiable alcoholic liquor which has been subjected to the process of being mixed in the prescribed manner with a prescribed substance; and
- “prescribed” means prescribed by the Commissioners by regulations made by statutory instrument.
- (3) The power of the Commissioners to make regulations defining denatured alcohol for the purposes of this section shall include—
- (a) power, in prescribing any substance or any manner of mixing a substance with a liquor, to do so by reference to such circumstances or other factors, or to the approval or opinion of such persons (including the authorities of another member State), as they may consider appropriate;
 - (b) power to make different provision for different cases; and

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- (c) power to make such supplemental, incidental, consequential and transitional provision as the Commissioners think fit;
and a statutory instrument containing any regulations under this section shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (4) Sections [F¹13A to 16] of the M⁶Finance Act 1994 (review and appeals) shall have effect in relation to any decision which—
- (a) is made under or for the purposes of any regulations under this section, and
- (b) is a decision given to any person as to whether a manner of mixing any substance with any liquor is to be, or to continue to be, approved in his case, or as to the conditions subject to which it is so approved,
- as if that decision were a decision [F²falling within section 13A(2)(j) of that Act].
- (5) Schedule 2 to this Act (which contains amendments for or in connection with the application to all denatured alcohol of provisions of the Alcoholic Liquor Duties Act 1979 relating to methylated spirits and also makes a consequential amendment of the M⁷Finance Act 1994) shall have effect.
- (6) This section and Schedule 2 to this Act shall come into force on such day as the Commissioners may by order made by statutory instrument appoint, and different days may be appointed under this subsection for different purposes.
- (7) An order under subsection (6) above may make such transitional provisions and savings as appear to the Commissioners to be appropriate in connection with the bringing into force by such an order of any provision for any purposes.
- (8) This section shall be construed as one with the M⁸Alcoholic Liquor Duties Act 1979.

Textual Amendments

- F1 Words in s. 5(4) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 231\(2\)](#)
- F2 Words in s. 5(4) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 231\(3\)](#)

Commencement Information

- I4 S. 5 in force at 1.7.2005 by [S.I. 2005/1523](#), [art. 2\(a\)](#) (with art. 3)

Marginal Citations

- M5 1979 c. 4.
M6 1994 c. 9.
M7 1979 c. 4.
M8 1979 c. 4.

Hydrocarbon oil duties

6 Rates of duty.

- (1) In section 6(1) of the M⁹Hydrocarbon Oil Duties Act 1979 for “£0.3314” (duty on light oil) and “£0.2770” (duty on heavy oil) there shall be substituted “ £0.3526 ” and “ £0.3044 ” respectively.

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(2) In section 8 of that Act (duty on road fuel gas) the following subsection shall be substituted for subsections (3) to (5)—

“(3) The rate of the duty under this section shall be £0.3314 a kilogram.”

(3) In section 11(1) of that Act (rebate on heavy oil) for “£0.0116” (fuel oil) and “£0.0164” (gas oil) there shall be substituted “ £0.0166 ” and “ £0.0214 ” respectively.

(4) In section 14(1) of that Act (rebate on light oil for use as furnace fuel) for “£0.0116” there shall be substituted “ £0.0166 ”.

(5) This section shall be deemed to have come into force at 6 o’clock in the evening of 29th November 1994.

Commencement Information

I5 S. 6 in force at 6 p.m. 29.11.1994: see s. 6(5).

Marginal Citations

M9 1979 c. 5.

7 Rates of duty: further provisions.

(1) In section 6(1) of the Hydrocarbon Oil Duties Act 1979, as amended by section 6 above, for “£0.3526” (duty on light oil) and “£0.3044” (duty on heavy oil) there shall be substituted “ £0.3614 ” and “ £0.3132 ” respectively.

(2) This section shall be deemed to have come into force on 1st January 1995.

Commencement Information

I6 S. 7 in force on 1.1.1995: see s. 7(2).

8 Hydrocarbon oil: “road vehicle”.

(1) In the definition of “road vehicle” in section 27(1) of the Hydrocarbon Oil Duties Act 1979 (road vehicle not to include vehicle of a kind specified in Schedule 1) for the words “of a kind specified in Schedule 1 to this Act” there shall be substituted “ which is an excepted vehicle within the meaning given by Schedule 1 to this Act. ”

(2) The following Schedule shall be substituted for Schedule 1 to that Act—

“SCHEDULE 1

EXCEPTED VEHICLES

Unlicensed vehicles not used on public roads

1 (1) A vehicle is an excepted vehicle while—

- (a) it is not used on a public road, and
- (b) no licence under the ^{M10}Vehicle Excise and Registration Act 1994 is in force in respect of it.

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- (2) A vehicle in respect of which there is current a certificate or document in the form of a licence issued under regulations under section 22(2) of the Vehicle Excise and Registration Act 1994 shall be treated for the purposes of sub-paragraph (1) above as a vehicle in respect of which a licence under that Act is in force.

Tractors

- 2 (1) A vehicle is an excepted vehicle if it is—
- (a) an agricultural tractor, or
 - (b) an off-road tractor.
- (2) In sub-paragraph (1) above “agricultural tractor” means a tractor used on public roads solely for purposes relating to agriculture, horticulture, forestry or activities falling within sub-paragraph (3) below.
- (3) The activities falling within this sub-paragraph are—
- (a) cutting verges bordering public roads;
 - (b) cutting hedges or trees bordering public roads or bordering verges which border public roads.
- (4) In sub-paragraph (1) above “off-road tractor” means a tractor which is not an agricultural tractor (within the meaning given by sub-paragraph (2) above) and which is—
- (a) designed and constructed primarily for use otherwise than on roads, and
 - (b) incapable by reason of its construction of exceeding a speed of twenty-five miles per hour on the level under its own power.

Light agricultural vehicles

- 3 (1) A vehicle is an excepted vehicle if it is a light agricultural vehicle.
- (2) In sub-paragraph (1) above “light agricultural vehicle” means a vehicle which—
- (a) has a revenue weight not exceeding 1,000 kilograms,
 - (b) is designed and constructed so as to seat only the driver,
 - (c) is designed and constructed primarily for use otherwise than on roads, and
 - (d) is used solely for purposes relating to agriculture, horticulture or forestry.
- (3) In sub-paragraph (2)(a) above “revenue weight” has the meaning given by section 60A of the ^{M11}Vehicle Excise and Registration Act 1994.

Agricultural engines

- 4 An agricultural engine is an excepted vehicle.

Vehicles used between different parts of land

- 5 A vehicle is an excepted vehicle if—

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- (a) it is used only for purposes relating to agriculture, horticulture or forestry,
- (b) it is used on public roads only in passing between different areas of land occupied by the same person, and
- (c) the distance it travels on public roads in passing between any two such areas does not exceed 1.5 kilometres.

Mowing machines

- 6 A mowing machine is an excepted vehicle.

Snow clearing vehicles

- 7 A vehicle is an excepted vehicle when it is—
- (a) being used, or
 - (b) going to or from the place where it is to be or has been used,
- for the purpose of clearing snow from public roads by means of a snow plough or similar device (whether or not forming part of the vehicle).

Gritters

- 8 A vehicle is an excepted vehicle if it is constructed or adapted, and used, solely for the conveyance of machinery for spreading material on roads to deal with frost, ice or snow (with or without articles or material used for the purposes of the machinery).

Mobile cranes

- 9 (1) A mobile crane is an excepted vehicle.
- (2) In sub-paragraph (1) above “mobile crane” means a vehicle which is designed and constructed as a mobile crane and which—
- (a) is used on public roads only as a crane in connection with work carried on at a site in the immediate vicinity or for the purpose of proceeding to and from a place where it is to be or has been used as a crane, and
 - (b) when so proceeding does not carry any load except such as is necessary for its propulsion or equipment.

Digging machines

- 10 (1) A digging machine is an excepted vehicle.
- (2) In sub-paragraph (1) above “digging machine” means a vehicle which is designed, constructed and used for the purpose of trench digging, or any kind of excavating or shovelling work, and which—
- (a) is used on public roads only for that purpose or for the purpose of proceeding to and from the place where it is to be or has been used for that purpose, and
 - (b) when so proceeding does not carry any load except such as is necessary for its propulsion or equipment.

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Works trucks

- 11 (1) A works truck is an excepted vehicle.
- (2) In sub-paragraph (1) above “works truck” means a goods vehicle which is designed for use in private premises and is used on public roads only—
- (a) for carrying goods between private premises and a vehicle on a road within one kilometre of those premises,
 - (b) in passing from one part of private premises to another,
 - (c) in passing between private premises and other private premises in a case where the premises are within one kilometre of each other, or
 - (d) in connection with road works at the site of the works or within one kilometre of the site of the works.
- (3) In sub-paragraph (2) above “goods vehicle” means a vehicle constructed or adapted for use and used for the conveyance of goods or burden of any description, whether in the course of trade or not.

Road construction vehicles

- 12 (1) A vehicle is an excepted vehicle if it is—
- (a) a road construction vehicle, and
 - (b) used or kept solely for the conveyance of built-in road construction machinery (with or without articles or material used for the purposes of the machinery).
- (2) In sub-paragraph (1) above “road construction vehicle” means a vehicle—
- (a) which is constructed or adapted for use for the conveyance of built-in road construction machinery, and
 - (b) which is not constructed or adapted for the conveyance of any other load except articles and material used for the purposes of such machinery.
- (3) In sub-paragraphs (1) and (2) above “built-in road construction machinery”, in relation to a vehicle, means road construction machinery built in as part of, or permanently attached to, the vehicle.
- (4) In sub-paragraph (3) above “road construction machinery” means a machine or device suitable for use for the construction or repair of roads and used for no purpose other than the construction or repair of roads.

Road rollers

- 13 A road roller is an excepted vehicle.

Interpretation

- 14 In this Schedule “public road” means a road which is repairable at the public expense.”
- (3) This section shall come into force on 1st July 1995.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Commencement Information

I7 S. 8 in force on 1.7.1995: see s. 8(3).

Marginal Citations

M10 1994 c. 22.

M11 1994 c. 22.

9 Road fuel gas: old stock.

In section 8 of the ^{M12}Hydrocarbon Oil Duties Act 1979 (road fuel gas) subsection (7) (no charge on use of gas if delivered or stocked before 3rd July 1972) shall be omitted.

Marginal Citations

M12 1979 c. 5.

Tobacco products duty

10 Rates of duty.

(1) For the Table of rates of duty in Schedule 1 to the ^{M13}Tobacco Products Duty Act 1979 there shall be substituted—

“ TABLE

1. Cigarettes	An amount equal to 20 per cent. of the retail price plus £55.58 per thousand cigarettes.
2. Cigars	£82.56 per kilogram.
3. Hand-rolling tobacco	£85.94 per kilogram.
4. Other smoking tobacco and chewing tobacco	£36.30 per kilogram.”

(2) This section shall be deemed to have come into force at 6 o'clock in the evening of 29th November 1994.

Commencement Information

I8 S. 10 in force at 6 p.m. 29.11.1994: see s. 10(2).

Marginal Citations

M13 1979 c. 7.

11 Rates of duty: further provisions.

(1) For the Table of rates of duty in Schedule 1 to the ^{M14}Tobacco Products Duty Act 1979, as substituted by section 10 above, there shall be substituted—

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“ TABLE

1. Cigarettes	An amount equal to 20 per cent. of the retail price plus £57.64 per thousand cigarettes.
2. Cigars	£85.61 per kilogram.
3. Hand-rolling tobacco	£85.94 per kilogram.
4. Other smoking tobacco and chewing tobacco	£37.64 per kilogram.”

(2) This section shall be deemed to have come into force on 1st January 1995.

Commencement Information

I9 S. 11 in force on 1.1.1995: see s. 11(2).

Marginal Citations

M14 1979 c. 7.

Pool betting duty

12 Pool betting duty.

(1) In section 7(1) of the ^{M15}Betting and Gaming Duties Act 1981 (which specifies 37.50 per cent. as the rate of pool betting duty) for “37.50 per cent.” there shall be substituted “ 32.50 per cent. ”

(2) This section shall apply in relation to any pool betting duty the requirement to pay which takes effect on or after 6th May 1995.

Marginal Citations

M15 1981 c. 63.

Gaming machine licence duty

13 Rates of duty.

(1) In the ^{M16}Betting and Gaming Duties Act 1981 for the Table set out at the end of section 23 (amount of duty) there shall be substituted—

TABLE

<i>(1) Period (in months) for which licence granted</i>	<i>(2) Small prize or five- penny machines</i>	<i>(3) Other machines</i>
	£	£

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1	60	150
2	105	275
3	155	400
4	205	520
5	250	645
6	295	755
7	340	880
8	390	1,005
9	435	1,115
10	480	1,235
11	510	1,305
12	535	1,375

- (2) This section shall apply in relation to any gaming machine licence for which an application is made on or after 1st December 1994.

Marginal Citations

M16 1981 c. 63.

14 Extension of duty to amusement machines.

- (1) Schedule 3 to this Act (which contains amendments for or in connection with the application of the provisions of the ^{M17}Betting and Gaming Duties Act 1981 relating to gaming machine licence duty to amusement machines that are not gaming machines and also makes a consequential amendment of the ^{M18}Customs and Excise Management Act 1979) shall have effect.
- (2) Schedule 3 to this Act shall have effect (subject to subsection (3) below) in relation only to the provision of a machine at a time on or after 1st November 1995 and to licences for periods beginning on or after that date and the duty on such licences.
- (3) Where a gaming machine licence has been granted before 1st November 1995 for a period ending on or after that date, that licence shall have effect on and after that date, for so long as it remains in force, as an amusement machine licence authorising the provision, in accordance with the licence, of the machines the provision of which was authorised by the licence immediately before that date.

Marginal Citations

M17 1981 c. 63.

M18 1979 c. 2.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

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Air passenger duty

F³15 Rates of duty.

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Textual Amendments

F3 S. 15 omitted (with effect in accordance with Sch. 5 para. 7 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 5 para. 6\(a\)](#)

16 Assessment of interest on duty.

- (1) In Schedule 6 to the ^{M19}Finance Act 1994 (air passenger duty: administration and enforcement) after paragraph 11 there shall be inserted—

Assessment of interest

- “11A (1) Where by virtue of paragraph 7 above duty due from any person for an accounting period carries interest, the Commissioners may assess that person to an amount of interest in accordance with this paragraph.
- (2) Notice of the assessment shall be given to the person liable for the interest or a representative of his.
- (3) The amount of the interest shall be calculated by reference to a period ending on a date (“the due date”) no later than the date of the notice.
- (4) The notice shall specify—
- (a) the amount of the duty which carries the interest assessed (“the specified duty”);
 - (b) the amount of the interest assessed (“the specified interest”);
 - (c) the due date; and
 - (d) a date by which that amount is required to be paid (“the payment date”).
- (5) Sub-paragraphs (6) and (7) below apply where the specified duty or any part of it is unpaid on the date of the notice.
- (6) If the unpaid amount or any part of it is paid by the payment date, the payment shall be treated for the purposes of paragraph 7 above as made on the due date.
- (7) To the extent that the unpaid amount is not paid by the payment date, an assessment may be made under this paragraph in respect of any interest on the unpaid amount which accrues after the due date.
- (8) For the purposes of sub-paragraphs (6) and (7) above, a payment—
- (a) which purports to be a payment of the unpaid amount or any part of it, but
 - (b) which is insufficient to discharge both the liability to pay the unpaid amount and the liability to pay the specified interest,
- ”

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shall be treated as made in discharge (or partial discharge) of the liability to pay the specified interest before it is treated as discharging to any extent the liability to pay the unpaid amount.

- (9) A notice of interest assessed under this paragraph may be combined in one document with notification of an assessment under section 12 of this Act which relates to the specified duty.
- (10) A notice which is so combined must comply with the requirements of this paragraph which relate to a notice which is not so combined.
- (11) The specified interest shall be recoverable as if it were duty due from the person assessed to that interest.
- (12) For the purposes of this paragraph a person is a representative of another if—
 - (a) he is that other’s personal representative;
 - (b) he is that other’s trustee in bankruptcy or is a receiver or liquidator appointed in relation to that other or in relation to any of his property; or
 - (c) he is a person acting in some other representative capacity in relation to that other.”

(2) In Schedule 5 to the 1994 Act (decisions subject to review and appeal) in paragraph 9 (decisions under Chapter IV of Part I of that Act) the word “and” immediately preceding sub-paragraph (d) shall be omitted and after that sub-paragraph there shall be inserted—

“(e) any decision with respect to the amount of any interest specified in an assessment under paragraph 11A of Schedule 6;”.

(3) In section 16 of the 1994 Act (appeals to a tribunal) at the beginning of subsection (8) (meaning of “ancillary matter” for the purposes of that section) there shall be inserted “ Subject to subsection (9) below ” and after that subsection there shall be inserted—

“(9) References in this section to a decision as to an ancillary matter do not include a reference to a decision of a description specified in paragraph 9(e) of Schedule 5 to this Act.

(10) Nothing in this section shall be taken to confer on an appeal tribunal any power to vary an amount of interest specified in an assessment under paragraph 11A of Schedule 6 to this Act except in so far as it is necessary to reduce it to the amount which is appropriate under paragraph 7 of that Schedule.”

(4) This section shall apply in relation to accounting periods ending on or after 1st January 1995.

<p>Marginal Citations</p> <p>M19 1994 c. 9.</p>
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^{F4}17 **Preferential debts.**

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

- F4** S. 17 repealed (N.I.) (27.3.2006) by [The Insolvency \(Northern Ireland\) Order 2005 \(S.I. 2005/1455\)](#), art. 1(3), [Sch. 9](#); [S.R. 2006/21](#), art. 2 (subject to [S.R. 2006/22](#), arts. 2-7)

Vehicle excise duty

18 Increased rates on 30th November 1994.

- (1) Schedule 1 to the ^{M20}Vehicle Excise and Registration Act 1994 (annual rates of duty) shall be amended as follows.
- (2) In paragraph 1(b) (rate for vehicle constructed after 1946 and for which no other rate is specified) for “£130” there shall be substituted “ £135 ”.
- (3) In paragraph 3(1)(a) (rate for hackney carriage with seating capacity under nine) for “£130” there shall be substituted “ £135 ”.
- (4) In paragraph 10 (trailer supplement)—
 - (a) in sub-paragraph (2) for “£130” there shall be substituted “ £135 ”;
 - (b) in sub-paragraph (3) for “£360” there shall be substituted “ £370 ”.
- (5) This section shall apply in relation to licences taken out on or after 30th November 1994.

Marginal Citations

- M20** 1994 c. 22.

19 Vehicle excise and registration: other provisions.

Schedule 4 to this Act (which contains other provisions relating to vehicle excise and registration) shall have effect.

Recovery of overpaid duty

20 Recovery of overpaid excise duty.

- (1) In Part X of the ^{M21}Customs and Excise Management Act 1979, after section 137 (recovery of duties, &c.) insert—

“137A Recovery of overpaid excise duty.

- (1) Where a person pays to the Commissioners an amount by way of excise duty which is not due to them, the Commissioners are liable to repay that amount.
- (2) The Commissioners shall not be required to make any such repayment unless a claim is made to them in such form, and supported by such documentary evidence, as may be prescribed by them by regulations; and regulations under this subsection may make different provision for different cases.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (3) It is a defence to a claim for repayment that the repayment would unjustly enrich the claimant.
- (4) No claim for repayment may be made after the expiry of the period of six years beginning with the date of the payment or, if later, the date on which the claimant (or, where the right to repayment has been assigned or otherwise transmitted, any predecessor in title of his) discovered, or could with reasonable diligence have discovered, that the amount was not due.
- (5) Except as provided by this section the Commissioners are not liable to repay an amount paid to them by way of excise duty by reason of the fact that it was not due to them.”.
- (2) In section 17(5) of the ^{M22}Customs and Excise Management Act 1979, after paragraph (b) (restriction on repayment of sums overpaid in error) insert—
 “Paragraph (b) above does not apply to a claim for repayment under section 137A below.”.
- (3) Section 29 of the ^{M23}Finance Act 1989 (recovery of overpaid excise duty and car tax) shall cease to have effect so far as it relates to excise duty.
- (4) In section 14(1) of the ^{M24}Finance Act 1994 (decisions subject to review and appeal), after paragraph (b) insert—
 “(bb) any decision of the Commissioners on a claim under section 137A of the Customs and Excise Management Act 1979 for repayment of excise duty;”.
- (5) The provisions of this section have effect in relation to payments made on or after such date as the Commissioners of Customs and Excise may appoint by order made by statutory instrument.

Commencement Information

I10 S. 20 in force at Royal Assent but shall have effect in relation to payments made on or after 1.12.1995 by S.I. 1995/2892, **art. 2**

Marginal Citations

M21 1979 c. 2.
M22 1979 c. 2.
M23 1989 c. 26.
M24 1994 c. 9.

PART II

VALUE ADDED TAX AND INSURANCE PREMIUM TAX

Value added tax

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

- F5** S. 21 repealed (11.5.2001 with effect as mentioned in s. 99(7) of the amending Act) by 2001 c. 9, s. 110, Sch. 33 Pt. 3(1), Note 2

22 Imported works of art, antiques, etc.

- (1) In subsection (1) of section 21 of the ^{M25}Value Added Tax Act 1994 (value of imported goods), for “and (3)” there shall be substituted “ to (4) ”; and after subsection (3) there shall be inserted the following subsections—

“(4) For the purposes of this Act, the value of any goods falling within subsection (5) below which are imported from a place outside the member States shall be taken to be an amount equal to 14.29 per cent. of the amount which, apart from this subsection, would be their value for those purposes.

- (5) The goods which fall within this subsection are—

- (a) any work of art which was obtained by any person before 1st April 1973 otherwise than by his producing it himself or by succession on the death of the person who produced it;
- (b) any work of art which was—

- (i) exported from the United Kingdom before 1st April 1973,
- (ii) exported from the United Kingdom on or after that date and before 1st January 1993 by a person who, had he supplied it in the United Kingdom at the date when it was exported, would not have had to account for VAT on the full value of the supply, or

- (iii) exported from the United Kingdom on or after 1st January 1993 by such a person to a place which, at the time, was outside the member States,

being, in each case, a work of art which has not been imported between the time when it was exported and the importation in question;

- (c) any antique more than one hundred years old, being neither a work of art nor pearls or loose gem stones; and
- (d) collectors’ pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, paleontological or ethnographic interest.

- (6) In this section “work of art” means goods falling within any of the following descriptions, that is to say—

- (a) paintings, drawings and pastels executed by hand but not comprised in manufactured articles that have been hand-painted or hand-decorated;
- (b) original engravings, lithographs and other prints;
- (c) original sculptures and statuary, in any material.

- (7) An order under section 2(2) may contain provision making such alteration of the percentage for the time being specified in subsection (4) above as the Treasury consider appropriate in consequence of any increase or decrease by that order of the rate of VAT.”

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (2) This section shall have effect in relation to goods imported at any time on or after the day on which this Act is passed.

Marginal Citations

M25 1994 c. 23.

23 Agents acting in their own names.

- (1) In subsection (1) of section 47 of the ^{M26}Value Added Tax Act 1994 (agents etc.), for “the goods may” there shall be substituted “ then, if the taxable person acts in relation to the supply in his own name, the goods shall ”.
- (2) After subsection (2) of that section there shall be inserted the following subsection—
- “(2A) Where, in the case of any supply of goods to which subsection (1) above does not apply, goods are supplied through an agent who acts in his own name, the supply shall be treated both as a supply to the agent and as a supply by the agent.”
- (3) In subsection (3) of that section, the words “goods or” shall be omitted.
- (4) This section shall have effect—
- (a) so far as it amends section 47(1) of that Act, in relation to goods acquired or imported on or after the day on which this Act is passed; and
 - (b) for other purposes, in relation to any supply taking place on or after that day.

Marginal Citations

M26 1994 c. 23.

24 Margin schemes.

- (1) After section 50 of the ^{M27}Value Added Tax Act 1994 there shall be inserted the following section—

“50A Margin schemes.

- (1) The Treasury may by order provide, in relation to any such description of supplies to which this section applies as may be specified in the order, for a taxable person to be entitled to opt that, where he makes supplies of that description, VAT is to be charged by reference to the profit margin on the supplies, instead of by reference to their value.
- (2) This section applies to the following supplies, that is to say—
 - (a) supplies of works of art, antiques or collectors’ items;
 - (b) supplies of motor vehicles;
 - (c) supplies of second-hand goods; and
 - (d) any supply of goods through a person who acts as an agent, but in his own name, in relation to the supply.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (3) An option for the purposes of an order under this section shall be exercisable, and may be withdrawn, in such manner as may be required by such an order.
- (4) Subject to subsection (7) below, the profit margin on a supply to which this section applies shall be taken, for the purposes of an order under this section, to be equal to the amount (if any) by which the price at which the person making the supply obtained the goods in question is exceeded by the price at which he supplies them.
- (5) For the purposes of this section the price at which a person has obtained any goods and the price at which he supplies them shall each be calculated in accordance with the provisions contained in an order under this section; and such an order may, in particular, make provision stipulating the extent to which any VAT charged on a supply, acquisition or importation of any goods is to be treated as included in the price at which those goods have been obtained or are supplied.
- (6) An order under this section may provide that the consideration for any services supplied in connection with a supply of goods by a person who acts as an agent, but in his own name, in relation to the supply of the goods is to be treated for the purposes of any such order as an amount to be taken into account in computing the profit margin on the supply of the goods, instead of being separately chargeable to VAT as comprised in the value of the services supplied.
- (7) An order under this section may provide for the total profit margin on all the goods of a particular description supplied by a person in any prescribed accounting period to be calculated by—
 - (a) aggregating all the prices at which that person obtained goods of that description in that period together with any amount carried forward to that period in pursuance of paragraph (d) below;
 - (b) aggregating all the prices at which he supplies goods of that description in that period;
 - (c) treating the total profit margin on goods supplied in that period as being equal to the amount (if any) by which, for that period, the aggregate calculated in pursuance of paragraph (a) above is exceeded by the aggregate calculated in pursuance of paragraph (b) above; and
 - (d) treating any amount by which, for that period, the aggregate calculated in pursuance of paragraph (b) above is exceeded by the aggregate calculated in pursuance of paragraph (a) above as an amount to be carried forward to the following prescribed accounting period so as to be included, for the period to which it is carried forward, in any aggregate falling to be calculated in pursuance of paragraph (a) above.
- (8) An order under this section may—
 - (a) make different provision for different cases; and
 - (b) make provisions of the order subject to such general or special directions as may, in accordance with the order, be given by the Commissioners with respect to any matter to which the order relates.”

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (2) Section 32 of that Act (relief on supply of certain second-hand goods) shall cease to have effect on such day as the Commissioners of Customs and Excise may by order made by statutory instrument appoint.

Marginal Citations

M27 1994 c. 23.

25 Groups of companies.

- (1) Section 43 of the ^{M28}Value Added Tax Act 1994 (groups of companies) shall be amended as follows.

- (2) [^{F6}After subsection (1) there shall be inserted the following subsection—

“(1A) Paragraph (a) of subsection (1) above shall not apply in relation to any supply of goods or services by one member of a group to another unless both the body making the supply and the body supplied continue to be members of that group until—

- (a) in the case of a supply of goods which are to be removed in pursuance of the supply, a time after the removal;
- (b) in the case of any other supply of goods, a time after the goods have been made available, in pursuance of the supply, to the body supplied; or
- (c) in the case of a supply of services, a time after the services have been performed.”];

and in subsection (1)(b), for “other supply” there shall be substituted “supply which is a supply to which paragraph (a) above does not apply and is a supply”.

- (3) In subsection (5) (applications to be treated or to cease to be treated as members of a group etc.), for the words after paragraph (d) there shall be substituted—

“unless the Commissioners refuse the application under subsection (5A) below.”

- (4) After subsection (5) there shall be inserted the following subsection—

“(5A) If it appears to the Commissioners necessary to do so for the protection of the revenue, they may—

- (a) refuse any application made to the effect mentioned in paragraph (a) or (c) of subsection (5) above; or
- (b) refuse any application made to the effect mentioned in paragraph (b) or (d) of that subsection in a case that does not appear to them to fall within subsection (6) below.”

- (5) Subsection (2) above has effect in relation to—

- (a) any supply made on or after 1st March 1995, and
- (b) any supply made before that date in the case of which both the body making the supply and the body supplied continued to be members of the group in question until at least that date,

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

and subsections (3) and (4) above have effect in relation to applications made on or after the day on which this Act is passed.

Textual Amendments

F6 Words in s. 25(2) repealed (29.4.1996 with effect as mentioned in s. 31(5) of the amending Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. IV(5)**

Marginal Citations

M28 1994 c. 23.

PROSPECTIVE

F726 Co-owners etc. of buildings and land.

Textual Amendments

F7 S. 26 repealed (with effect in accordance with art. 1(2) of the amending S.I.) by [The Value Added Tax \(Buildings and Land\) Order 2008 \(S.I. 2008/1146\)](#), arts. 1(1), **5(1)** (with Sch. 2)

27 Set-off of credits.

(1) Section 81 of the ^{M29}Value Added Tax Act 1994 (which includes provision as to the setting off of credits) shall be amended as follows.

(2) For subsection (4) there shall be substituted the following subsections—

“(4A) Subsection (3) above shall not require any such amount as is mentioned in paragraph (a) of that subsection (“the credit”) to be set against any such sum as is mentioned in paragraph (b) of that subsection (“the debit”) in any case where—

- (a) an insolvency procedure has been applied to the person entitled to the credit;
- (b) the credit became due after that procedure was so applied; and
- (c) the liability to pay the debit either arose before that procedure was so applied or (having arisen afterwards) relates to, or to matters occurring in the course of, the carrying on of any business at times before the procedure was so applied.

(4B) Subject to subsection (4C) below, the following are the times when an insolvency procedure is to be taken, for the purposes of this section, to be applied to any person, that is to say—

- (a) when a bankruptcy order, winding-up order, administration order or award of sequestration is made in relation to that person;
- (b) when that person is put into administrative receivership;
- (c) when that person, being a corporation, passes a resolution for voluntary winding up;

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (d) when any voluntary arrangement approved in accordance with Part I or VIII of the Insolvency Act 1986, or Part II or Chapter II of Part VIII of the ^{M30}Insolvency (Northern Ireland) Order 1989, comes into force in relation to that person;
 - (e) when a deed of arrangement registered in accordance with the ^{M31}Deeds of Arrangement Act 1914 or Chapter I of Part VIII of that Order of 1989 takes effect in relation to that person;
 - (f) when that person’s estate becomes vested in any other person as that person’s trustee under a trust deed.
- (4C) In this section references, in relation to any person, to the application of an insolvency procedure to that person shall not include—
- (a) the making of a bankruptcy order, winding-up order, administration order or award of sequestration at a time when any such arrangement or deed as is mentioned in subsection (4B)(d) to (f) above is in force in relation to that person;
 - (b) the making of a winding-up order at any of the following times, that is to say—
 - (i) immediately upon the discharge of an administration order made in relation to that person;
 - (ii) when that person is being wound up voluntarily;
 - (iii) when that person is in administrative receivership;
 - or
 - (c) the making of an administration order in relation to that person at any time when that person is in administrative receivership.
- (4D) For the purposes of this section a person shall be regarded as being in administrative receivership throughout any continuous period for which (disregarding any temporary vacancy in the office of receiver) there is an administrative receiver of that person, and the reference in subsection (4B) above to a person being put into administrative receivership shall be construed accordingly.”
- (3) In subsection (5) (definitions), for “subsection (4) above” there shall be substituted “this section”.
- (4) This section shall have effect in relation to amounts becoming due from the Commissioners of Customs and Excise at times on or after the day on which this Act is passed.

Marginal Citations

M29 1994 c. 23.

M30 1986 c. 45.

M31 1914 c. 47.

28 Transactions treated as supplies for purposes of zero-rating etc.

- (1) In section 30 of the ^{M32}Value Added Tax Act 1994 (zero-rated supplies) for subsection (5) (transactions described in Schedule 8 to the Act to be treated as supplies) there shall be substituted—

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- “(5) The export of any goods by a charity to a place outside the member States shall for the purposes of this Act be treated as a supply made by the charity—
- (a) in the United Kingdom, and
 - (b) in the course or furtherance of a business carried on by the charity.”
- (2) This section shall have effect in relation to transactions occurring on or after the day on which this Act is passed.

Marginal Citations

M32 1994 c. 23.

29 Goods removed from warehousing regime.

In section 18 of the ^{M33}Value Added Tax Act 1994 (place and time of acquisition or supply of goods subject to warehousing regime) for subsection (5) (regulations about payment of VAT on supply of such goods) there shall be substituted the following subsections—

- “(5) The Commissioners may by regulations make provision for enabling a taxable person to pay the VAT he is required to pay by virtue of paragraph (b) of subsection (4) above at a time later than that provided for by that paragraph.
- (5A) Regulations under subsection (5) above may in particular make provision for either or both of the following—
- (a) for the taxable person to pay the VAT together with the VAT chargeable on other supplies by him of goods and services;
 - (b) for the taxable person to pay the VAT together with any duty of excise deferment of which has been granted to him under section 127A of the ^{M34}Customs and Excise Management Act 1979;
- and they may make different provision for different descriptions of taxable person and for different descriptions of goods.”

Marginal Citations

M33 1994 c. 23.

M34 1979 c. 2.

30 Fuel supplied for private use.

- (1) Section 57 of the ^{M35}Value Added Tax Act 1994 (determination of consideration for fuel supplied for private use) shall be amended as follows.
- (2) The following subsection shall be inserted after subsection (1)—
- “(1A) Where the prescribed accounting period is a period of 12 months, the consideration appropriate to any vehicle is that specified in relation to a vehicle of the appropriate description in the second column of Table A below.”
- (3) In subsection (2) (consideration where prescribed accounting period is period of 3 months) for “second” there shall be substituted “third”.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

(4) In subsection (3) (consideration where prescribed accounting period is period of one month) for “third” there shall be substituted “ fourth ”.

(5) The following Table shall be substituted for Table A—

“ TABLE A

<i>Description of vehicle (Type of engine and cylinder capacity in cubic centimetres)</i>	<i>12 month period</i>	<i>3 month period</i>	<i>1 month period</i>
	£	£	£
Diesel engine 2000 or less	605	151	50
More than 2000	780	195	65
Any other type of engine 1400 or less	670	167	55
More than 1400 but not more than 2000	850	212	70
More than 2000	1260	315	105”

(6) This section shall apply in relation to prescribed accounting periods beginning on or after 6th April 1995.

(7) Nothing in this section shall be taken to prejudice any practice by which the consideration appropriate to a vehicle is arrived at where a prescribed accounting period beginning before 6th April 1995 is a period of 12 months.

Marginal Citations

M35 1994 c. 23.

31 Appeals: payment of amounts shown in returns.

(1) In section 84(2) of the ^{M36}Value Added Tax Act 1994 (appeal not to be entertained unless amounts shown in returns paid, except in certain cases) the words “, except in the case of an appeal against a decision with respect to the matter mentioned in section 83(1),” shall be omitted.

(2) This section shall apply in relation to appeals brought after the day on which this Act is passed.

Marginal Citations

M36 1994 c. 23.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

32 Penalties for failure to notify etc.

- (1) In section 67 of the ^{M37}Value Added Tax Act 1994 (failure to notify and unauthorised issue of invoices) in subsection (4) (the specified percentage)—
 - (a) in paragraph (a) for “10 per cent.” there shall be substituted “ 5 per cent. ”;
 - (b) in paragraph (b) for “20 per cent.” there shall be substituted “ 10 per cent. ”; and
 - (c) in paragraph (c) for “30 per cent.” there shall be substituted “ 15 per cent. ”
- (2) Section 15(3A) of the Finance Act 1985 (provision which is repealed by the ^{M38}1994 Act and which corresponds to section 67(4)) shall have effect subject to the amendments made by subsection (1) above.
- (3) Subject to subsection (4) below, subsections (1) and (2) above shall apply where a penalty is assessed on or after 1st January 1995.
- (4) Subsections (1) and (2) above shall not apply in the case of a supplementary assessment if the original assessment was made before 1st January 1995.

Marginal Citations

M37 1994 c. 23.

M38 1985 c. 54.

33 Correction of consolidation errors.

- (1) The ^{M39}Value Added Tax Act 1994 shall have effect, and be deemed always to have had effect, as if it had been enacted as follows.
- [^{F8}(2) Section 35(1) (refund of VAT to persons constructing certain buildings) shall be deemed to have been enacted with the word “building” substituted for the word “dwelling” in each place where it occurs.]
- (3) Paragraph 5(5) and (6)(b) of Schedule 4 and paragraph 7(b) of Schedule 6 (which contain references to paragraph 5(3) of Schedule 4 which should be references to paragraph 5(4) of that Schedule) shall be deemed to have been enacted—
 - (a) in the case of paragraph 5(5) and (6)(b), with “sub-paragraph (4) above” substituted for “ sub-paragraph (3) above ”, in each case; and
 - (b) in the case of paragraph 7(b), with “paragraph 5(4)” substituted for “ paragraph 5(3) ”.
- (4) In paragraph 9 of Schedule 13 (which contains transitional provisions relating to bad debt relief), the following sub-paragraph shall be deemed to have been enacted instead of sub-paragraph (2) of that paragraph, that is to say—
 - “(2) Claims for refunds of VAT shall not be made in accordance with section 36 of this Act in relation to—
 - (a) any supply made before 1st April 1989; or
 - (b) any supply as respects which a claim is or has been made under section 22 of the 1983 Act.”
- (5) In paragraph 13 of Schedule 14 (consequential amendment of the ^{M40}Finance Act 1994), the following sub-paragraph shall be deemed to have been enacted instead of sub-paragraph (a) of that paragraph, that is to say—

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

“(a) in subsection (4) for “25 and 29 of the Finance Act 1985” and “40 of the Value Added Tax Act 1983” there shall be substituted, respectively, “85 and 87 of the Value Added Tax Act 1994” and “83 of that Act”.”

Textual Amendments

F8 S. 33(2) repealed (29.4.1996 with effect as mentioned in s. 30(4) of the amending Act) by 1996 c. 8, s. 205, Sch. 41 Pt. IV(4)

Marginal Citations

M39 1994 c. 23.
M40 1994 c. 9.

Insurance premium tax

34 Insurance premium tax.

Schedule 5 to this Act (which relates to insurance premium tax) shall have effect.

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Income tax: charge, rates and reliefs

^{F9}35 Charge and rates of income tax for 1995-96.

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Textual Amendments

F9 S. 35 repealed (6.4.2007) by *Income Tax Act 2007* (c. 3), s. 1034(1), Sch. 3 Pt. 1 (with Sch. 2)

^{F10}36 Personal allowance.

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Textual Amendments

F10 S. 36 repealed (6.4.2007) by *Income Tax Act 2007* (c. 3), s. 1034(1), Sch. 3 Pt. 1 (with Sch. 2)

Corporation tax: charge and rate

37 Charge and rate of corporation tax for 1995.

Corporation tax shall be charged for the financial year 1995 at the rate of 33 per cent.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

38 Small companies.

For the financial year 1995—

- (a) the small companies' rate shall be 25 per cent., and
- (b) the fraction mentioned in section 13(2) of the Taxes Act 1988 (marginal relief for small companies) shall be one fiftieth.

Taxation of income from land

F1139 Income chargeable under Schedule A.

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Textual Amendments

F11 S. 39 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165(1), **Sch. 27 Pt. III(4)** Note

40 Non-residents and their representatives.

^{F12}(1)

^{F12}(2)

- (3) Section 43 of the Taxes Act 1988 (payments to non-residents of amounts chargeable under Schedule A) shall not have effect in relation to any payment made on or after 6th April 1996.

Textual Amendments

F12 S. 40(1)(2) repealed (6.4.2007) by **Income Tax Act 2007 (c. 3)**, s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

F1341 Income from overseas property.

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Textual Amendments

F13 S. 41 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165(1), **Sch. 27 Pt. III(4)** Note

42 Abolition of interest relief for commercially let property.

^{F14}(1)

(2) That Act shall be further amended as follows—

^{F15}(a)

^{F14}(b)

^{F14}(c)

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- F14(d)
- F14(e)

(3) Subject to subsections (4) to (6) below, this section shall have effect in relation to any payment of interest made on or after 6th April 1995.

(4) Where—

- (a) the profits or gains of any source of income that ceases in the course of the year 1995-96 are taxed, by virtue of section 39(5) or 41(9) above, without reference to the Schedule A that has effect by virtue of section 39(1) above, and
- (b) that source of income includes any land, caravan or house-boat with respect to which the condition specified in section 355(1)(b) of the Taxes Act 1988 would be satisfied in the case of any loan,

this section shall not apply to any payment of interest on that loan which is made before the time in the year 1995-96 when that source of income ceases.

(5) Subject to paragraph 19(3) of Schedule 6 to this Act, no relief in respect of any payment of interest before 6th April 1995 shall be given under section 355(4) of the Taxes Act 1988 (income against which relief available) against any income for the year 1995-96 or any subsequent year of assessment except in a case where the income falls within subsection (4)(a) above.

[F16(6) Schedule 7 to this Act (which makes amendments in relation to corporation tax which are consequential on this section) shall have effect in relation to accounting periods ending after 31st March 1995.]

Textual Amendments

- F14** S. 42(1)(2)(b)-(e) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(7) Note 4 of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(7)** Note 4
- F15** S. 42(2)(a) repealed (6.4.2007) by **Income Tax Act 2007** (c. 3), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)
- F16** S. 42(6) repealed (29.4.1996 with effect as mentioned in ss. 80-105 of the amending Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)**

Benefits in kind

F17 43 Cars available for private use.

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Textual Amendments

- F17** Ss. 43-45 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)

F17 44 Cars: accessories for the disabled.

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Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F17 Ss. 43-45 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)

^{F17}45 Beneficial loan arrangements: replacement loans.

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Textual Amendments

F17 Ss. 43-45 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)

Chargeable gains

46 Relief on re-investment: property companies etc.

- (1) Chapter IA of Part V of the ^{M41}Taxation of Chargeable Gains Act 1992 (roll-over relief on re-investment) shall be amended as follows.
- (2) In section 164A (relief on re-investment for individuals) the following subsection shall be inserted after subsection (12)—
 - “(13) Where an acquisition is made on or after 29th November 1994 section 164H shall be ignored in deciding whether it is an acquisition of a qualifying investment for the purposes of this section.”
- (3) In section 164F (failure of conditions of relief) the following subsection shall be inserted after subsection (2)—
 - “(2A) In deciding for the purposes of subsection (2)(b) above whether a company is a qualifying company at a time falling on or after 29th November 1994 section 164H shall be ignored.”
- (4) In section 164I (qualifying trades) the following subsection shall be inserted after subsection (4)—
 - “(4A) In deciding whether a trade complies with this section at a time falling on or after 29th November 1994 paragraphs (g) and (h) of subsection (2) above shall be ignored.”

Marginal Citations

M41 1992 c. 12.

47 Relief on re-investment: amount of relief, etc.

- (1) Chapter IA of Part V of the ^{M42}Taxation of Chargeable Gains Act 1992 (roll-over relief on re-investment) shall be amended as follows.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

(2) In section 164A after subsection (13) (inserted by section 46 above) there shall be inserted—

“(14) This section is subject to sections 164FF and 164FG.”

(3) In section 164F after subsection (10B) there shall be inserted—

“(10C) Subsection (10A) above is subject to sections 164FF and 164FG.”

(4) After section 164F there shall be inserted—

“164FF Qualifying investment acquired from husband or wife.

(1) This section applies where—

- (a) a claim is made under subsection (2) of section 164A or subsection (10A) of section 164F; and
- (b) the qualifying investment as respects which the claim is made is acquired by a disposal to which section 58 applies.

(2) The amounts by reference to which the reduction is determined shall be treated as including the amount of the consideration which the claimant would under this Act be treated as having given for the qualifying investment if he had, immediately upon acquiring the qualifying investment, disposed of it on a disposal which was not a no gain/no loss disposal.

(3) Where—

- (a) the claimant makes a disposal, which is not a no gain/no loss disposal, of the qualifying investment, and
- (b) any disposal after 31st March 1982 and before he acquired the qualifying investment was a no gain/no loss disposal,

nothing in paragraph 1 of Schedule 3, section 35 or section 55 shall operate to defeat the reduction falling to be made under section 164A(2)(b) or, as the case may be, section 164F(10A)(b) in the consideration for the acquisition of the qualifying investment.

(4) Where—

- (a) the claimant makes a disposal of the qualifying investment and that disposal is a disposal to which section 58 applies, and
- (b) any disposal after 31st March 1982 and before the claimant acquired the qualifying investment was a no gain/no loss disposal,

nothing in the application of paragraph 1 of Schedule 3, section 35 or section 55 to the person to whom the claimant makes the disposal of the qualifying investment shall operate to defeat the reduction made under section 164A(2)(b) or, as the case may be, section 164F(10A)(b).

(5) For the purposes of this section a no gain/no loss disposal is one on which by virtue of any of the enactments specified in section 35(3)(d) neither a gain nor a loss accrues.”

(5) After section 164FF (inserted by subsection (4) above) there shall be inserted—

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

“164FG Multiple claims.

- (1) This section applies where—
 - (a) a reduction is claimed by a person as respects a qualifying investment under subsection (2) of section 164A or subsection (10A) of section 164F; and
 - (b) any other reduction has been or is being claimed by that person under either subsection as respects that investment.
- (2) Subject to subsection (5) below, the reductions shall be treated as claimed separately in such sequence as the claimant elects or an officer of the Board in default of an election determines.
- (3) In relation to a later claim as respects the qualifying investment under either subsection, the subsection shall have effect as if each of the relevant amounts were reduced by the aggregate of any reductions made in the amount or value of the consideration for the acquisition of that investment by virtue of any earlier claims as respects that investment.
- (4) In subsection (3) above “the relevant amounts” means—
 - (a) if the claim is under section 164A(2), the amounts referred to in subsection (2)(a)(ii) and (iii) and any amount required to be included by virtue of section 164FF(2); and
 - (b) if the claim is under section 164F(10A), the amounts referred to in subsection (10A)(a)(i) and (ii) and any amount required to be included by virtue of section 164FF(2).
- (5) A claim that has become final shall be treated as made earlier than any claim that has not become final.
- (6) For the purposes of subsection (5) above, a claim becomes final when—
 - (a) it may no longer be amended, or
 - (b) it is finally determined,whichever occurs first.”
- (6) Subsection (4) above (and subsections (1) to (3) above so far as relating to subsection (4) above) shall apply to a claim as respects a qualifying investment if—
 - (a) the qualifying investment is acquired on or after 20th June 1994; or
 - (b) the claim is under section 164A(2) and relates to a disposal on or after that day; or
 - (c) the claim is under subsection (10A) of section 164F and relates to a gain which (apart from that subsection) would accrue on or after that day.
- (7) Subsection (5) above (and subsections (1) to (3) above so far as relating to subsection (5) above) shall apply to a claim as respects a qualifying investment if—
 - (a) the qualifying investment is acquired on or after 20th June 1994; or
 - (b) the claim is under section 164A(2) and relates to a disposal on or after that day; or
 - (c) the claim is under subsection (10A) of section 164F and relates to a gain which (apart from that subsection) would accrue on or after that day; or
 - (d) there is another claim as respects that qualifying investment which is under section 164A(2) and which relates to a disposal on or after that day; or

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (e) there is another claim as respects that qualifying investment which is under subsection (10A) of section 164F and which relates to a gain which (apart from that subsection) would accrue on or after that day.
- (8) Any such adjustment as is appropriate in consequence of this section may be made (whether by discharge or repayment of tax, the making of an assessment or otherwise).

Marginal Citations

M42 1992 c. 12.

48 Roll-over relief and groups of companies.

- (1) In section 175 of the ^{M43}Taxation of Chargeable Gains Act 1992 (replacement of business assets by members of a group), after subsection (2) there shall be inserted the following subsections—

“(2A) Section 152 shall apply where—

- (a) the disposal is by a company which, at the time of the disposal, is a member of a group of companies,
- (b) the acquisition is by another company which, at the time of the acquisition, is a member of the same group, and
- (c) the claim is made by both companies,

as if both companies were the same person.

(2B) Section 152 shall apply where a company which is a member of a group of companies but is not carrying on a trade—

- (a) disposes of assets (or an interest in assets) used, and used only, for the purposes of the trade which (in accordance with subsection (1) above) is treated as carried on by the members of the group which carry on a trade, or
- (b) acquires assets (or an interest in assets) taken into use, and used only, for those purposes,

as if the first company were carrying on that trade.

(2C) Section 152 shall not apply if the acquisition of, or of the interest in, the new assets—

- (a) is made by a company which is a member of a group of companies, and
- (b) is one to which any of the enactments specified in section 35(3)(d) applies.”

- (2) In section 247 of the ^{M44}Taxation of Chargeable Gains Act 1992 (roll-over relief on compulsory acquisition of land), after subsection (5) there shall be inserted the following subsection—

“(5A) Subsections (2A) and (2C) of section 175 shall apply in relation to this section as they apply in relation to section 152 (but as if the reference in subsection (2C) to the new assets were a reference to the new land).”

- (3) Subject to subsection (4) below—

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (a) the subsection inserted into section 175 of the ^{M45}Taxation of Chargeable Gains Act 1992 by subsection (1) above as subsection (2A) shall be deemed always to have had effect; and
 - (b) the earlier enactments corresponding to that section shall be deemed to have contained provision to the same effect as that subsection (2A).
- (4) Paragraph (c) of that subsection (2A) shall not apply unless the claim is made on or after 29th November 1994.
- (5) The subsection inserted into section 175 of the ^{M46}Taxation of Chargeable Gains Act 1992 by subsection (1) above as subsection (2B) shall apply where the disposal or the ^{M47}acquisition is on or after 29th November 1994; and the subsection so inserted as subsection (2C) shall apply where the acquisition is on or after that date.
- (6) The subsection inserted into section 247 of the ^{M48}Taxation of Chargeable Gains Act 1992 by subsection (2) above shall apply—
- (a) so far as it relates to section 175(2A), where the disposal or the acquisition is on or after 29th November 1994; and
 - (b) so far as it relates to section 175(2C), where the acquisition is on or after that date.

Marginal Citations

M43 1992 c. 12.

M44 1992 c. 12.

M45 1992 c. 12.

M46 1992 c. 12.

M47 1992 c. 12.

M48 1992 c. 12.

49 De-grouping charges.

- (1) In section 179 of the ^{M49}Taxation of Chargeable Gains Act 1992 (de-grouping charges), after subsection (2) there shall be inserted the following subsections—

“(2A) Where—

- (a) a company that has ceased to be a member of a group of companies (“the first group”) acquired an asset from another company which was a member of that group at the time of the acquisition,
- (b) subsection (2) above applies in the case of that company’s ceasing to be a member of the first group so that subsection (1) above does not have effect as respects the acquisition of that asset,
- (c) the company that made the acquisition subsequently ceases to be a member of another group of companies (“the second group”), and
- (d) there is a connection between the two groups,

subsection (1) above shall have effect in relation to the company’s ceasing to be a member of the second group as if it had been the second group of which both companies had been members at the time of the acquisition.

- (2B) For the purposes of subsection (2A) above there is a connection between the first group and the second group if, at the time when the chargeable company

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ceases to be a member of the second group, the company which is the principal company of that group is under the control of—

- (a) the company which is the principal company of the first group or, if that group no longer exists, which was the principal company of that group when the chargeable company ceased to be a member of it;
- (b) any company which controls the company mentioned in paragraph (a) above or which has had it under its control at any time in the period since the chargeable company ceased to be a member of the first group; or
- (c) any company which has, at any time in that period, had under its control either—
 - (i) a company which would have fallen within paragraph (b) above if it had continued to exist, or
 - (ii) a company which would have fallen within this paragraph (whether by reference to a company which would have fallen within that paragraph or to a company or series of companies falling within this sub-paragraph).”

(2) After subsection (9) of that section there shall be inserted the following subsection—

“(9A) Section 416(2) to (6) of the Taxes Act (meaning of control) shall have effect for the purposes of subsection (2B) above as it has effect for the purposes of Part XI of that Act; but a person carrying on a business of banking shall not for the purposes of that subsection be regarded as having control of any company by reason only of having, or of the consequences of having exercised, any rights of that person in respect of loan capital or debt issued or incurred by the company for money lent by that person to the company in the ordinary course of that business.”

(3) This section has effect in relation to a company in any case in which the time of the company’s ceasing to be a member of the second group is on or after 29th November 1994.

Marginal Citations

M49 1992 c. 12.

[^{F18}50 Corporate bonds.

In section 117 of the ^{M50}Taxation of Chargeable Gains Act 1992 (qualifying corporate bonds) the following subsection shall be inserted after subsection (2)—

“(2A) Where it falls to be decided whether at any time on or after 29th November 1994 a security (whenever issued) is a corporate bond for the purposes of this section, a security which falls within paragraph 2(2)(c) of Schedule 11 to the ^{M51}Finance Act 1989 (quoted indexed securities) shall be treated as not being a corporate bond within the definition in subsection (1) above.”]

Textual Amendments

F18 S. 50 repealed (29.4.1996 with effect as mentioned in ss. 80-105 of the amending Act) by 1996 c. 8, s. 205, Sch. 41 Pt. V(3)

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Marginal Citations

M50 1992 c. 12.

M51 1989 c. 26.

Insurance companies and friendly societies

51 Companies carrying on life assurance business.

Schedule 8 to this Act has effect in relation to companies carrying on life assurance business, as follows—

Part I contains general amendments,

Part II contains amendments of provisions relating to overseas life insurance companies, and

Part III contains supplementary provisions.

52 Meaning of “insurance company”.

^{F19}(1)

(2) ^{F20}

(3) ^{F21}

(4) In section 59(3)(b) of the Inheritance Tax Act 1984 (interests of insurance companies acquired before 14th March 1975 to be qualifying interests in possession), for the words from “if” onwards there shall be substituted “if the company is an insurance company (within the meaning of Chapter I of Part XII of the ^{M52}Taxes Act 1988) and either—

(i) is authorised to carry on long term business under section 3 or 4 of the ^{M53}Insurance Companies Act 1982; or

(ii) carries on through a branch or agency in the United Kingdom the whole or any part of any long term business which it is authorised to carry on by an authorisation granted outside the United Kingdom for the purposes of the first long term insurance Directive;

and in paragraph (b) above “long term business” and “the first long term insurance Directive” have the same meanings as in that Act of 1982.”

(5) Subsections (1) to (3) above shall have effect in relation to any accounting period ending after 30th June 1994; and subsection (4) above shall have effect for the purposes of the making, on an anniversary or other occasion after that date, of any charge to tax under section 64 or 65 of the ^{M54}Inheritance Tax Act 1984.

Textual Amendments

F19 S. 52(1) repealed (1.12.2001) by S.I. 2001/3629, art. 109, Sch.

F20 S. 52(2) repealed (24.7.2002 with effect as mentioned in Sch. 40 Pt. 3(10) Note 2 of the amending Act) by Finance Act 2002 (c. 23), s.141, Sch.40 Pt. 3(10) Note 2

F21 S. 52(3) repealed (24.7.2002 with effect as mentioned in Sch. 40 Pt. 3 Note 2 of the amending Act) by Finance Act 2002 (c. 23), s.141, Sch.40 Pt. 3(13) Note 2

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Marginal Citations

M52 1984 c. 51.

M53 1982 c. 50.

M54 1984 c. 51.

53 Transfer of life insurance business.

- (1) The amendments specified in Schedule 9 to this Act (which relate to enactments referring to the transfer of the whole or part of the long term business of an insurance company) shall have effect.
- (2) This section and that Schedule shall have effect in relation to any transfers sanctioned or authorised after 30th June 1994.

54 Friendly societies.

Schedule 10 to this Act (which makes provision about friendly societies) shall have effect.

Insurance policies

55 Qualifying life insurance policies.

- (1) Subject to subsections (2) and (3) below—
 - (a) paragraph 21 of Schedule 15 to the Taxes Act 1988 (certification of policies and of standard forms etc.) shall not apply, in relation to any time on or after [^{F22}the appointed date], for determining whether a policy is or would be a qualifying policy at that time; and
 - (b) no certificate may be issued under that paragraph at any time on or after that date except, in the case of a certificate under sub-paragraph (1)(a) of that paragraph, in relation to a time before that date.
- (2) Subsection (1) above shall not affect the right of any person to bring or continue with an appeal under paragraph 21(3) of that Schedule against either a refusal before [^{F22}the appointed date] to certify any policy or a refusal on or after that date to certify any policy in relation to times before that date.
- (3) A certificate issued—
 - (a) before [^{F22}the appointed date] in pursuance of paragraph 21(1)(a) of that Schedule, or
 - (b) in pursuance of a determination on an appeal determined after that date by virtue of subsection (2) above,
 shall, in relation to any time on or after that date or, as the case may be, the date on which it is issued, be conclusive evidence that the policy to which it relates is (subject to any variation of the policy) a qualifying policy.
- (4) Paragraph 22 of that Schedule (certificates from body issuing policy) shall cease to have effect in relation to any time on or after [^{F22}the appointed date].
- (5) Paragraph 24 of that Schedule (policies issued by non-resident companies) shall have effect in relation to times on or after [^{F22}the appointed date]—

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (a) with the substitution of the following sub-paragraphs for sub-paragraph (2)—
- “(2) Subject to section 55(3) of the Finance Act 1995 (transitional provision for the certification of certain policies), a new non-resident policy that falls outside sub-paragraph (2A) below shall not be a qualifying policy until such time as the conditions in sub-paragraph (3) are fulfilled with respect to it.
- (2A) A policy falls outside this sub-paragraph unless, at the time immediately before [^{F22}the appointed day], it was a qualifying policy by virtue of sub-paragraphs (2)(b) and (4) of this paragraph, as they had effect in relation to that time.”; and
- (b) with the omission, in sub-paragraph (3), of the word “first” and of sub-paragraph (4).
- (6) In paragraph 25 of that Schedule (policies substituted for policies issued by non-resident companies), for sub-paragraph (2) there shall be substituted the following sub-paragraph—
- “(2) The modifications are the following—
- (a) if, apart from paragraph 24, the old policy or any related policy (within the meaning of paragraph 17(2)(b)) of which account falls to be taken would have been a qualifying policy, that policy shall be assumed to have been a qualifying policy for the purposes of paragraph 17(2); and
- (b) if, apart from this paragraph, the new policy would be a qualifying policy, it shall not be such a policy unless the circumstances are as specified in paragraph 17(3); and
- (c) in paragraph 17(3)(c) the words “either by a branch or agency of theirs outside the United Kingdom or” shall be omitted;
- and references in this sub-paragraph to being a qualifying policy shall have effect, in relation to any time before [^{F22}the appointed date], as including a reference to being capable of being certified as such a policy.”
- (7) In paragraph 27(1) of that Schedule, except so far as it has effect for the purposes of any case to which paragraph 21 of that Schedule applies by virtue of the preceding provisions of this section, for “paragraphs 21 and” there shall be substituted “paragraph ”.

^{F23}(8)

[^{F24}(9) In this section “the appointed date” means such date as may be specified for the purpose in an order made by the Board.]

Textual Amendments

F22 Words in s. 55(1)(a)(2)(3)(a)(4)(5)(a)(6) substituted (29.4.1996) by 1996 c. 8, s. 162(1)(a)

F23 S. 55(8) omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 17(d)

F24 S. 55(9) inserted (29.4.1996) by 1996 c. 8, s. 162(1)(b)

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

F25 56 Foreign life policies etc.

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Textual Amendments
F25 S. 56 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), Sch. 1 para. 476, [Sch. 3](#) (with Sch. 2)

57 Duties of insurers in relation to life policies etc.

(1) In section 552 of the Taxes Act 1988 (duties of insurers of life policies etc.), the following subsection shall be inserted after subsection (2) in relation to times on or after the day on which this Act is passed—

“(2A) Where the obligations under any policy or contract of the body that issued, entered into or effected it (“the original insurer”) are at any time the obligations of another body (“the transferee”) to whom there has been a transfer of the whole or any part of a business previously carried on by the original insurer, this section shall have effect in relation to that time, except where the chargeable event—

- (a) happened before the transfer, and
- (b) in the case of a death or assignment, is an event of which the notification mentioned in subsection (1) above was given before the transfer,

as if the policy or contract had been issued, entered into or effected by the transferee.”

(2) In that section, the following subsections shall be inserted after subsection (4)—

“(4A) The Board may by regulations—

- (a) make provision as to the form which is to be taken by certificates under this section (including provision enabling such a certificate to be delivered otherwise than in the form of a document); and
- (b) make such provision as they think fit for securing that they are able to ascertain whether there has been or is likely to be any contravention of the requirements of this section and to verify any such certificate.

(4B) Regulations by virtue of subsection (4A)(b) above may include, in particular, provision requiring persons to whom premiums under any policy are or have at any time been payable to supply information to the Board and to make available books, documents and other records for inspection on behalf of the Board.

(4C) Regulations under subsection (4A) above may—

- (a) make different provision for different cases; and
- (b) contain such supplementary, incidental, consequential and transitional provision as appears to the Board to be appropriate.”

(3) In the second column of the Table in section 98 of the Management Act (penalties in respect of certain information provisions), for the entry relating to section 552 of the Taxes Act 1988 there shall be substituted the following entries—

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“section 552(1) to (4);
regulations under section 552(4A);”.

Pensions

F²⁶58 Personal pensions: income withdrawals.

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Textual Amendments

F26 Ss. 58-61 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3 (with Sch. 36)

F²⁶59 Pensions: meaning of insurance company etc.

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Textual Amendments

F26 Ss. 58-61 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3 (with Sch. 36)

F²⁶60 Application of section 59.

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Textual Amendments

F26 Ss. 58-61 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3 (with Sch. 36)

F²⁶61 Cessation of approval of certain retirement benefits schemes.

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Textual Amendments

F26 Ss. 58-61 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3 (with Sch. 36)

Saving and investment: general

F²⁷62 Follow-up TESSAs.

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Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F27 S. 62 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

^{F28}63 TESSAs: European institutions.

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Textual Amendments

F28 S. 63 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

^{F29}64 Personal equity plans: tax representatives.

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Textual Amendments

F29 S. 64 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

^{F30}65 Contractual savings schemes.

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Textual Amendments

F30 S. 65 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

^{F31}66 Enterprise investment scheme: ICTA amendments.

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Textual Amendments

F31 S. 66 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 2](#) (with [Sch. 2](#))

67 Enterprise investment scheme: TCGA amendments.

Schedule 13 to this Act (which contains amendments relating to chargeable gains as regards the enterprise investment scheme) shall have effect.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

68 Business expansion scheme: ICTA amendments

- (1) Chapter III of Part VII of the Taxes Act 1988 as it has effect in relation to shares issued before 1st January 1994 (the business expansion scheme) shall be amended as follows.
- (2) In section 289 (the relief) the following subsection shall be inserted after subsection (12) (which defines “the relevant period” for the purposes of the Chapter)
—
“(12A) In arriving at the relevant period for the purposes of sections 294 to 296 any time falling on or after 29th November 1994 shall be ignored; and subsection (12) above shall have effect subject to the preceding provisions of this subsection.”
- (3) In section 305 (reorganisation of share capital) the following subsections shall be inserted after subsection (4)—
 - (5) Subsection (2) above shall not apply where the reorganisation occurs on or after 29th November 1994.
 - (6) Subsection (2) above shall not apply by virtue of subsection (3) above where the rights are disposed of on or after 29th November 1994.”

69 Business expansion scheme: TCGA amendments.

In section 150 of the ^{M55}Taxation of Chargeable Gains Act 1992 (business expansion schemes) the following subsections shall be inserted after subsection (8) (which disapplies provisions about exchanges, reconstructions or amalgamations in certain circumstances)—

- “(8A) Subsection (8) above shall not have effect to disapply section 135 or 136 where—
- (a) the new holding consists of new ordinary shares carrying no present or future preferential right to dividends or to a company’s assets on its winding up and no present or future preferential right to be redeemed,
 - (b) the new shares are issued on or after 29th November 1994 and after the end of the relevant period, and
 - (c) the condition in subsection (8B) below is fulfilled.
- (8B) The condition is that at some time before the issue of the new shares—
- (a) the company issuing them issued eligible shares, and
 - (b) a certificate in relation to those eligible shares was issued by the company for the purposes of subsection (2) of section 306 of the Taxes Act and in accordance with that section.
- (8C) In subsection (8A) above—
- (a) “new holding” shall be construed in accordance with sections 126, 127, 135 and 136;
 - (b) “relevant period” means the period found by applying section 289(12) (a) of the Taxes Act by reference to the company issuing the shares referred to in subsection (8) above and by reference to those shares.”

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Marginal Citations

M55 1992 c. 12.

Venture capital trusts

F32⁷⁰ Approval of companies as trusts.

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Textual Amendments

F32 S. 70 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

F33⁷¹ Income tax relief.

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Textual Amendments

F33 S. 71 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

72 Capital gains.

- (1) The ^{M56}Taxation of Chargeable Gains Act 1992 shall be amended as follows.
- (2) In section 100(1) (exemption from charge for gains accruing to authorised unit trusts, investment trusts etc.), after “investment trust” there shall be inserted “ a venture capital trust ”.
- (3) In Chapter III of Part IV (miscellaneous provisions relating to securities), after section 151 there shall be inserted the following sections—

“151A Venture capital trusts: reliefs.

- (1) A gain or loss accruing to an individual on a qualifying disposal of any ordinary shares in a company which—
 - (a) was a venture capital trust at the time when he acquired the shares, and
 - (b) is still such a trust at the time of the disposal,
 shall not be a chargeable gain or, as the case may be, an allowable loss.
- (2) For the purposes of this section a disposal of shares is a qualifying disposal in so far as—
 - (a) it is made by an individual who has attained the age of eighteen years;
 - (b) the shares disposed of were not acquired in excess of the permitted maximum for any year of assessment; and
 - (c) that individual acquired those shares for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose

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of which, or one of the main purposes of which, is the avoidance of tax.

- (3) Schedule 5C shall have effect for providing relief in respect of gains invested in venture capital trusts.
- (4) In determining for the purposes of this section whether a disposal by any person of shares in a venture capital trust relates to shares acquired in excess of the permitted maximum for any year of assessment, it shall be assumed (subject to subsection (5) below)—
 - (a) as between shares acquired by the same person on different days, that those acquired on an earlier day are disposed of by that person before those acquired on a later day; and
 - (b) as between shares acquired by the same person on the same day, that those acquired in excess of the permitted maximum are disposed of by that person before he disposes of any other shares acquired on that day.
- (5) It shall be assumed for the purposes of subsection (1) above that a person who disposes of shares in a venture capital trust disposes of shares acquired at a time when it was not such a trust before he disposes of any other shares in that trust.
- (6) References in this section to shares in a venture capital trust acquired in excess of the permitted maximum for any year of assessment shall be construed in accordance with the provisions of Part II of Schedule 15B to the Taxes Act; and the provisions of that Part of that Schedule shall apply (with subsections (4) and (5) above) for identifying the shares which are, in any case, to be treated as representing shares acquired in excess of the permitted maximum.
- (7) In this section and section 151B “ordinary shares”, in relation to a company, means any shares forming part of the company’s ordinary share capital (within the meaning of the Taxes Act).

151B Venture capital trusts: supplementary.

- (1) Sections 104, 105 and 107 shall not apply to any shares in a venture capital trust which are eligible for relief under section 151A(1).
- (2) Subject to the following provisions of this section, where—
 - (a) an individual holds any ordinary shares in a venture capital trust,
 - (b) some of those shares fall within one of the paragraphs of subsection (3) below, and
 - (c) others of those shares fall within at least one other of those paragraphs,then, if there is within the meaning of section 126 a reorganisation affecting those shares, section 127 shall apply separately in relation to the shares (if any) falling within each of the paragraphs of that subsection (so that shares of each kind are treated as a separate holding of original shares and identified with a separate new holding).
- (3) The kinds of shares referred to in subsection (2) above are—
 - (a) any shares in a venture capital trust which are eligible for relief under section 151A(1) and by reference to which any person has been given

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- or is entitled to claim relief under Part I of Schedule 15B to the Taxes Act;
- (b) any shares in a venture capital trust which are eligible for relief under section 151A(1) but by reference to which no person has been given, or is entitled to claim, any relief under that Part of that Schedule;
 - (c) any shares in a venture capital trust by reference to which any person has been given, or is entitled to claim, any relief under that Part of that Schedule but which are not shares that are eligible for relief under section 151A(1); and
 - (d) any shares in a venture capital trust that do not fall within any of paragraphs (a) to (c) above.
- (4) Where—
- (a) an individual holds ordinary shares in a company (“the existing holding”),
 - (b) there is, by virtue of any such allotment for payment as is mentioned in section 126(2)(a), a reorganisation affecting the existing holding, and
 - (c) immediately following the reorganisation, the shares or the allotted holding are shares falling within any of paragraphs (a) to (c) of subsection (3) above,
- sections 127 to 130 shall not apply in relation to the existing holding.
- (5) Sections 135 and 136 shall not apply where—
- (a) the exchanged holding consists of shares falling within paragraph (a) or (b) of subsection (3) above; and
 - (b) that for which the exchanged holding is or is treated as exchanged does not consist of ordinary shares in a venture capital trust.
- (6) Where—
- (a) the approval of any company as a venture capital trust is withdrawn, and
 - (b) the withdrawal of the approval is not one to which section 842AA(8) of the Taxes Act applies,
- any person who at the time when the withdrawal takes effect is holding shares in that company which (apart from the withdrawal) would be eligible for relief under section 151A(1) shall be deemed for the purposes of this Act, at that time, to have disposed of and immediately re-acquired those shares for a consideration equal to their market value at that time.
- (7) The disposal that is deemed to take place by virtue of subsection (6) above shall be deemed for the purposes of section 151A to take place while the company is still a venture capital trust; but, for the purpose of applying sections 104, 105 and 107 to the shares that are deemed to be re-acquired, it shall be assumed that the re-acquisition for which that subsection provides takes place immediately after the company ceases to be such a trust.
- (8) For the purposes of this section—
- (a) shares are eligible for relief under section 151A(1) at any time when they are held by an individual whose disposal of the shares at that time would (on the assumption, where it is not the case, that the individual

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- attained the age of eighteen years before that time) be a disposal to which section 151A(1) would apply; and
- (b) shares shall not, in relation to any time, be treated as shares by reference to which relief has been given under Part I of Schedule 15B to the Taxes Act if that time falls after—
 - (i) any relief given by reference to those shares has been reduced or withdrawn,
 - (ii) any chargeable event (within the meaning of Schedule 5C) has occurred in relation to those shares, or
 - (iii) the death of a person who held those shares immediately before his death;
- and
- (c) the references, in relation to sections 135 and 136, to the exchanged holding is a reference to the shares in company B or, as the case may be, to the shares or debentures in respect of which shares or debentures are issued under the arrangement in question.”

^{F34}(4)

- (5) In section 257(1) (gifts to charities etc.), after paragraph (b) there shall be inserted—
“and the disposal is not one in relation to which section 151A(1) has effect.”

^{F35}(6)

- (7) In section 288(1) (interpretation), after the definition of “trading stock” there shall be inserted the following definition—

““venture capital trust” has the meaning given by section 842AA of the Taxes Act;”.

- (8) Subsection (2) above shall have effect in relation to gains accruing on or after 6th April 1995 and the other provisions of this section have effect for the year 1995-96 and subsequent years of assessment.

Textual Amendments

F34 S. 72(4) repealed (with effect in accordance with Sch. 19 para. 7 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(13\)](#)

F35 S. 72(6) repealed (with effect in accordance with Sch. 21 para. 10(8) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(14\)](#)

Marginal Citations

M56 1992 c. 12.

^{F36}**73 Regulations.**

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Textual Amendments

- F36** S. 73 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), Sch. 1 para. 365, **Sch. 3 Pt. 1** (with [Sch. 2](#))

Settlements and estates

74 Settlements: liability of settlor.

- (1) Schedule 17 to this Act has effect with respect to settlements and the liability of the settlor, as follows—
- Part I inserts new provisions in place of sections 660 to 676 and 683 to 685 of the Taxes Act 1988,
- Part II makes minor and consequential amendments of that Act, and
- Part III contains consequential amendments of other enactments.
- (2) The amendments made by Schedule 17 have effect for the year 1995-96 and subsequent years of assessment and apply to every settlement, wherever and whenever it was made or entered into.

75 Deceased persons' estates: taxation of beneficiaries.

Part XVI of the Taxes Act 1988 (deceased persons' estates) shall have effect with the amendments specified in Schedule 18 to this Act.

76 Untaxed income of a deceased person's estate.

- ^{F37}(1)
- ^{F38}(2)
- ^{F38}(3)
- ^{F39}(4)
- ^{F39}(5)
- ^{F39}(6)

Textual Amendments

- F37** S. 76(1) repealed (31.7.1997 with effect as mentioned in s. 36 and [Sch. 6](#) of the amending Act) by [1997 c. 58, s. 52, Sch. 8 Pt. II\(11\)](#) Note (with s. 3(3))
- F38** S. 76(2)(3) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 3** (with [Sch. 2](#))
- F39** S. 76(4)-(6) repealed (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](#))

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Securities

^{F40}77 Interest on gilt-edged securities payable without deduction of tax.

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Textual Amendments

F40 S. 77 repealed (31.7.1997 with effect as mentioned in Sch. 8 Pt. II(13) Note of the amending Act) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(13)** (with s. 3(3))

[^{F41}78 Periodic accounting for tax on interest on gilt-edged securities.

- (1) After the section 51A of the Taxes Act 1988 inserted by section 77 above there shall be inserted the following section—

“ Periodic accounting for tax on interest on gilt-edged securities.

- (1) The Treasury may by regulations provide for persons to whom payments of interest on relevant gilt-edged securities are made without deduction of tax to be required to make periodic returns to an officer of the Board of—
- (a) amounts of any payments of such interest made to that person, and
 - (b) amounts of tax for which, assuming the payments to bear tax at the basic rate for the relevant year of assessment, that person is to be accountable under the regulations in respect of those payments;
- and any such regulations may further provide for the amounts of tax required to be included in any such return to become due, at the time when the return is required to be made, from the person required to make it.
- (2) Regulations made by the Treasury for the purposes of this section may—
- (a) specify such periods as the Treasury may consider appropriate as the periods for which returns are to be made, and in respect of which any person is to account for tax, under the regulations;
 - (b) make provision for enabling returns under the regulations to be combined with returns under Schedule 16 and for requiring particulars of claims and calculations made for the purposes of the regulations to be set out in the returns;
 - (c) provide, in respect of any period for which a return is to be made by any person under the regulations, for that person to be obliged, before the end of the period, to make a payment on account of amounts that may become due from him in respect of that period;
 - (d) impose a requirement for a special return to be made for the purposes of any obligation imposed by virtue of paragraph (c) above;
 - (e) provide for the amount which, under the regulations, is to be due from any person in respect of any period to be reduced by reference to amounts which—
 - (i) are paid by or on behalf of that person under contracts or arrangements relating to transfers of gilt-edged securities;and

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- (ii) are or fall to be treated as representative of interest on those securities;
 - (f) authorise amounts in respect of which there is an obligation to account for tax under the regulations to be treated for specified purposes of the Tax Acts as payments on which a person has borne income tax by deduction;
 - (g) make provision for the assessment of amounts due under the regulations and for the repayment in specified circumstances of amounts paid under the regulations;
 - (h) make provision for interest to be payable, at such rate as may be determined by or under the regulations, on amounts that have become due under the regulations but have not been paid;
 - (i) make provision, where payments of interest on any relevant gilt-edged securities would be comprised in the income of a member of Lloyd's, for obligations that may be imposed by regulations under this section on the person to whom the interest is paid to be imposed, instead, on such other person as may be described in the regulations.
- (3) Regulations made by the Treasury for the purposes of this section may—
- (a) include provision which for the purposes of the regulations makes any provision corresponding, with or without modifications, to any of the provisions of Schedule 16;
 - (b) make provision modifying the operation of Schedule 19AB in relation to cases where payments of interest on relevant gilt-edged securities are made without deduction of tax to companies carrying on pension business;
 - (c) include provision which requires obligations and liabilities under the regulations to be treated as obligations and liabilities to which provisions of Schedule 23 to the Finance Act 1995 (UK representatives) apply; and
 - (d) include provision which, for any of the purposes of the regulations, applies provisions of sections 126 and 127 of, and Schedule 23 to, that Act in relation to times before those provisions otherwise come into force.
- (4) Regulations made by the Treasury for the purposes of this section may—
- (a) make different provision for different cases; and
 - (b) contain such supplementary, incidental, consequential and transitional provision as appears to the Treasury to be appropriate;
- and subsection (3) of section 178 of the^{M57} Finance Act 1989 (extent of powers to set rates of interest) shall apply for the purposes of the power conferred by virtue of subsection (2)(h) above as it applies for the purposes of the power to make regulations under that section.
- (5) In this section “relevant gilt-edged securities” means securities which are gilt-edged securities within the meaning of section 51A, other than any to which a direction of the Treasury under section 50 relates.
- (6) In this section “relevant year of assessment”—
- (a) in relation to a manufactured payment, means the year of assessment in which it is received by the person to whom it is paid; and

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(b) in relation to any other payment of interest, means the year of assessment in which the payment is made;

and in this subsection “manufactured payment” means any payment which for the purposes of Schedule 23A is a payment of manufactured interest.”

(2) In the Table in section 98 of the Management Act (penalties in respect of certain information provisions), immediately before the entry in the second column relating to section 124(3) of the Taxes Act 1988 there shall be inserted the following entry—

“regulations under section 51B;”.]

Textual Amendments

F41 S. 78 repealed (31.7.1998 with effect as mentioned in s. 37(3) of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(3) Note

Marginal Citations

M57 1989 c. 26.

F4279 Sale and repurchase of securities: exclusion from accrued income scheme.

Textual Amendments

F42 S. 79 repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), Sch. 3 Pt. 1 (with Sch. 2)

80 Treatment of price differential on sale and repurchase of securities.

^{F43}(1)

[^{F44}(2) In section 729 of that Act (sale and repurchase of securities), after subsection (5) there shall be inserted the following subsection—

“(5A) This section shall not apply where section 737A applies; and this section shall be disregarded in determining whether the condition in subsection (2)(b) of that section is fulfilled in any case.”]

^{F45}(3)

(4) After section 263 of the ^{M58}Taxation of Chargeable Gains Act 1992 there shall be inserted the following section—

“263A Agreements for sale and repurchase of securities.

(1) Subject to subsections (2) to (4) below, in any case falling within subsection (1) of section 730A of the Taxes Act (treatment of price differential on sale and repurchase of securities) and in any case which would fall within that subsection if the sale price and the repurchase price were different—

(a) the acquisition of the securities in question by the interim holder and the disposal of those securities by him to the repurchaser, and

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- (b) except where the repurchaser is or may be different from the original owner, the disposal of those securities by the original owner and any acquisition of those securities by the original owner as the repurchaser,
shall be disregarded for the purposes of capital gains tax.
- (2) Subsection (1) above does not apply in any case where the repurchase price of the securities in question falls to be calculated for the purposes of section 730A of the Taxes Act by reference to provisions of section 737C of that Act that are not in force in relation to those securities when the repurchase price becomes due.
- (3) Subsection (1) above does not apply if—
 - (a) the agreement or agreements under which provision is made for the sale and repurchase are not such as would be entered into by persons dealing with each other at arm’s length; or
 - (b) any of the benefits or risks arising from fluctuations, before the repurchase takes place, in the market value of the securities sold accrues to, or falls on, the interim holder.
- (4) Subsection (1) above does not apply in relation to any disposal or acquisition of qualifying corporate bonds in a case where the securities disposed of by the original owner or those acquired by him, or by any other person, as the repurchaser are not such bonds.
- (5) Expressions used in this section and in section 730A of the Taxes Act have the same meanings in this section as in that section.”
- (5) This section shall have effect where the agreement to sell the securities is entered into on or after the date on which this Act is passed.

Textual Amendments

F43 S. 80(1) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

F44 S. 80(2) repealed (29.4.1996 with effect as mentioned in s. 159(1) of the amending Act) by [1996 c. 8, s. 205](#), [Sch. 41 Pt. V\(21\)](#) Note 1

F45 S. 80(3) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

Marginal Citations

M58 [1992 c. 12](#).

^{F46}**81** **Manufactured interest payments: exclusion from bond-washing provisions.**

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Textual Amendments

F46 S. 81 omitted (with effect in accordance with s. 66(8) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [s. 66\(4\)\(f\)](#)

^{F47}**82**

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Textual Amendments

F47 S. 82 repealed (19.3.1997 with effect as mentioned in Sch. 10 para. 7(1) of the amending Act) by 1997 c. 16, ss. 76, 113, Sch. 18 Pt. VI(10) Note 1; S.I. 1997/991, art. 2

83 Power to make special provision for special cases.

^{F48}(1)

(2) In section 182(1) of the ^{M59}Finance Act 1993 and section 229 of the ^{M60}Finance Act 1994 (powers to modify provisions relating to Lloyd’s), the following paragraph shall be inserted, in each case, after paragraph (c)—

“(ca) for modifying the application of this Chapter in relation to cases where assets forming part of a premiums trust fund are the subject of—

(i) any such arrangement as is mentioned in section 129(1), (2) or (2A) of the Taxes Act 1988 (stock lending etc.); or

(ii) any such arrangements or agreements as are mentioned in section 737E(2) and (8) of the Taxes Act 1988 (sale and repurchase of securities etc.);”.

Textual Amendments

F48 S. 83(1) omitted (21.7.2008) by virtue of Finance Act 2008 (c. 9), Sch. 17 para. 35(2)(a)

Marginal Citations

M59 1993 c. 34.

M60 1994 c. 9.

^{F49}**84**

Textual Amendments

F49 S. 84 repealed (19.3.1997 with effect as mentioned in Sch. 10 para. 7(1) of the amending Act) by 1997 c. 16, ss. 76, 113, Sch. 18 Pt. VI(10) Note 1; S.I. 1997/991, art. 2

^{F50}**85**

Textual Amendments

F50 S. 85 repealed (19.3.1997 with effect as mentioned in Sch. 10 para. 7(1) of the amending Act) by 1997 c. 16, ss. 76, 113, Sch. 18 Pt. VI(10) Note 1; S.I. 1997/991, art. 2

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Interest

F51 86 Deduction of tax from interest on deposits.

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Textual Amendments
F51 S. 86 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

87 Interest payments deemed to be distributions.

F52(1)

(2) In paragraph (e) of that subsection—

- (a) for “paragraph (d)” there shall be substituted “ paragraph (d) or (da) ”; and
- (b) sub-paragraphs (iv) and (v) (distribution in respect of securities of subsidiaries of non-resident companies etc.) shall be omitted;

and, in subsection (3) of that section, for “subsection (2)(d)” there shall be substituted “ subsection (2)(d), (da) ”.

F53(3)

F54(4)

F55F56(5)

[**F57**(6) In paragraph 5(5) of Schedule 4 to that Act (deep discount securities), for “section 209(2)(d)” there shall be substituted “ section 209(2)(d), (da) ”.]

(7) This section has effect, subject to subsection (8) below, in relation to any interest or other distribution paid on or after 29th November 1994.

(8) This section shall not have effect in relation to any interest or other distribution paid before 1st April 1995 in respect of any security if the security is one in the case of which a notice given before 29th November 1994 under Regulation 2(2) of the ^{M61}Double Taxation Relief (Taxes on Income) (General) Regulations 1970 was in force immediately before 29th November 1994 as regards payments of interest or other distributions made in respect of that security.

Textual Amendments

F52 S. 87(1) repealed (with effect in accordance with s. 37 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(2\)](#)

F53 S. 87(3) repealed (with effect in accordance with s. 37 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(2\)](#)

F54 S. 87(4) repealed (with effect in accordance with s. 37 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(2\)](#)

F55 S. 87(5) repealed (with effect in accordance with s. 37 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(2\)](#)

F56 S. 87(5) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F57 S. 87(6) repealed (29.4.1996 with effect as mentioned in ss. 80-105) by [1996 c. 8](#), s. 205, [Sch. 41 Pt. V\(3\)](#)

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Marginal Citations

M61 S.I. 1970/488.

Debts

[^{F58}88 Generalisation of ss.63 to 66 of Finance Act 1993.

- (1) In sections 63 to 66 of the ^{M62}Finance Act 1993 (deemed periodic disposal of certain debts), for “the resident company”, wherever occurring, substitute “ the creditor company ”.
- (2) After section 62 of that Act insert—

“ Application of sections 63 to 66: supplementary.

In sections 63 to 66 below as they apply by virtue of section 61 above—

- (a) “the creditor company” means the company identified in subsection (1) of that section as the person entitled to the debt (referred to there as “the resident company”); and
 - (b) “the commencement date” means 1st April 1993.”.
- (3) In section 63 of that Act, omit subsection (12) (meaning of “commencement date”).
 - (4) The above amendments shall be deemed always to have had effect.
 - (5) Anything done before the passing of this Act under or by reference to the provisions of sections 63 to 66 of the Finance Act 1993 as originally enacted shall have effect as if done under or by reference to those provisions as amended by this section.]

Textual Amendments

F58 S. 88 repealed (29.4.1996 with effect as mentioned in ss. 80-105 of the amending Act) by 1996 c. 8, s. 205, Sch. 41 Pt. V(3) Note

Marginal Citations

M62 1993 c. 34.

[^{F59}89 Application of ss.63 to 66 to debts held by associates of banks.

- (1) A debt is a qualifying debt for the purposes of sections 63 to 66 of the ^{M63}Finance Act 1993 (deemed periodic disposal of certain debts) at any time if, at that time, the person entitled to the debt is a company which—
 - (a) is resident in the United Kingdom, and
 - (b) is an associated company of a company (whether or not itself resident in the United Kingdom) which carries on a banking business in the United Kingdom, and the debt is not an exempted debt as defined by the following provisions.
- (2) A debt is an exempted debt for those purposes at any time if at that time it is held by the company entitled to it for the purposes of long term insurance business.

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- (3) A debt is an exempted debt for those purposes at any time if each of the first, second and third conditions mentioned below—
- (a) is fulfilled at that time,
 - (b) has been fulfilled throughout so much of the period of the debt as falls before that time, and
 - (c) is likely to be fulfilled throughout so much of that period as falls after that time.
- (4) The first condition is that the terms of the debt provide that any interest carried by it shall be at a rate which falls into one, and one only, of the following categories—
- (a) a fixed rate which is the same throughout the period of the debt,
 - (b) a rate which bears to a standard published rate the same fixed relationship throughout that period, and
 - (c) a rate which bears to a published index of prices the same fixed relationship throughout that period.
- (5) The second condition is that those terms provide for any such interest to be payable as it accrues at intervals of 12 months or less.
- (6) The third condition is that the terms of the debt are not such—
- (a) in the case of a debt on a security, that the security is a deep discount or deep gain security, or
 - (b) in any other case, that if the debt were a debt on a security it would be a deep discount or deep gain security.

In this subsection “deep discount security” has the same meaning as in Schedule 4 to the Taxes Act 1988 and “deep gain security” has the same meaning as in Schedule 11 to the ^{M64}Finance Act 1989, disregarding paragraph 1(4)(c) of that Schedule.

- (7) In this section—
- “associated company” shall be construed in accordance with section 416 of the Taxes Act 1988;
- “long term insurance business” means insurance business of any of the classes specified in Schedule 1 to the ^{M65}Insurance Companies Act 1982; and
- “published index of prices” means the retail prices index or any similar general index of prices which is published by, or by an agent of, the government of any territory outside the United Kingdom.
- (8) In sections 63 to 66 of the ^{M66}Finance Act 1993 as they apply by virtue of this section “the creditor company” means the company identified in subsection (1) above as the person entitled to the debt.
- (9) In sections 63 to 66 of the ^{M67}Finance Act 1993 as they apply by virtue of this section “the commencement date” means—
- (a) in relation to a debt not falling within subsection (10) below, 29th November 1994; and
 - (b) in relation to a debt falling within that subsection, 1st April 1996.
- (10) A debt falls within this subsection if the person liable for it is—
- (a) an institution which is a higher education institution for the purposes of section 65 of the Further and Higher Education Act 1992 or Article 30 of the ^{M68}Education and Libraries (Northern Ireland) Order 1993,

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- (b) an institution which is an institution within the higher education sector for the purposes of the ^{M69}Further and Higher Education (Scotland) Act 1992, or
- (c) a registered housing association within the meaning of the Housing Associations Act 1985 or Part II of the ^{M70}Housing (Northern Ireland) Order 1992,

and that person was so liable at the end of 28th November 1994.]

Textual Amendments

F59 S. 89 repealed (29.4.1996 with effect as mentioned in ss. 80-105 of the amending Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

Marginal Citations

- M63** 1993 c. 34.
- M64** 1989 c. 26.
- M65** 1982 c. 50.
- M66** 1993 c. 34.
- M67** 1993 c. 34.
- M68** 1992 c. 13.
- M69** 1992 c. 37.
- M70** 1985 c. 69.

Reliefs

^{F60}90 Relief for post-cessation expenditure.

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Textual Amendments

F60 S. 90 repealed (6.4.2007) by **Income Tax Act 2007 (c. 3)**, s. 1034(1), Sch. 1 para. 366, **Sch. 3 Pt. 1** (with Sch. 2)

^{F61}91 Employee liabilities and indemnity insurance.

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Textual Amendments

F61 Ss. 91-93 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)

^{F61}92 Post-employment deductions.

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Textual Amendments

F61 Ss. 91-93 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)

F6193 **Incidental overnight expenses etc.**

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Textual Amendments

F61 Ss. 91-93 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)

Capital allowances: ships

F6294

Textual Amendments

F62 S. 94 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by [2001 c. 2](#), ss. 579(1), 580, **Sch. 4**

F6395

Textual Amendments

F63 S. 95 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by [2001 c. 2](#), ss. 579(1), 580, **Sch. 4**

F6496

Textual Amendments

F64 S. 96 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by [2001 c. 2](#), ss. 579(1), 580, **Sch. 4**

F6597

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Textual Amendments

F65 S. 97 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 579(1), 580, **Sch. 4**

F66⁹⁸

Textual Amendments

F66 S. 98 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 579(1), 580, **Sch. 4**

Capital allowances: other provisions

F67⁹⁹

Textual Amendments

F67 S. 99 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 579(1), 580, **Sch. 4**

F68¹⁰⁰

Textual Amendments

F68 S. 98 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 579(1), 580, **Sch. 4**

F69¹⁰¹

Textual Amendments

F69 S. 98 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 579(1), 580, **Sch. 4**

102 Commencement of certain provisions.

- (1) Chapter IV of Part IV of the ^{M71}Finance Act 1994 (changes for facilitating self-assessment) shall be deemed to have been enacted with the following modification.
- (2) In section 218 (commencement etc. of Chapter IV, sections 213(4) and (8) and 214(4) and (6) of which relate to capital allowances) the following subsection shall be inserted after subsection (1)—

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“(1A) In a case where—

- (a) a trade is set up and commenced by a company, and
 - (b) it is not set up and commenced before 6th April 1994,
- sections 213(4) and (8) and 214(4) and (6) have effect only if it is set up and commenced on or after 6th April 1995.”

Marginal Citations

M71 1994 c. 9.

Management: self-assessment etc.

103 Liability of trustees.

- (1) In subsection (2) of section 7 of the Management Act (notice of liability)—
- (a) for the words “a person who is” there shall be substituted the words “ persons who are ”; and
 - (b) for the words “a trustee” there shall be substituted the words “ the relevant trustees ”.
- (2) After subsection (8) of that section there shall be inserted the following subsection—
- “(9) For the purposes of this Act the relevant trustees of a settlement are—
- (a) in relation to income, the persons who are trustees when the income arises and any persons who subsequently become trustees; and
 - (b) in relation to chargeable gains, the persons who are trustees in the year of assessment in which the chargeable gains accrue and any persons who subsequently become trustees.”
- (3) In subsection (1) of section 8A of that Act (trustee’s return)—
- (a) for the words “a trustee” there shall be substituted the words “ the relevant trustees ”; and
 - (b) for the words “the trustee”, in the first place where they occur, there shall be substituted the words “ any relevant trustee ”.
- (4) After subsection (4) of that section there shall be inserted the following subsection—
- “(5) The following references, namely—
- (a) references in section 9 or 28C of this Act to a person to whom a notice has been given under this section being chargeable to tax; and
 - (b) references in section 29 of this Act to such a person being assessed to tax,
- shall be construed as references to the relevant trustees of the settlement being so chargeable or, as the case may be, being so assessed.”
- (5) At the beginning of Part XI of that Act (miscellaneous and supplemental) there shall be inserted the following section—

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“ Settlements

107A Relevant trustees.

- (1) Subject to the following provisions of this section, anything which for the purposes of this Act is done at any time by or in relation to any one or more of the relevant trustees of a settlement shall be treated for those purposes as done at that time by or in relation to the other or others of those trustees.
- (2) Subject to subsection (3) below, where the relevant trustees of a settlement are liable—
 - (a) to a penalty under section 7, 12B, 93, 95 or 97AA of this Act or paragraph 2A of Schedule 1A to this Act, or to interest under section 103A of this Act on such a penalty;
 - (b) to make a payment in accordance with an assessment under section 30 of this Act, or to make a payment under section 59A or 59B of this Act;
 - (c) to a surcharge under section 59C of this Act, or to interest under that section on such a surcharge; or
 - (d) to interest under section 86 of this Act,the penalty, interest, payment or surcharge may be recovered (but only once) from any one or more of those trustees.
- (3) No amount may be recovered by virtue of subsection (2)(a) or (c) above from a person who did not become a relevant trustee until after the relevant time, that is to say—
 - (a) in relation to so much of a penalty under section 93(3) or 97AA(1)(b) of this Act as is payable in respect of any day, or to interest under section 103A of this Act on so much of such a penalty as is so payable, the beginning of that day;
 - (b) in relation to a penalty under any other provision of this Act mentioned in subsection (2)(a) above, or to interest under section 103A of this Act on such a penalty, the time when the relevant act or omission occurred; and
 - (c) in relation to a surcharge under subsection (2) or (3) of section 59C of this Act, or to interest under that section on such a surcharge, the beginning of the day mentioned in that subsection;and in paragraph (b) above “the relevant act or omission” means the act or omission which caused the penalty to become payable.
- (4) In a case where—
 - (a) subsection (2)(a) above applies in relation to a penalty under section 93 of this Act, or
 - (b) subsection (2)(c) above applies in relation to a surcharge under section 59C of this Act,subsection (8) of section 93 or, as the case may be, subsection (9) of section 59C of this Act shall have effect as if the reference to the taxpayer were a reference to each of the relevant trustees.”

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- (6) In section 118 of that Act (interpretation), after the definition of “the principal Act” there shall be inserted the following definition—
- ““the relevant trustees”, in relation to a settlement, shall be construed in accordance with section 7(9) of this Act.”
- (7) Unless the contrary intention appears, this section, sections 104 to 115 below and Schedule 20 to this Act—
- (a) so far as they relate to income tax and capital gains tax, have effect as respects the year 1996-97 and subsequent years of assessment, and
 - (b) so far as they relate to corporation tax, have effect as respects accounting periods ending on or after the appointed day for the purposes of Chapter III of Part IV of the ^{M72}Finance Act 1994.

Marginal Citations

M72 1994 c. 9.

104 Returns and self-assessments.

- (1) In each of the following, namely—
- (a) subsection (1A) of section 8 of the Management Act (personal return); and
 - (b) subsection (1A) of section 8A of that Act (trustee’s return),
- there shall be inserted at the end the words “ and the amounts referred to in that subsection are net amounts, that is to say, amounts which take into account any relief, allowance or repayment of tax for which a claim is made and give credit for any income tax deducted at source and any tax credit to which section 231 of the principal Act applies ”.
- (2) In subsection (1B) of section 8 of that Act, for the word “loss” there shall be substituted the words “ loss, tax, credit ”.
- (3) After subsection (4) of that section there shall be inserted the following subsection—
- “(5) In this section and sections 8A, 9 and 12AA of this Act, any reference to income tax deducted at source is a reference to income tax deducted or treated as deducted from any income or treated as paid on any income.”
- (4) In subsection (1) of section 9 of that Act (returns to include self-assessment), for the words “on the basis of the information contained in the return” there shall be substituted the following paragraphs—
- “(a) on the basis of the information contained in the return; and
 - (b) taking into account any relief, allowance or repayment of tax a claim for which is included in the return and giving credit for any income tax deducted at source and any tax credit to which section 231 of the principal Act applies.”
- [^{F70}(5) In subsection (1) of section 11AA of that Act (return of profits to include self-assessment), for the words “on the basis of the information contained in the return” there shall be substituted the following paragraphs—
- “(a) on the basis of the information contained in the return; and

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- (b) taking into account any relief, allowance or repayment of tax a claim for which is included in the return.”.]
- (6) For subsection (1) of section 12AA of that Act (partnership return) there shall be substituted the following subsections—
 - “(1) Where a trade, profession or business is carried on by two or more persons in partnership, for the purpose of facilitating the establishment of the following amounts, namely—
 - (a) the amount in which each partner chargeable to income tax for any year of assessment is so chargeable, and
 - (b) the amount in which each partner chargeable to corporation tax for any period is so chargeable,an officer of the Board may act under subsection (2) or (3) below (or both).
 - (1A) The amounts referred to in paragraphs (a) and (b) of subsection (1) above are net amounts, that is to say, amounts which—
 - (a) take into account any relief, allowance or repayment of tax for which a claim is made; and
 - (b) in the case of the amount referred to in paragraph (a) of that subsection, give credit for any income tax deducted at source and any tax credit to which section 231 of the principal Act applies.”
- (7) For subsection (1) of section 12AB of that Act (partnership return to include partnership statement) there shall be substituted the following subsection—
 - “(1) Every return under section 12AA of this Act shall include a statement (a partnership statement) of the following amounts, namely—
 - (a) in the case of each period of account ending within the period in respect of which the return is made—
 - (i) the amount of income or loss from each source which, on the basis of the information contained in the return and taking into account any relief or allowance a section 42(7) claim for which is included in the return, has accrued to or has been sustained by the partnership for that period,
 - (ii) each amount of income tax which, on that basis, has been deducted or treated as deducted from any income of the partnership, or treated as paid on any such income, for that period,
 - (iii) the amount of each tax credit which, on that basis, has accrued to the partnership for that period, and
 - (iv) the amount of each charge which, on that basis, was a charge on the income of the partnership for that period; and
 - (b) in the case of each such period and each of the partners, the amount which, on that basis and (where applicable) taking into account any such relief or allowance, is equal to his share of that income, loss, tax, credit or charge.”
- (8) In subsection (5) of that section, after the definition of “period of account” there shall be inserted the following definitions—
 - ““section 42(7) claim” means a claim under any of the provisions mentioned in section 42(7) of this Act;

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“tax credit” means a tax credit to which section 231 of the principal Act applies.”

Textual Amendments

F70 S. 104(5) repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(28) Note of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(28)** Note; S.I. 1998/3173, **art. 2**

105 Records for purposes of returns.

(1) In subsection (1) of section 12B of the Management Act (records to be kept for purposes of returns), for paragraph (b) there shall be substituted the following paragraph—

“(b) preserve those records until the end of the relevant day, that is to say, the day mentioned in subsection (2) below or, where a return is required by a notice given on or before that day, whichever of that day and the following is the latest, namely—

(i) where enquiries into the return or any amendment of the return are made by an officer of the Board, the day on which, by virtue of section 28A(5) or 28B(5) of this Act, those enquiries are treated as completed; and

(ii) where no enquiries into the return or any amendment of the return are so made, the day on which such an officer no longer has power to make such enquiries.”

(2) In subsection (2) of that section, the words from “or, where a return” to the end shall cease to have effect.

(3) After that subsection there shall be inserted the following subsection—

“(2A) Any person who—

(a) is required, by such a notice as is mentioned in subsection (1) above given at any time after the end of the day mentioned in subsection (2) above, to make and deliver a return for a year of assessment or other period; and

(b) has in his possession at that time any records which may be requisite for the purpose of enabling him to make and deliver a correct and complete return for the year or period,

shall preserve those records until the end of the relevant day, that is to say, the day which, if the notice had been given on or before the day mentioned in subsection (2) above, would have been the relevant day for the purposes of subsection (1) above.”

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

(a) in paragraph (a), after the words “subsection (1)” there shall be inserted the words “ or (2A) ”; and

^{F71}(b)

(5) In subsection (4) of that section, after the words “subsection (1)” there shall be inserted the words “ or (2A) ”.

(6) In subsection (5) of that section—

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- (a) at the beginning there shall be inserted the words “ Subject to subsection (5A) below, ”; and
 - (b) after the words “subsection (1)” there shall be inserted the words “ or (2A) ”.
- (7) After that subsection there shall be inserted the following subsection—
- “(5A) Subsection (5) above does not apply where the records which the person fails to keep or preserve are records which might have been requisite only for the purposes of claims, elections or notices which are not included in the return.”

Textual Amendments

F71 S. 105(4)(b) omitted (1.4.2009) by virtue of [Finance Act 2008 \(c. 9\)](#), s. 115(2), [Sch. 37 para. 11\(a\)](#); [S.I. 2009/402, art. 2](#)

106 Return of employees’ emoluments etc.

- (1) For section 15 of the Management Act there shall be substituted the following section—

“15 Return of employees’ emoluments etc.

- (1) Every employer, when required to do so by notice from an officer of the Board, shall, within the time limited by the notice, prepare and deliver to the officer a return relating to persons who are or have been employees of his, containing the information required under the following provisions of this section.
- (2) An employer shall not be required to include in his return information relating to any year of assessment if the notice is given more than five years after the 31st January next following that year.
- (3) A notice under subsection (1) above—
 - (a) shall specify the employees for whom a return is to be made and may, in particular, specify individuals (by name or otherwise) or all employees of an employer or all his employees who are or have been in employment to which Chapter II of Part V of the principal Act applies; and
 - (b) shall specify the years of assessment or other periods with respect to which the information is to be provided.
- (4) A notice under subsection (1) above may require the return to state the name and place of residence of an employee to whom it relates.
- (5) A notice under subsection (1) above may require the return to contain, in respect of an employee to whom it relates, the following particulars—
 - (a) in the case of relevant payments made by the employer, particulars of the payments;
 - (b) in the case of relevant payments not falling within paragraph (a) above the making of which by another person has been arranged by the employer—
 - (i) particulars of the payments; and
 - (ii) the name and business address of the other person; and

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- (c) in the case of relevant payments not falling within either of the preceding paragraphs, the name and business address of any person who has, to the employer's knowledge, made the payments.
- (6) Any payments made to an employee in respect of his employment are relevant payments for the purposes of this section, including—
 - (a) payments to him in respect of expenses (including sums put at his disposal and paid away by him);
 - (b) payments made on his behalf and not repaid; and
 - (c) payments to him for services rendered in connection with a trade or business, whether the services were rendered in the course of his employment or not.
- (7) Where, for the purposes of his return, an employer apportions expenses incurred partly in or in connection with a particular matter and partly in or in connection with other matters—
 - (a) the return shall contain a statement that the sum included in the return is the result of such an apportionment; and
 - (b) if required to do so by notice from an officer of the Board, the employer shall prepare and deliver to the officer, within the time limited by the notice, a return containing full particulars as to the amount apportioned and the manner in which, and the grounds on which, the apportionment has been made.
- (8) A notice under subsection (1) above may require the return—
 - (a) to state in respect of an employee to whom it relates whether any benefits are or have been provided for him (or for any other person) by reason of his employment, such as may give rise to charges to tax under the relevant sections, that is to say, sections 141, 142, 143, 144A, 145, 146 and 154 to 165 of the principal Act (miscellaneous benefits in cash or in kind); and
 - (b) if such benefits are or have been provided, to contain such particulars of those benefits as may be specified in the notice.
- (9) Where such benefits are provided the notice may, without prejudice to subsection (8)(b) above, require the return to contain the following particulars—
 - (a) in the case of benefits which are or have been provided by the employer, particulars of the amounts which may be chargeable to tax by virtue of the relevant sections;
 - (b) in the case of benefits not falling within paragraph (a) above the provision of which by another person is or has been arranged by the employer—
 - (i) particulars of the amounts which may be so chargeable; and
 - (ii) the name and business address of the other person; and
 - (c) in the case of benefits not falling within either of the preceding paragraphs, the name and business address of any person who has, to the employer's knowledge, provided the benefits.
- (10) Where it appears to an officer of the Board that a person has, in any year of assessment, been concerned in making relevant payments to, or providing benefits to or in respect of, employees of another, the officer may at any time

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up to five years after the 31st January next following that year by notice require that person—

- (a) to deliver to the officer, within the time limited by the notice, such particulars of those payments or benefits, or of the amounts which may be chargeable to tax in respect of the benefits, as may be specified in the notice (so far as known to him); and
- (b) to include with those particulars the names and addresses (so far as known to him) of the employees concerned.

(11) In determining, in pursuance of a notice under subsection (1) or (10) above, amounts which may be chargeable to tax by virtue of the relevant sections, a person—

- (a) shall not make—
 - (i) any deduction or other adjustment which he is unable to show, by reference to information in his possession or otherwise available to him, is authorised or required by the relevant sections; or
 - (ii) any deduction authorised by section 141(3), 142(2), 145(3) or 156(8) of the principal Act; but
- (b) subject to that, shall make all such deductions and other adjustments as may be authorised or required by the relevant sections.

(12) Where the employer is a body of persons, the secretary of the body or other officer (by whatever name called) performing the duties of secretary shall be treated as the employer for the purposes of this section.

Where the employer is a body corporate, that body corporate, as well as the secretary or other officer, shall be liable to a penalty for failure to comply with this section.

(13) In this section—

“arranged” includes guaranteed and in any way facilitated;

“employee” means an office holder or employee whose emoluments fall to be assessed under Schedule E, and related expressions are to be construed accordingly;

“relevant payments” has the meaning given by subsection (6) above; and

“the relevant sections” has the meaning given by subsection (8)(a) above.”

(2) This section has effect as respects payments made or benefits provided on or after 6th April 1996.

107 Procedure for making claims etc.

(1) After subsection (1) of section 42 of the Management Act (procedure for making claims etc.) there shall be inserted the following subsection—

“(1A) Subject to subsection (3) below, a claim for a relief, an allowance or a repayment of tax shall be for an amount which is quantified at the time when the claim is made.”

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- (2) In subsection (2) of that section, for the words “subsection (3)” there shall be substituted the words “ subsections (3) and (3A) ”.
- (3) In subsection (3) of that section, for the words “Subsection (2)” there shall be substituted the words “ Subsections (1A) and (2) ”.
- (4) After subsection (3) of that section there shall be inserted the following subsections—
- “(3A) Where a person makes a claim requiring relief for a loss incurred or treated as incurred, or a payment made, in one year of assessment (“the later year”) to be given in an earlier year of assessment (“the earlier year”)—
- (a) subsection (2) above shall not apply in relation to the claim;
- (b) the claim shall be made in relation to the later year;
- (c) the claim shall be for an amount equal to the difference between—
- (i) the amount in which he has been assessed to tax under section 9 of this Act for the earlier year; and
- (ii) the amount in which he would have been so assessed if the claim could have been, and had been, included in a return made under section 8 or 8A of this Act for that year; and
- (d) effect shall be given to the claim in relation to the later year, whether by repayment or set-off, or by an addition to the aggregate amount given by section 59B(1)(b) of this Act, or otherwise.
- (3B) Where no notice under section 8 or 8A of this Act has been given to the person for the earlier year, subsection (3A)(c) above shall have effect as if—
- (a) sub-paragraph (i) referred to the amount in which he would have been assessed to tax under section 9 of this Act for that year if such a notice had been so given; and
- (b) sub-paragraph (ii) referred to the amount in which he would have been so assessed if such a notice had been so given and the claim could have been, and had been, included in a return made under section 8 or 8A of this Act for that year.”
- [^{F72}(5) In subsection (4) of that section, there shall be inserted at the beginning the words “ Subject to subsection (4A) below, ”.]
- [^{F72}(6) After subsection (4) of that section there shall be inserted the following subsection—
- “(4A) Subsection (4) above shall not apply where—
- (a) the company is wholly exempt from corporation tax or is only not so exempt in respect of trading income; and
- (b) the tax credit is not one in respect of which a payment on account may be claimed by the company under Schedule 19AB to the principal Act.”]
- (7) In subsection (5) of that section, for the words “subsections (2) and (4) above” there shall be substituted the words “ this section ”.
- (8) In subsection (7)(a) of that section, for the words “sections 84” there shall be substituted the words “ sections 62A, 84 ”.
- (9) In subsection (10) of that section, after the words “This section” there shall be inserted the words “ (except subsection (1A) above) ”.

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- (10) In subsection (11) of that section, paragraph (b) and the word “and” immediately preceding that paragraph shall cease to have effect.
- (11) Schedule 1A to that Act (claims etc. not included in returns) shall have effect subject to the amendments specified in Schedule 20 to this Act.

Textual Amendments

- F72** S. 107(5)(6) repealed (31.7.1997 with effect as mentioned in Sch. 4 paras. 2, 3 of the amending Act) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(9)** Note 1 (with s. 3(3)); S. 107(5)(6) expressed to be repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(28) Note of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(28)** Note; S.I. 1998/3173, **art. 2**

^{F73F74}**108 Payments on account of income tax.**

Textual Amendments

- F73** S. 108 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)
- F74** S. 108 restored (22.7.2004) by **Finance Act 2004 (c. 12)**, **Sch. 17 para. 6(1)** (with Sch. 17 para. 6(2))

109 Surcharges on unpaid tax.

- (1) In section 59C of the Management Act (surcharges on unpaid income tax and capital gains tax), in subsection (4) (exceptions to surcharge), for the words “or 95” there shall be substituted the words “, 95 or 95A”.
- (2) That section of that Act shall apply in relation to any income tax or capital gains tax which—
 - (a) is charged by an assessment made on or after 6th April 1998; and
 - (b) is for the year 1995-96 or an earlier year of assessment,as it applies in relation to any income tax or capital gains tax which becomes payable in accordance with section 55 or 59B of that Act and is for the year 1996-97 or a subsequent year of assessment.

110 Interest on overdue tax.

- (1) For section 86 of the Management Act there shall be substituted the following section—

“86 Interest on overdue income tax and capital gains tax.

- (1) The following, namely—
 - (a) any amount on account of income tax which becomes due and payable in accordance with section 59A(2) of this Act, and
 - (b) any income tax or capital gains tax which becomes due and payable in accordance with section 55 or 59B of this Act,

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shall carry interest at the rate applicable under section 178 of the ^{M73}Finance Act 1989 from the relevant date until payment.

- (2) For the purposes of subsection (1)(a) above the relevant date is whichever of the dates mentioned in section 59A(2) of this Act is applicable; and for the purposes of subsection (1)(b) above the relevant date is—
 - (a) in any such case as is mentioned in subsection (3) of section 59B of this Act, the last day of the period of three months mentioned in that subsection; and
 - (b) in any other case, the date mentioned in subsection (4) of that section.
- (3) Subsection (1) above applies even if the relevant date is a non-business day within the meaning of section 93 of the ^{M74}Bills of Exchange Act 1882.
- (4) Subsection (5) below applies where as regards a year of assessment—
 - (a) any person makes a claim under subsection (3) or (4) of section 59A of this Act in respect of the amounts (the section 59A amounts) payable by him in accordance with subsection (2) of that section, and
 - (b) an amount (the section 59B amount) becomes payable by him in accordance with section 59B(3), (4) or (5) of this Act.
- (5) Interest shall be payable under this section as if each of the section 59A amounts had been equal to—
 - (a) the aggregate of that amount and 50 per cent. of the section 59B amount, or
 - (b) the amount which would have been payable in accordance with subsection (2) of section 59A of this Act if the claim under subsection (3) or (4) of that section had not been made,
 whichever is the less.
- (6) In determining for the purposes of subsections (4) and (5) above what amount (if any) is payable by any person in accordance with section 59B(3), (4) or (5) of this Act—
 - (a) it shall be assumed that both of the section 59A amounts have been paid, and
 - (b) no account shall be taken of any amount which has been paid on account otherwise than under section 59A(2) of this Act or is payable by way of capital gains tax.
- (7) Subsection (8) below applies where as regards any person and a year of assessment—
 - (a) amounts (the section 59A amounts) become payable by him in accordance with section 59A(2) of this Act, and
 - (b) an amount (the section 59B amount) becomes repayable to him in accordance with section 59B (3), (4) or (5) of this Act.
- (8) So much of any interest payable under this section on either of the section 59A amounts as is not attributable to the amount by which that amount exceeds 50 per cent. of the section 59B amount shall be remitted.
- (9) In determining for the purposes of subsections (7) and (8) above what amount (if any) is repayable to any person in accordance with section 59B(3), (4) or (5) of this Act, no account shall be taken of any amount which has been paid

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on account otherwise than under section 59A(2) of this Act or is payable by way of capital gains tax.”

(2) That section of that Act shall apply in relation to any income tax or capital gains tax which—

- (a) is charged by an assessment made on or after 6th April 1998; and
- (b) is for the year 1995-96 or an earlier year of assessment,

as it applies in relation to any income tax or capital gains tax which becomes due and payable in accordance with section 55 or 59B of that Act and is for the year 1996-97 or a subsequent year of assessment.

(3) In that section of that Act as it so applies, “the relevant date” means the 31st January next following the year of assessment.

[^{F75}(4) So far as it relates to partnerships whose trades, professions or businesses were set up and commenced before 6th April 1994, subsection (1) above has effect as respects the year 1997-98 and subsequent years of assessment.]

Textual Amendments

F75 S. 110(4) inserted (*retrospectively*) by 1996 c. 8, s. 131(1)

Marginal Citations

M73 1989 c. 26.

M74 1882 c. 61.

^{F76}111 Assessments in respect of income taken into account under PAYE.

Textual Amendments

F76 S. 111 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](#))

112 Recovery of certain amounts deducted or paid under MIRAS.

(1) After section 374 of the Taxes Act 1988 there shall be inserted the following section—

“374A Interest which never has been relevant loan interest etc.

- (1) This section applies where, in the case of any loan, interest on the loan never has been relevant loan interest or the borrower never has been a qualifying borrower.
- (2) Without prejudice to subsection (3) below, in relation to a payment of interest—
 - (a) as respects which either of the conditions mentioned in paragraphs (a) and (b) of section 374(1) is fulfilled, and
 - (b) from which a deduction was made as mentioned in section 369(1),

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section 369 shall have effect as if the payment of interest were a payment of relevant loan interest made by a qualifying borrower.

- (3) Nothing in subsection (2) above shall be taken as regards the borrower as entitling him to make any deduction or to retain any amount deducted and, accordingly, where any amount has been deducted, he shall be liable to make good that amount and an officer of the Board may make such assessments as may in his judgment be required for recovering that amount.
- (4) The Management Act shall apply to an assessment under subsection (3) above as if it were an assessment to income tax for the year of assessment in which the deduction was made and as if—
 - (a) the assessment were among those specified in section 55(1) of that Act (recovery of tax not postponed);
 - (b) the assessment were made for the purpose of making good to the Crown a loss of tax wholly attributable to such a failure or error as is mentioned in subsection (1) of section 88 of that Act (interest on tax recovered to make good loss due to taxpayer's fault); and
 - (c) for the purposes of that section the date when the tax ought to have been paid were the 1st December following the year of assessment.
- (5) If the borrower fraudulently or negligently makes any false statement or representation in connection with the making of any deduction, he shall be liable to a penalty not exceeding the amount deducted.”
- (2) In subsection (2) of section 375 of that Act (interest ceasing to be relevant loan interest etc.), after paragraph (a) there shall be inserted the following paragraph—
 - “(aa) as respects which any of the conditions mentioned in section 374(1) is fulfilled, and”.
- (3) For subsection (4) of that section there shall be substituted the following subsections—
 - “(4) The Management Act shall apply to an assessment under subsection (3) above as it applies, by virtue of subsection (4) of section 374A, to an assessment under subsection (3) of that section.
 - (4A) If there is any unreasonable delay in the giving of a notice under subsection (1) above, the borrower shall be liable to a penalty not exceeding so much of the aggregate amount that he is liable to make good under subsection (3) above as is attributable to that delay.”
- (4) After subsection (8) of that section there shall be inserted the following subsection—
 - “(8A) In any case where an amount to which a person is not entitled is paid to him by the Board in pursuance of regulations made by virtue of subsection (8) above, regulations may—
 - (a) provide for an officer of the Board to make such assessments as may in his judgment be required for recovering that amount from that person; and
 - (b) make provision corresponding to that made by subsection (4A) above and subsections (4) and (5) of section 374A.”
- (5) This section applies in relation to deductions made by borrowers, and payments made by the Board, after the passing of this Act.

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113 Allowable losses: capital gains tax.

(1) After subsection (2) of section 16 of the ^{M75}Taxation of Chargeable Gains Act 1992 (computation of losses) there shall be inserted the following subsection—

“(2A) A loss accruing to a person in a year of assessment shall not be an allowable loss for the purposes of this Act unless, in relation to that year, he gives a notice to an officer of the Board quantifying the amount of that loss; and sections 42 and 43 of the Management Act shall apply in relation to such a notice as if it were a claim for relief.”

(2) Deductions under that Act in respect of allowable losses shall be given preference as follows—

- (a) a deduction in respect of a loss accruing to a person in the year 1996-97 or a subsequent year of assessment shall be preferred to a deduction in respect of a loss accruing to him in an earlier year of assessment; and
- (b) a deduction in respect of a loss accruing to a company in an accounting period ending on or after the appointed day for the purposes of Chapter III of Part IV of the ^{M76}Finance Act 1994 shall be preferred to a deduction in respect of a loss accruing to the company in an accounting period ending before that day.

Modifications etc. (not altering text)

C1 S. 113(2) excluded (27.7.1999) by 1992 c. 12, s. 71(2C) (as substituted (27.7.1999) by 1999 c. 16, s. 75(1))

Marginal Citations

M75 1992 c. 12.

M76 1994 c. 9.

114 Liability of trustees and personal representatives: capital gains tax.

(1) For subsection (1) of section 65 of the ^{M77}Taxation of Chargeable Gains Act 1992 (liability for tax of trustees and personal representatives) there shall be substituted the following subsection—

“(1) Subject to subsection (3) below, capital gains tax chargeable in respect of chargeable gains accruing to the trustees of a settlement or capital gains tax due from the personal representatives of a deceased person may be assessed and charged on and in the name of any one or more of the relevant trustees or the relevant personal representatives.”

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

“(3) Where section 80 applies as regards the trustees of a settlement (“the migrating trustees”), nothing in subsection (1) above shall enable any person—

- (a) who ceased to be a trustee of the settlement before the end of the relevant period, and
- (b) who shows that, when he ceased to be a trustee of the settlement, there was no proposal that the trustees might become neither resident nor ordinarily resident in the United Kingdom,

to be assessed and charged to any capital gains tax which is payable by the migrating trustees by virtue of section 80(2).

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(4) In this section—

“the relevant period” has the same meaning as in section 82;

“the relevant trustees”, in relation to any chargeable gains, means the trustees in the year of assessment in which the chargeable gains accrue and any subsequent trustees of the settlement, and “the relevant personal representatives” has a corresponding meaning.”

Marginal Citations

M77 1992 c. 12.

115 Minor amendments and repeals.

- (1) In subsection (7) of section 7 of the Management Act (notice of liability), for the words “income from which” there shall be substituted the words “ income on which ”.
- (2) In subsection (3) of section 9 of that Act (returns to include self-assessment), the words “the following provisions of” shall cease to have effect.
- (3) Section 11A of that Act (notice of liability to capital gains tax) shall cease to have effect.
- (4) In subsection (2) of section 12AA of that Act (partnership return), for the words “such accounts and statements” there shall be substituted the words “ such accounts, statements and documents, relating to information contained in the return, ”.
- (5) In subsection (1)(c) of section 30B of that Act (amendment of partnership statement where loss of tax discovered), after the word “relief” there shall be inserted the words “ or allowance ”.
- (6) In subsection (6) of section 59B of that Act (payment of income tax and capital gains tax), for the words “under section 29 of this Act shall” there shall be substituted the words “ otherwise than under section 9 of this Act shall, unless otherwise provided, ”.
- (7) In subsection (1) of section 100B of that Act (appeals against penalty determinations), after the words “95A of this Act” there shall be inserted the word “ and ”.
- (8) In section 103A of that Act (interest on penalties), for the words “Part II or VA” there shall be substituted the words “ Part II, IV or VA ”.
- (9) Section 73 of the Taxes Act 1988 (single assessments for purposes of Cases III, IV and V of Schedule D) shall cease to have effect.
- (10) In sections 536 and 537B of that Act (taxation of royalties where owner abroad)—
 - (a) in subsection (2) (exemption from requirement to deduct tax from royalties), the words “are shown on a claim to” shall cease to have effect; and
 - (b) in subsection (4) (deduction of tax where agent’s commission unknown), the words from “and in that case” to the end shall cease to have effect.
- (11) In Schedule 3 to that Act (machinery for assessment, charge and payment of income tax under Schedule C and, in certain cases, Schedule D), in paragraph 6E, subparagraphs (1) and (3) shall cease to have effect.

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(12) Section 7 of the ^{M78}Taxation of Chargeable Gains Act 1992 (time for payment of capital gains tax) shall cease to have effect.

(13) Subsection (3) above has effect as respects the year 1995-96 and subsequent years of assessment.

Marginal Citations

M78 1992 c. 12.

116 Transitional provisions.

(1) The provisions of the Management Act specified in Schedule 21 to this Act shall have effect subject to the transitional provisions contained in that Schedule.

(2) Section 198 of the ^{M79}Finance Act 1994 (which is superseded by this section) shall cease to have effect.

Marginal Citations

M79 1994 c. 9.

Changes for facilitating self-assessment

^{F77}**117 Treatment of partnerships.**

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Textual Amendments

F77 S. 117 repealed (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)

^{F78}**118 Loss relief: general.**

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Textual Amendments

F78 S. 118 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

^{F79}**119 Relief for losses on unquoted shares.**

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Textual Amendments

F79 S. 119 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

^{F80}120 Relief for pre-trading expenditure.

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Textual Amendments

F80 S. 120 repealed (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)

^{F81}121 Basis of apportionment for Cases I, II and VI of Schedule D.

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Textual Amendments

F81 S. 121 repealed (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)

^{F82}122 Amendments of transitional provisions.

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Textual Amendments

F82 S. 122 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 3** (with Sch. 2)

123 Prevention of exploitation of transitional provisions.

Schedule 22 to this Act shall have effect for preventing the exploitation of, and (in certain cases) penalising attempts to exploit, the transitional provisions set out in paragraphs [^{F83}52 and 53 of Schedule 2 to the [Income Tax \(Trading and Other Income\) Act 2005](#)] (changes for facilitating self-assessment: transitional provisions and savings).

Textual Amendments

F83 Words in s. 123 substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 1 para. 478** (with Sch. 2)

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Change of residence and non-residents

F84 124 Change of residence.

.....

Textual Amendments

F84 S. 124 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with [Sch. 2](#))

F85 125 Non-resident partners.

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Textual Amendments

F85 S. 125 repealed (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](#))

126 UK representatives of non-residents.

- (1) Schedule 23 to this Act shall have effect for imposing obligations and liabilities in relation to income tax ^{F86}... and capital gains tax on a branch or agency which, under this section, is the UK representative of a person who is not resident in the United Kingdom (“the non-resident”).
- (2) Subject to the following provisions of this section and to section 127 below, a branch or agency in the United Kingdom through which the non-resident carries on (whether solely or in partnership) any trade, profession or vocation shall, for the purposes of this section and Schedule 23 to this Act, be the non-resident’s UK representative in relation to the following amounts, that is to say—
 - (a) the amount of any such income from the trade, profession or vocation as arises, directly or indirectly, through or from that branch or agency;
 - (b) the amount of any income from property or rights which are used by, or held by or for, that branch or agency; [^{F87}and]
 - (c) amounts which, by reference to that branch or agency, are chargeable to capital gains tax under section 10 of the ^{M80}Taxation of Chargeable Gains Act 1992 (non-residents) ^{F88} ... ; ^{F89} ...
- ^{F89}(d)
- (3) For the purposes of this section and Schedule 23 to this Act, the non-resident’s UK representative in relation to any amount shall continue to be the non-resident’s UK representative in relation to that amount even after ceasing to be a branch or agency through which the non-resident carries on the trade, profession or vocation in question.
- (4) For the purposes of this section and Schedule 23 to this Act, the non-resident’s UK representative in relation to any amount shall be treated, where he would not otherwise be so treated, as if he were a separate and distinct person from the non-resident.

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- (5) Where the branch or agency through which the non-resident carries on the trade, profession or vocation is one carried on by persons in partnership, the partnership, as such, shall be deemed for the purposes of this section and Schedule 23 to this Act to be the non-resident's UK representative in relation to the amounts mentioned in subsection (2) above.
- (6) Where a trade or profession carried on by the non-resident through a branch or agency in the United Kingdom is one carried on by him in partnership, the trade or profession carried on through that branch or agency shall be deemed, for the purposes of this section and Schedule 23 to this Act, to include [^{F90}the notional or deemed trade or profession].
- (7) For the purposes of this section and Schedule 23 to this Act where—
- (a) a trade or profession carried on by the non-resident in the United Kingdom is one carried on by him in partnership, and
 - (b) any member of that partnership is resident in the United Kingdom, [^{F90}the notional or deemed trade or profession] shall be treated (in addition, where subsection (6) above also applies, to being treated as included in a trade or profession carried on through any such branch or agency as is mentioned in that subsection) as a trade carried on in the United Kingdom through the partnership as such.
- [^{F91}(7A) In subsections (6) and (7) “the notional or deemed trade or profession” means—
- (a) the notional trade from which the non-resident's share in the partnership's profits or losses is treated for the purposes of section 852 of the Income Tax (Trading and Other Income) Act 2005 as deriving, ^{F92}...
 - ^{F92}(b)]
- [^{F93}(8) In this section, “branch or agency” means any factorship, agency, receivership, branch or management.]
- (9) This section and Schedule 23 to this Act apply—
- (a) for the purposes of income tax and capital gains tax, in relation to the year 1996-97 and subsequent years of assessment; ^{F94}...
 - ^{F94}(b)
- [^{F95}(10) This section does not apply in relation to income tax chargeable on income of a company otherwise than as a trustee.]

Textual Amendments

- F86** Words in s. 126(1) repealed (with effect in relation to accounting periods beginning on or after 1.1.2003 in accordance with s. 155(2) of the amending Act) by [Finance Act 2003 \(c. 14\), Sch. 27 para. 4\(2\), Sch. 43 Pt. 3\(6\)](#)
- F87** Word in s. 126(2)(b) inserted (with effect in relation to accounting periods beginning on or after 1.1.2003 in accordance with s. 155(2) of the amending Act) by [Finance Act 2003 \(c. 14\), Sch. 27 para. 4\(3\)\(a\)](#)
- F88** Words in s. 126(2)(c) repealed (with effect in relation to accounting periods beginning on or after 1.1.2003 in accordance with s. 155(2) of the amending Act) by [Finance Act 2003 \(c. 14\), Sch. 27 para. 4\(3\)\(b\), Sch. 43 Pt. 3\(6\)](#)
- F89** S. 126(2)(d) and preceding word repealed (with effect in relation to accounting periods beginning on or after 1.1.2003 in accordance with s. 155(2) of the amending Act) by [Finance Act 2003 \(c. 14\), Sch. 27 para. 4\(3\)\(c\), Sch. 43 Pt. 3\(6\)](#)

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- F90** Words in s. 126(6)(7) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 479\(2\)](#) (with Sch. 2)
- F91** S. 126(7A) inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 479\(3\)](#) (with Sch. 2)
- F92** S. 126(7A)(b) and preceding word repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 400, Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)
- F93** S. 126(8) substituted (with effect in relation to accounting periods beginning on or after 1.1.2003 in accordance with s. 155(2) of the amending Act) by [Finance Act 2003 \(c. 14\), Sch. 27 para. 4\(4\)](#)
- F94** S. 126(9)(b) and preceding word repealed (with effect in relation to accounting periods beginning on or after 1.1.2003 in accordance with s. 155(2) of the amending Act) by [Finance Act 2003 \(c. 14\), Sch. 27 para. 4\(5\), Sch. 43 Pt. 3\(6\)](#)
- F95** S. 126(10) inserted (with effect in relation to accounting periods beginning on or after 1.1.2003 in accordance with s. 155(2) of the amending Act) by [Finance Act 2003 \(c. 14\), Sch. 27 para. 4\(6\)](#)

Modifications etc. (not altering text)

- C2** S. 126(6)(7) amended (31.7.1998) by [1998 c. 36, s. 46\(3\), Sch. 7 para. 10](#)

Marginal Citations

- M80** [1992 c. 12.](#)

127 Persons not treated as UK representatives.

- (1) For the purposes of section 126 above and Schedule 23 to this Act, none of the following persons shall be capable of being the non-resident's UK representative in relation to income or other amounts falling within paragraphs [^{F96}(a) to (c)] of section 126(2) above, that is to say—
 - (a) where the income arises from, or the other amounts are chargeable by reference to, so much of any business as relates to transactions carried out through a person who (though an agent of the non-resident) does not act in relation to the transactions in the course of carrying on a regular agency for the non-resident, that agent;
 - (b) where the income arises from, or the other amounts are chargeable by reference to, so much of any business as relates to transactions carried out through a broker and falling within subsection (2) below, that broker;
 - (c) where the income arises from, or the other amounts are chargeable by reference to, so much of any business as relates to investment transactions carried out through an investment manager and falling within subsection (3) below, that manager;
- [^{F97}[^{F98}(ca)] where the income consists of alternative finance return, as defined by [^{F99}section 47(6) or (7), 47A(5), 48B(1) or 49A(2)] of the Finance Act 2005, the other party to [^{F100}the alternative finance arrangements in question] or any other person acting for the non-resident in relation to the arrangements;]
- ^{F101}(cb)
- (d) where the non-resident is a member of Lloyd's and the income arises from, or the other amounts are chargeable by reference to, his underwriting business, any person who, in relation to or to matters connected with that income or those amounts, has been the non-resident's members' agent or the managing agent of the syndicate in question.

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- (2) For the purposes of subsection (1)(b) above where any income arises from, or other amounts are chargeable by reference to, so much of any business as relates to any transaction carried out through a broker, that transaction shall be taken, in relation to the income or other amounts (“the taxable sums”), to fall within this subsection if—
- (a) at the time of the transaction, the broker was carrying on the business of a broker;
 - (b) the transaction was carried out by the broker on behalf of the non-resident in the ordinary course of that business;
 - (c) the remuneration which the broker received for the provision of the services of a broker to the non-resident in respect of that transaction was at a rate not less than that which would have been customary for that class of business; and
 - (d) the non-resident does not fall (apart from this paragraph) to be treated as having the broker as his UK representative in relation to any income or other amounts not included in the taxable sums but chargeable to tax for the same chargeable period.
- (3) For the purposes of subsection (1)(c) above where any income arises from, or other amounts are chargeable by reference to, so much of any business as relates to any investment transaction, that transaction shall be taken, in relation to that income or those amounts (“the taxable sums”), to have been carried out through an investment manager and to fall within this subsection if—
- (a) the transaction was carried out on behalf of the non-resident by a person (“the manager”) who at the time was carrying on a business of providing investment management services;
 - (b) the transaction was carried out in the ordinary course of that business;
 - (c) the manager, when he acted on behalf of the non-resident in relation to the transaction, did so in an independent capacity;
 - (d) the requirements of subsection (4) below are satisfied in relation to the transaction; ^{F102}and]
 - (e) the remuneration which the manager received for the provision to the non-resident of the investment management services in question was at a rate which was not less than that which would have been customary for that class of business; ^{F103}...
 - ^{F103}(f)
- (4) Subject to subsections (9) to (11) below, the requirements of this subsection are satisfied in relation to any transaction if—
- (a) there is a qualifying period in relation to which it has been or is the intention of the manager and the persons connected with him that the non-resident’s relevant excluded income should, as to at least 80 per cent., consist of amounts to which neither the manager nor any such person has a beneficial entitlement; and
 - (b) to the extent that there is a failure to fulfil that intention, that failure—
 - (i) is attributable (directly or indirectly) to matters outside the control of the manager and persons connected with him; and
 - (ii) does not result from a failure by the manager or any of those persons to take such steps as may be reasonable for mitigating the effect of those matters in relation to the fulfilment of that intention.
- (5) For the purposes of this section any reference to the relevant excluded income of the non-resident for a qualifying period is a reference to the aggregate of such of the profits

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- and gains of the non-resident for the chargeable periods comprised in the qualifying period as—
- (a) derive from transactions carried out by the manager while acting on the non-resident's behalf; and
 - (b) for the purposes of [F104 Chapter 1 of Part 14 of the Income Tax Act 2007 (limits on liability to income tax of non-UK residents) would fall (apart from the requirements of section 819 of that Act) to be treated as disregarded income (see section 813 of that Act)] for any of those chargeable periods.
- (6) For the purposes of this section any reference to an amount of relevant excluded income to which a person has a beneficial entitlement is a reference to so much of any amount to which he has or may acquire a beneficial entitlement by virtue of—
- (a) any interest of his (whether or not an interest giving a right to an immediate payment of a share in the profits or gains) in property in which the whole or any part of that income is represented, or
 - (b) any interest of his in or other rights in relation to the non-resident, as is or would be attributable to that income.
- (7) For the purposes of subsections (4) to (6) above references to a qualifying period, in relation to any transaction, are references to any period consisting in or including the chargeable period for which the taxable sums are chargeable to tax, being, in a case where it is not that chargeable period, a period of not more than five years comprising two or more complete chargeable periods.
- (8) Where there is a transaction which would fall within subsection (3) above but for its being a transaction in relation to which the requirements of subsection (4) above are not satisfied, this section shall have effect as if the transaction did fall within subsection (3) above but only in relation to so much of the amount of the taxable sums as does not represent any amount of the non-resident's relevant excluded income to which the manager or a person connected with him has or has had any beneficial entitlement.
- (9) Subsections (10) and (11) below shall apply, where amounts arise or accrue to the non-resident as a participant in a collective investment scheme, for the purpose of determining whether a transaction carried out for the purposes of that scheme, in so far as it is a transaction in respect of which any such amounts arise or accrue to him, is one in relation to which the requirements of subsection (4) above are satisfied.
- (10) Those requirements shall be deemed to be satisfied in relation to the transaction wherever the collective investment scheme is such that, if the following assumptions applied, namely—
- (a) that all transactions carried out for the purposes of the scheme were carried out on behalf of a company constituted for the purposes of the scheme and resident outside the United Kingdom, and
 - (b) that the participants did not have any rights in respect of the amounts arising or accruing in respect of those transactions other than the rights which, if they held shares in the company on whose behalf the transactions are assumed to be carried out, would be their rights as shareholders,
- the assumed company would not, in relation to the chargeable period in which the taxable sums are chargeable to tax, be regarded for tax purposes as a company carrying on a trade in the United Kingdom.

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- (11) Where, on those assumptions, the assumed company would be so regarded for tax purposes, subsections (4) to (8) above shall have effect in relation to the transaction as if, applying those assumptions—
- (a) references to the non-resident were references to the assumed company; and
 - (b) the following subsection were substituted for subsection (5) above, namely—

“(5) In subsection (4) above the reference to the assumed company’s relevant excluded income for a qualifying period is a reference to the aggregate of the amounts which would, for the chargeable periods comprised in the qualifying period, be chargeable to tax on that company as profits deriving from the transactions carried out by the manager and assumed to be carried out on the company’s behalf.”
- [^{F105}(12) In this section “investment transaction” means any transaction of a description specified for the purposes of this section in regulations made by the Commissioners for Her Majesty’s Revenue and Customs.
- (13) Provision made in regulations under subsection (12) may, in particular, have effect in relation to the tax year current on the day on which the regulations are made.]
- (14) The preceding provisions of this section shall have effect in the case of a person who acts as a broker or provides investment management services as part only of a business as if that part were a separate business.
- (15) For the purposes of this section—
- (a) a person shall be taken to carry out a transaction on behalf of another where he undertakes the transaction himself, whether on behalf of or to the account of that other, and also where he gives instructions for it to be so carried out by another; and
 - (b) the references to the income arising from so much of a business as relates to transactions carried out through a branch or agency on behalf of the non-resident shall include references to income from property or rights which, as a result of the transactions, are used by, or held by or for, that branch or agency.
- (16) In paragraph (d) of subsection (1) above—
- (a) the reference to a member of Lloyd’s is a reference to any person who is a member within the meaning of Chapter III of Part II of the Finance Act 1993 or a corporate member within the meaning of Chapter V of Part IV of the ^{M81}Finance Act 1994, and
 - (b) the references to a members’ agent and to a managing agent shall also be construed in accordance with section 184 of that Act of 1993 or, as the case may be, section 230 of that Act of 1994.
- (17) In this section—
- “branch or agency” has the same meaning as in [^{F106}section 126 above];
- [^{F107}“collective investment scheme” has the meaning given by section 235 of the Financial Services and Markets Act 2000 and “participant”, in relation to such a scheme, shall be construed in accordance with that section;]
- and [^{F108}section 993 of the Income Tax Act 2007] (connected persons) shall apply for the purposes of this section.
- (18) For the purposes of this section a person shall not be regarded as acting in an independent capacity when acting on behalf of the non-resident unless, having regard

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to its legal, financial and commercial characteristics, the relationship between them is a relationship between persons carrying on independent businesses that deal with each other at arm's length.

(19) This section applies—

(a) for the purposes of income tax and capital gains tax, in relation to the year 1996-97 and subsequent years of assessment;^{F109} ...

^{F109}(b)

Textual Amendments

- F96** Words in s. 127(1) substituted (with effect in relation to accounting periods beginning on or after 1.1.2003 in accordance with s. 155(2) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 27 para. 5\(2\)](#)
- F97** S. 127(1)(cc) inserted (with effect in accordance with s. 56 of the amending Act) by [Finance Act 2005 \(c. 7\)](#), [s. 48\(3\)](#)
- F98** S. 127(1)(ca): s. 127(1)(cc) renumbered as s. 127(1)(ca) (19.7.2006) by [Finance Act 2006 \(c. 25\)](#), [s. 95\(10\)](#)
- F99** Words in s. 127(1)(ca) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [s. 1329\(1\)](#), [Sch. 1 para. 401\(a\)\(i\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F100** Words in s. 127(1)(ca) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [s. 1329\(1\)](#), [Sch. 1 para. 401\(a\)\(ii\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F101** S. 127(1)(cb) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [s. 1329\(1\)](#), [Sch. 1 para. 401\(b\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))
- F102** Word in s. 127(3)(d) inserted (with effect in accordance with [Sch. 16 para. 11\(1\)](#) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 16 para. 1\(a\)](#)
- F103** S. 127(3)(f) and preceding word omitted (with effect in accordance with [Sch. 16 para. 11\(1\)](#) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 16 para. 1\(b\)](#)
- F104** Words in s. 127(5)(b) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), [s. 1034\(1\)](#), [Sch. 1 para. 367\(2\)](#) (with [Sch. 2](#))
- F105** S. 127(12)(13) substituted (21.7.2008) by [Finance Act 2008 \(c. 9\)](#), [Sch. 16 paras. 2\(1\)](#), [11\(4\)](#) (with [Sch. 16 para. 11\(5\)\(6\)](#))
- F106** Words in s. 127(17) substituted (with effect in relation to accounting periods beginning on or after 1.1.2003 in accordance with s. 155(2) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 27 para. 5\(4\)](#)
- F107** S. 127(17): definition of “collective investment scheme” substituted (1.12.2001) for definitions of “collective investment scheme” and “participant” by [S.I. 2001/3629](#), [art. 89](#)
- F108** Words in s. 127(17) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), [s. 1034\(1\)](#), [Sch. 1 para. 367\(3\)](#) (with [Sch. 2](#))
- F109** S. 127(19)(b) and preceding word repealed (with effect in relation to accounting periods beginning on or after 1.1.2003 in accordance with s. 155(2) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 27 para. 5\(5\)](#), [Sch. 43 Pt. 3\(6\)](#)

Marginal Citations

M81 [1993 c. 34](#).

^{F110}**128 Limit on income chargeable on non-residents: income tax.**

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Textual Amendments

F110 S. 128 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), Sch. 1 para. 368, **Sch. 3 Pt. 1** (with [Sch. 2](#))

F111 129 Limit on income chargeable on non-residents: corporation tax.

.....

Textual Amendments

F111 S. 129 repealed (with effect in relation to accounting periods beginning on or after 1.1.2003 in accordance with s. 155(2) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), Sch. 27 para. 7, **Sch. 43 Pt. 3(6)**

Exchange gains and losses and currency contracts

130 Exchange gains and losses: general.

Schedule 24 to this Act (which amends the provisions of the ^{M82}Finance Act 1993 relating to exchange gains and losses and other provisions connected with exchange gains and losses) shall have effect.

Marginal Citations

M82 1993 c. 34.

131 Exchange gains and losses: transitional provision.

F112

Textual Amendments

F112 S. 131 repealed (24.7.2002 with effect as mentioned in s.79(3) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss 79, 141, **Sch. 23 para. 22(2)**, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 para. 25)

132 Currency contracts: transitional provisions.

F113

Textual Amendments

F113 S. 132 repealed (24.7.2002 with effect as mentioned in Sch. 40 Pt. 3(13) Note 2 of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 141, **Sch. 40 Pt 3(13)** Note 2

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Provisions with a foreign element

133 Controlled foreign companies.

Schedule 25 to this Act (which contains amendments of Chapter IV of Part XVII of the Taxes Act 1988 and connected amendments) shall have effect.

134 Offshore funds.

^{F114}(1)

^{F114}(2)

^{F114}(3)

(4) In Schedule 27 to the Taxes Act 1988 (distributing funds) in Part I (the distribution test) in paragraph 1(2) for paragraphs (a) and (b) there shall be substituted—

“(a) there is no income of the fund and there are no United Kingdom equivalent profits of the fund, or

(b) the amount of the gross income of the fund does not exceed 1 per cent. of the average value of the fund’s assets held during the account period.”.

(5) Section 212 of the ^{M83}Taxation of Chargeable Gains Act 1992 (annual deemed disposal of certain holdings, including holdings consisting of a relevant interest in an offshore fund) shall be amended as mentioned in subsections (6) and (7) below.

(6) In subsection (5) (meaning of “relevant interest in an offshore fund”) for paragraph (b) there shall be substituted—

“(b) it would be such an interest if either or both of the assumptions mentioned in subsection (6A) below were made.”

(7) Immediately before subsection (7) there shall be inserted—

“(6A) The assumptions referred to in subsection (5)(b) above are—

(a) that the companies, unit trust schemes and arrangements referred to in paragraphs (a) to (c) of subsection (1) of section 759 of the Taxes Act are not limited to those which are also collective investment schemes;

(b) that the shares and interests excluded by subsections (6) and (8) of that section are limited to shares or interests in trading companies.”

^{F115}(8)

(9) Subsection (4) above shall apply in relation to account periods ending on or after 29th November 1994.

(10) Subsections (5) to (7) above shall apply where it falls to be decided whether an interest is, at any time on or after 29th November 1994, a relevant interest in an offshore fund.

Textual Amendments

F114 S. 134(1)-(3) repealed (with effect in accordance with s. 145(2) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(18\)](#)

F115 S. 134(8) repealed (with effect in accordance with s. 145(2) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(18\)](#)

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Marginal Citations

M83 1992 c. 12.

Miscellaneous

135 Change in ownership of investment company: deductions.

Schedule 26 to this Act (which makes provision for the purposes of corporation tax about deductions following a change in the ownership of an investment company) shall have effect.

[^{F116}136 Profit-related pay.

- (1) In Schedule 8 to the Taxes Act 1988 (profit-related pay schemes) paragraph 19 (ascertainment of profits) shall be amended in accordance with subsections (2) to (4) below.
- (2) In sub-paragraph (6) (cases where scheme may provide for departure from requirements applicable to profit and loss account) paragraphs (g) to (k) (extraordinary items) shall be omitted.
- (3) After paragraph (ff) of sub-paragraph (6) there shall be inserted—
 - “(1) any exceptional items which fall within sub-paragraph (6A) below and should in accordance with any accounting practices regarded as standard be shown separately on the face of the profit and loss account.”
- (4) After sub-paragraph (6) there shall be inserted—
 - “(6A) The items are—
 - (a) profits or losses on the sale or termination of an operation;
 - (b) costs of a fundamental reorganisation or restructuring having a material effect on the nature and focus of the employment unit’s operations;
 - (c) profits or losses on the disposal of fixed assets; and
 - (d) the effect on tax of any of the items mentioned in paragraphs (a) to (c) above.”
- (5) Subject to subsections (6) to (10) below, subsections (2) to (4) above shall have effect in relation to the preparation, for the purposes of a scheme, of a profit and loss account in respect of a period beginning on or after the day on which this Act is passed.
- (6) Subsections (2) to (4) above shall not have effect in relation to an existing scheme unless, before the end of the period of 6 months beginning with the day on which this Act is passed, the scheme is altered to take account of the amendments made by those subsections.
- (7) Subsections (8) to (10) below apply where, before the end of the period mentioned in subsection (6) above, an existing scheme is altered as mentioned in that subsection.
- (8) The provision made by the scheme in compliance with paragraph 20(1) of Schedule 8 to the Taxes Act 1988 shall not prevent a profit and loss account being prepared in accordance with the alteration.

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- (9) Where the distributable pool would but for this subsection be determined by reference—
- (a) to an amount shown in a profit and loss account prepared in accordance with the altered scheme, and
 - (b) to an amount shown in a profit and loss account (“an earlier account”) prepared in accordance with the scheme in a form in which it stood before the alteration,
- then, for the purposes of the determination of the pool, the amount shown in the earlier account shall be recalculated using the same method as that used to calculate the amount mentioned in paragraph (a) above.
- (10) The alteration of the existing scheme shall be treated as being within subsection (8) of section 177B of the Taxes Act 1988 (alterations which are registrable and which once registered cannot give rise to Board’s power of cancellation).
- (11) In subsections (6) to (10) above “an existing scheme” means a scheme which, immediately before the day on which this Act is passed, is registered under Chapter III of Part V of the Taxes Act 1988.
- (12) After paragraph 19 of Schedule 8 to the Taxes Act 1988 there shall be inserted—
- “19A (1) The Treasury may by order amend paragraph 19 above so as to add to, delete or vary any of the items mentioned in sub-paragraph (6) of that paragraph.
- (2) In this paragraph references to an order are references to an order under sub-paragraph (1) above.
 - (3) Subject to sub-paragraphs (4) to (8) below, any amendment or amendments made by virtue of an order shall have effect in relation to the preparation, for the purposes of a scheme, of a profit and loss account in respect of a period beginning on or after the day on which the order comes into force.
 - (4) Any amendment or amendments made by virtue of an order shall not have effect in relation to an existing scheme unless, before the end of the period of 6 months beginning with the day on which the order comes into force, the scheme is altered to take account of the amendment or amendments.
 - (5) Sub-paragraphs (6) to (8) below apply where, before the end of the period mentioned in sub-paragraph (4) above, an existing scheme is altered as mentioned in that sub-paragraph.
 - (6) The provision made by the scheme in compliance with paragraph 20(1) below shall not prevent a profit and loss account being prepared in accordance with the alteration.
 - (7) Where the distributable pool would but for this sub-paragraph be determined by reference—
 - (a) to an amount shown in a profit and loss account prepared in accordance with the altered scheme, and

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- (b) to an amount shown in a profit and loss account (“an earlier account”) prepared in accordance with the scheme in a form in which it stood before the alteration,
then, for the purposes of the determination of the pool, the amount shown in the earlier account shall be recalculated using the same method as that used to calculate the amount mentioned in paragraph (a) above.
- (8) The alteration of the existing scheme shall be treated as being within subsection (8) of section 177B.
- (9) An order may include such supplementary, incidental or consequential provisions as appear to the Treasury to be necessary or expedient.
- (10) In this paragraph “an existing scheme”, in relation to an order, means a scheme which, immediately before the day on which the order comes into force, is a registered scheme.”]

Textual Amendments

F116 S. 136 repealed (19.3.1997 with effect as mentioned in Sch. 18 Pt. VI(3) Notes 1,2 of the amending Act) by 1997 c. 16, s. 113, **Sch. 18 Pt. VI(3)** Notes 1-3

137 Part-time workers: miscellaneous provisions.

- [^{F117}(1) In Schedule 8 to the Taxes Act 1988 (profit-related pay schemes) paragraph 8(a) (employees working less than 20 hours a week excluded by scheme from receiving profit-related pay) shall be omitted.]
- ^{F118}(2)
- ^{F118}(3)
- (4) In Part V of Schedule 9 to the Taxes Act 1988 (profit sharing schemes) in paragraph 36(1)(a) (certain full-time employees and directors must be eligible to participate in scheme on similar terms) for the words “a full-time employee” there shall be substituted “an employee”.
- (5) In Schedule 5 to the ^{M84}Finance Act 1989 (employee share ownership trusts) in paragraph 4(2)(c) (trust deed must provide that certain persons are beneficiaries if they work at rate of at least 20 hours a week) for the words “at that given time he worked as an employee or” there shall be substituted “in the case of a director, at that given time he worked as a”.
- [^{F117}(6) Subsection (1) above shall apply in relation to any scheme not registered before the day on which this Act is passed.]
- (7) [^{F119}Subsection] (4) above shall apply in relation to any scheme not approved before the day on which this Act is passed.
- ^{F120}(8)
- (9) Subsection (5) above shall apply in relation to trusts established on or after the day on which this Act is passed; and for this purpose a trust is established when the deed under which it is established is executed.

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Textual Amendments

- F117** S. 137(1)(6) repealed (19.3.1997 with effect as mentioned in s. 61(2)(3)) by 1997 c. 16, s. 113, **Sch. 18 Pt. VI(3)** Notes 1-3
- F118** S. 137(2)(3) 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)
- F119** Word in s. 137(7) substituted (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. 6 para. 227** (with Sch. 7)
- F120** S. 137(8) 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)

Marginal Citations

- M84** 1989 c. 26.

138 Charities, etc.: lotteries.

(1) In section 505 of the Taxes Act 1988 (charities: general) in subsection (1) (exemptions) after paragraph (e) there shall be inserted—

“(f) exemption from tax under Schedule D in respect of profits accruing to a charity from a lottery if—

- (i) the lottery is promoted and conducted in accordance with section 3 or 5 of the ^{M85}Lotteries and Amusements Act 1976 or Article 133 or 135 of the ^{M86}Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985; and
- (ii) the profits are applied solely to the charity’s purposes.”

(2) Subsection (1) above shall apply to chargeable periods beginning—

- (a) in the case of a company, after 31st March 1995; and
- (b) in any other case, after 5th April 1995.

Marginal Citations

- M85** 1976 c. 32.
- M86** S.I. 1985/1204 (N.I.11).

^{F121}139 Sub-contractors in the construction industry.

.....

Textual Amendments

- F121** S. 139 repealed (with effect in accordance with s. 77 of the amending Act) by **Finance Act 2004 (c. 12), Sch. 42 Pt. 2(7)**

^{F122}140 Valuation of trading stock on discontinuance of trade.

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Textual Amendments

F122 S. 140 repealed (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](#))

^{F123}**141 Incapacity benefit.**

.....

Textual Amendments

F123 S. 141 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](#))

[^{F124}**142 Annuities purchased where certain claims or actions are settled.**

The following sections shall be inserted after section 329 of the Taxes Act 1988—

“ **Annuities purchased for certain persons.**

- (1) In a case where—
 - (a) an agreement is made settling a claim or action for damages for personal injury,
 - (b) under the agreement the damages are to consist wholly or partly of periodical payments, and
 - (c) under the agreement the person entitled to the payments is to receive them as the annuitant under one or more annuities purchased for him by the person against whom the claim or action is brought or, if he is insured against the claim concerned, by his insurer,
 the agreement is for the purposes of this section a qualifying agreement.
- (2) In a case where—
 - (a) an agreement is made settling a claim or action for damages for personal injury,
 - (b) under the agreement the damages are to consist wholly or partly of periodical payments, and
 - (c) a later agreement is made under which the person entitled to the payments is from a future date to receive them as the annuitant under one or more annuities purchased for him by the person against whom the claim or action is brought or, if he is insured against the claim concerned, by his insurer,
 the agreement mentioned in paragraph (c) above is for the purposes of this section a qualifying agreement.
- (3) Subsection (4) below applies where—
 - (a) a person receives a sum as the annuitant under an annuity purchased for him pursuant to a qualifying agreement, or
 - (b) a person receives a sum on behalf of the annuitant under an annuity purchased for the annuitant pursuant to a qualifying agreement.

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- (4) Where this subsection applies the sum shall not be regarded as the recipient's or annuitant's income for any purposes of income tax and accordingly shall be paid without any deduction under section 349(1).
- (5) Subsections (6) to (10) below apply for the purposes of subsection (1) above.
- (6) The periodical payments may be for the life of the claimant, for a specified period or of a specified number or minimum number or include payments of more than one of those descriptions.
- (7) The amounts of the periodical payments (which need not be at a uniform rate or payable at uniform intervals) may be—
 - (a) specified in the agreement, with or without provision for increases of specified amounts or percentages,
 - (b) subject to adjustment in a specified manner so as to preserve their real value, or
 - (c) partly specified as mentioned in paragraph (a) and partly subject to adjustment as mentioned in paragraph (b) above.
- (8) The annuity or annuities must be such as to provide sums which as to amount and time of payment correspond to the periodical payments described in the agreement.
- (9) Personal injury includes any disease and any impairment of a person's physical or mental condition.
- (10) A claim or action for personal injury includes—
 - (a) such a claim or action brought by virtue of the ^{M87}Law Reform (Miscellaneous Provisions) Act 1934;
 - (b) such a claim or action brought by virtue of the ^{M88}Law Reform (Miscellaneous Provisions) Act (Northern Ireland) 1937;
 - (c) such a claim or action brought by virtue of the ^{M89}Damages (Scotland) Act 1976;
 - (d) a claim or action brought by virtue of the ^{M90}Fatal Accidents Act 1976;
 - (e) a claim or action brought by virtue of the ^{M91}Fatal Accidents (Northern Ireland) Order 1977.
- (11) For the purposes of subsection (2) above—
 - (a) subsections (6), (9) and (10) above apply;
 - (b) subsection (7) above applies as if the reference to the agreement were to that mentioned in subsection (2)(a) above;
 - (c) subsection (8) above applies as if the reference to periodical payments described in the agreement were to periodical payments described in the agreement mentioned in subsection (2)(a) above and falling to be made after the later agreement takes effect.
- (12) This section does not apply unless the sum concerned is received after the day on which the Finance Act 1995 is passed, but it is immaterial when—
 - (a) the agreement mentioned in subsection (1) above is made or takes effect, or
 - (b) either of the agreements mentioned in subsection (2) above is made or takes effect.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Annuities assigned in favour of certain persons.

- (1) In a case where—
- (a) an agreement is made settling a claim or action for damages for personal injury,
 - (b) under the agreement the damages are to consist wholly or partly of periodical payments,
 - (c) the person against whom the claim or action is brought (or, if he is insured against the claim concerned, his insurer) purchases one or more annuities, and
 - (d) a later agreement is made under which the annuity is, or the annuities are, assigned in favour of the person entitled to the payments so as to secure that from a future date he receives the payments as the annuitant under the annuity or annuities,
- the agreement mentioned in paragraph (d) above is for the purposes of this section a qualifying agreement.
- (2) Subsection (3) below applies where—
- (a) a person receives a sum as the annuitant under an annuity assigned in his favour pursuant to a qualifying agreement, or
 - (b) a person receives a sum on behalf of the annuitant under an annuity assigned in the annuitant's favour pursuant to a qualifying agreement.
- (3) Where this subsection applies the sum shall not be regarded as the recipient's or annuitant's income for any purposes of income tax and accordingly shall be paid without any deduction under section 349(1).
- (4) For the purposes of subsection (1) above—
- (a) subsections (6), (9) and (10) of section 329A apply;
 - (b) subsections (7) and (8) of section 329A apply as if references to the agreement were to that mentioned in subsection (1)(a) above.
- (5) This section does not apply unless the sum concerned is received after the day on which the Finance Act 1995 is passed, but it is immaterial when either of the agreements mentioned in subsection (1) above is made or takes effect.”]

Textual Amendments

F124 S. 142 repealed (29.4.1996) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(16)**

Marginal Citations

M87 1934 c. 41.

M88 1937 c. 9 (N.I.).

M89 1976 c. 13.

M90 1976 c. 30.

M91 S.I. 1977/1251 (N.I. 18).

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

143 Lloyd’s underwriters: new-style special reserve funds.

(1) In Schedule 20 to the ^{M92}Finance Act 1993 (Lloyd’s underwriters: special reserve funds) paragraph 2 (general requirements about special reserve funds) shall be deemed to have been enacted with the modification in subsection (2) below.

(2) For sub-paragraphs (2) and (3) there shall be substituted—

“(2) The arrangements must be such as to secure that—

- (a) any income arising to the trustee or trustees of the special reserve fund shall be added to the capital of the fund and held on the same trusts as the fund; and
- (b) except as required or permitted by this Schedule, no payments shall be made into or out of the special reserve fund.”

Marginal Citations

M92 1993 c. 34.

144 Local government residuary body.

(1) In section 842A of the Taxes Act 1988 (meaning of “local authority” in the Tax Acts) in subsection (2) (England and Wales) after paragraph (g) insert—

“(h) a residuary body established by order under section 22(1) of the ^{M93}Local Government Act 1992;”.

(2) This section shall be deemed to have come into force on 29th November 1994.

Commencement Information

I11 S. 144 in force on 29.11.1994: see s. 144(2).

Marginal Citations

M93 1992 c. 19.

145 Payment of rent &c., under deduction of tax.

(1) In section 119(1) of the Taxes Act 1988 (rent, &c., payable in connection with mines, quarries and similar concerns), the words from “and, subject to subsection (2) below, shall be subject to deduction of income tax” to the end shall cease to have effect.

^{F125}(2)

(3) The provisions of this section have effect in relation to payments made after the passing of this Act.

Textual Amendments

F125 S. 145(2) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

PART IV

PETROLEUM REVENUE TAX

146 Restriction of unrelievable field losses.

^{F126}(1)

^{F126}(2)

(3) After subsection (4) of that section there shall be inserted—

“(5) Subsections (6) to (9) below apply if—

- (a) a claim is made for the allowance of an unrelievable field loss; and
- (b) the person to whom the loss accrued made a claim or election for the allowance of any expenditure unrelated to that field; and
- (c) that claim or election was received by the Board on or after 29th November 1994; and
- (d) the whole or a part of the expenditure to which the claim or election relates is allowed and, accordingly, falls to be taken into account under section 2(8)(a) of this Act for a chargeable period (whether beginning before or after 29th November 1994).

(6) Subject to subsection (7) below, where this subsection applies, from the amount which, apart from this subsection, would be the amount of the unrelievable field loss referred to in paragraph (a) of subsection (5) above there shall be deducted an amount equal to so much of any expenditure unrelated to the field as is allowed on a claim or election as mentioned in paragraph (d) of that subsection.

(7) If—

- (a) claims are made for the allowance of more than one unrelievable field loss derived from the same abandoned field, and
- (b) the person to whom the loss accrued is the same in respect of each of the unrelievable field losses,

subsection (6) above shall have effect as if the deduction referred to in that subsection fell to be made from the aggregate amount of those losses.

(8) Where subsection (7) above applies, the deduction shall be set against the unrelievable field losses in the order in which the claims for the allowance of each of those losses were received by the Board.

(9) In subsections (5) and (6) above, “expenditure unrelated to the field” means—

- (a) expenditure allowable under any of sections 5, 5A and 5B of this Act;
- (b) expenditure allowable under this section (derived from a different abandoned field); or
- (c) expenditure falling within section 65 of the ^{M94}Finance Act 1987 which is accepted by the Board as allowable in accordance with Schedule 14 to that Act;

and, in relation to expenditure falling within section 65 of the ^{M95}Finance Act 1987, “election” means an election under Part I of Schedule 14 to that Act.”

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F126 S. 146(1)(2) repealed (11.5.2001 with effect as mentioned in s. 101(5) of the amending Act) by 2001 c. 9, s. 110, Sch. 33 Pt. 3(2) Note 2

Marginal Citations

M94 1987 c. 16.

M95 1987 c. 16.

147 Removal of time limits for claims for unrelievable field losses.

(1) In Schedule 8 to the ^{M96}Oil Taxation Act 1975 (procedural provisions as to allowance of unrelievable field losses), in paragraph 4 (claims)—

- (a) in sub-paragraph (1) (which requires a participator to make a claim to the Board within a time limit), for the words from “and must be made” to “that is to say” there shall be substituted “ at any time after ” and the words from “and the date” to the end of the sub-paragraph shall be omitted; and
- (b) in sub-paragraph (2) the words “within the time allowed for making the original claim” shall be omitted.

(2) This section applies to claims made on or after the day on which this Act is passed.

Marginal Citations

M96 1975 c. 22.

148 Transfer of interests in fields: restriction of transferred losses.

(1) In Schedule 17 to the ^{M97}Finance Act 1980 (transfer of interests in oil fields) paragraph 7 (transfer of unused losses from the old to the new participator) shall be amended as follows.

(2) At the beginning of sub-paragraph (2) there shall be inserted “ Subject to the following provisions of this paragraph ”.

(3) After sub-paragraph (2) there shall be inserted the following sub-paragraphs—

“(3) If, in the case of a transfer of the whole or part of an interest on or after 29th November 1994,—

- (a) the old participator made a claim or election for the allowance of any expenditure unrelated to the field, and
- (b) the claim or election was received by the Board on or after that date, and
- (c) the expenditure allowed on the claim or election fell to be taken into account in computing the assessable profit or allowable loss of the old participator for the transfer period or any earlier chargeable period,

then, from the sum which, apart from this sub-paragraph, would be the aggregate of all the losses transferred to the new participator under this paragraph there shall be deducted (subject to sub-paragraphs (5) and (6) below) so much of the expenditure referred to in paragraph (a) above as is

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allowed on the claim or election (and, accordingly, the amount so deducted shall not fall to be transferred to the new participator under this paragraph).

- (4) In this paragraph “expenditure unrelated to the field” means expenditure allowable under any of the following provisions—
- (a) section 5 (abortive exploration expenditure);
 - (b) section 5A (exploration and appraisal expenditure);
 - (c) section 5B (research expenditure);
 - (d) section 6 (unrelievable loss from abandoned field); and
 - (e) section 65 of the ^{M98}Finance Act 1987 (cross-field allowance of certain expenditure incurred on new fields);
- and, in relation to any such expenditure, “claim” means a claim under Schedule 7 or Schedule 8 and “election” means an election under Part I of Schedule 14 to the ^{M99}Finance Act 1987 and, in relation to such an election, expenditure shall be regarded as allowed if it is accepted by the Board as allowable in accordance with that Schedule.
- (5) Where, in accordance with sub-paragraph (1) above, only a part of a loss (corresponding to the part of the interest transferred) falls to be transferred under this paragraph, only a corresponding part of the expenditure referred to in sub-paragraph (3) above shall be deducted under that sub-paragraph.
- (6) Where the amount of the deduction under sub-paragraph (3) above equals or exceeds the sum from which it is to be deducted, no part of any loss shall be transferred to the new participator under this paragraph.”

Marginal Citations

- M97** 1980 c. 48.
M98 1987 c. 16.
M99 1987 c. 16.

PART V

STAMP DUTY

149 Transfer: associated bodies.

- (1) Section 42 of the ^{M100}Finance Act 1930 (relief from transfer stamp duty in case of transfer of property as between associated bodies corporate) shall be amended as mentioned in subsections (2) to (5) below.
- (2) In subsection (2) (as substituted by section 27(2) of the ^{M101}Finance Act 1967) for the words from “that the effect” to the end of the subsection there shall be substituted “that—
 - (a) the effect of the instrument is to convey or transfer a beneficial interest in property from one body corporate to another, and
 - (b) the bodies in question are associated at the time the instrument is executed.”
- (3) The following subsections shall be inserted after subsection (2) (as so substituted)—

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- “(2A) For the purposes of this section bodies corporate are associated at a particular time if at that time one is the parent of the other or another body corporate is the parent of each.
- (2B) For the purposes of this section one body corporate is the parent of another at a particular time if at that time the first body is beneficial owner of not less than 75 per cent. of the ordinary share capital of the second body.”
- (4) In subsection (3) (as so substituted) for “(2)” there shall be substituted “ (2B) ”, and the words from “with the substitution” to the end shall be omitted.
- (5) The following subsection shall be inserted after subsection (3) (as so substituted)—
- “(4) In this section “ordinary share capital”, in relation to a body corporate, means all the issued share capital (by whatever name called) of the body corporate, other than capital the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the body corporate.”
- (6) In section 27 of the ^{M102}Finance Act 1967 (which relates to section 42 of the ^{M103}Finance Act 1930) in subsection (3)(c) for the words from “a change” to “third body corporate” there shall be substituted “ the transferor or a third body corporate ceasing to be the transferee’s parent (within the meaning of the said section 42) ”.
- (7) This section shall apply in relation to instruments executed on or after the day on which this Act is passed.

Marginal Citations

- M100 1930 c. 28.
M101 1967 c. 54.
M102 1967 c. 54.
M103 1930 c. 28.

150 Northern Ireland transfer: associated bodies.

- (1) Section 11 of the ^{M104}Finance Act (Northern Ireland) 1954 (relief from stamp duty in case of transfer of property between associated bodies corporate) shall be amended as follows.
- (2) In subsection (2)(c)(iii) for the words from “a change” to “third body corporate” there shall be substituted “ the transferor or a third body corporate ceasing to be the transferee’s parent ”.
- (3) The following subsections shall be substituted for subsection (3)—
- “(3) For the purposes of this section a body corporate is associated with another body corporate at a particular time if at that time one is the parent of the other or another body corporate is the parent of each.
- (3AA) For the purposes of this section one body corporate is the parent of another at a particular time if at that time the first body is beneficial owner of not less than 75 per cent. of the ordinary share capital of the second body.”

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (4) In subsection (3A) for the words “paragraphs (i) and (ii) of subsection (3)” there shall be substituted “subsection (3AA)”, and the words from “with the substitution” to the end shall be omitted.
- (5) The following subsection shall be inserted after subsection (3A)—
- “(3AB) In this section “ordinary share capital”, in relation to a body corporate, means all the issued share capital (by whatever name called) of the body corporate, other than capital the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the body corporate.”
- (6) This section shall apply in relation to instruments executed on or after the day on which this Act is passed.

Marginal Citations

M104 1954 c. 23 (N.I).

151 Lease or tack: associated bodies.

- (1) Stamp duty under [F127Part II of Schedule 13 to the Finance Act 1999 (lease)] shall not be chargeable on an instrument which is—
- a [F128lease],
 - an agreement for a [F128lease], or
 - an agreement with respect to a letting,
- as respects which the condition in subsection (2) below is satisfied. [F129This subsection is subject to subsection (4A) below.]
- (2) The condition is that it is shown to the satisfaction of the Commissioners of Inland Revenue that—
- the lessor is a body corporate and the lessee is another body corporate,
 - those bodies are associated at the time the instrument is executed,
 - in the case of an agreement, the agreement is for the [F130lease] or letting to be granted to the lessee or to a body corporate which is associated with the lessee at the time the instrument is executed, and
 - the instrument is not executed in pursuance of or in connection with an arrangement falling within subsection (3) below.
- (3) An arrangement falls within this subsection if it is one under which—
- the consideration, or any part of the consideration, for the [F130lease] or agreement was to be provided or received (directly or indirectly) by a person other than a body corporate which at the relevant time was associated with either the lessor or the lessee, or
 - the lessor and the lessee were to cease to be associated by reason of the lessor or a third body corporate ceasing to be the lessee’s parent;
- and the relevant time is the time of the execution of the instrument.
- (4) Without prejudice to the generality of paragraph (a) of subsection (3) above, an arrangement shall be treated as within that paragraph if it is one under which the lessor or the lessee or a body corporate associated with either at the relevant time was to be enabled to provide any of the consideration, or was to part with any of it, by or

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in consequence of the carrying out of a transaction which involved (or transactions any of which involved) a payment or other disposition by a person other than a body corporate associated with the lessor or the lessee at the relevant time.

- [^{F131}(4A) An instrument shall not be exempt from stamp duty by virtue of subsection (1) above if at the time the instrument is executed arrangements are in existence by virtue of which at that or some later time any person has or could obtain, or any persons together have or could obtain, control of the lessee but not of the lessor.]
- (5) An instrument mentioned in subsection (1) above shall not be treated as duly stamped unless—
- (a) it is duly stamped in accordance with the law that would apply but for that subsection, or
 - (b) it has, in accordance with section 12 of the ^{M105}Stamp Act 1891, been stamped with a particular stamp denoting either that it is not chargeable with any duty or that it is duly stamped.
- (6) In this section—
- (a) references to the lessor are to the person granting the [^{F132}lease] or (in the case of an agreement) agreeing to grant the [^{F132}lease] or letting;
 - (b) references to the lessee are to the person being granted the [^{F132}lease] or (in the case of an agreement) agreeing for the [^{F132}lease] or letting to be granted to him or another.
- (7) For the purposes of this section bodies corporate are associated at a particular time if at that time one is the parent of the other or another body corporate is the parent of each.
- (8) For the purposes of this section one body corporate is the parent of another at a particular time if at that time the first body.
- [^{F133}(a) is beneficial owner of not less than 75 per cent. of the ordinary share capital of the second body.
- [^{F133}(b) is beneficially entitled to not less than 75 per cent of any profits available for distribution to equity holders of the second body; and
- ^{F133}(c) would be beneficially entitled to not less than 75 per cent of any assets of the second body available for distribution to its equity holders on a winding-up.]
- (9) In subsection (8) above “ordinary share capital”, in relation to a body corporate, means all the issued share capital (by whatever name called) of the body corporate, other than capital the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the body corporate.
- (10) The ownership referred to in [^{F134}paragraph (a) of] subsection (8) above is ownership either directly or through another body corporate or other bodies corporate, or partly directly and partly through another body corporate or other bodies corporate; and Part I of Schedule 4 to the ^{M106}Finance Act 1938 (determination of amount of capital held through other bodies corporate) shall apply for the purposes of [^{F135}that paragraph].
- [^{F136}(10A) Schedule 18 to the ^{M107}Income and Corporation Taxes Act 1988 shall apply for the purposes of paragraphs (b) and (c) of subsection (8) as it applies for the purposes of paragraphs (a) and (b) of section 413(7) of that Act; but this is subject to subsection (10B).
- ^{F136}(10B) In determining for the purposes of this section whether a body corporate is the parent of the lessor, paragraphs 5(3) and 5B to 5E of Schedule 18 to the Income and Corporation

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Taxes Act 1988 shall not apply for the purposes of paragraph (b) or (c) of subsection (8) above.

^{F136}(10C) In this section, “control” shall be construed in accordance with section 840 of the ^{M108}Income and Corporation Taxes Act 1988.]

(11) This section shall apply in relation to instruments executed on or after the day on which this Act is passed.

Textual Amendments

- F127** Words in s. 151(1) substituted (27.7.1999 with effect as mentioned s. 112(6) of the amending Act) by 1999 c. 16, s. 112(4)(6), **Sch. 14 para. 33(a)** (with s. 122(1)-(3))
- F128** Words in s. 151(1)(a)(b) substituted (27.7.1999 with effect as mentioned s. 112(6) of the amending Act) by 1999 c. 16, s. 112(4)(6), **Sch. 14 para. 33(b)** (with s. 122(1)-(3))
- F129** Words in s. 151(1) inserted (28.7.2000 with effect as mentioned in s. 125(7) of the amending Act) by 2000 c. 17, s. 125(2)(7)
- F130** Words in s. 151(2)(c)(3)(a) substituted (27.7.1999 with effect as mentioned s. 112(6) of the amending Act) by 1999 c. 16, s. 112(4)(6), **Sch. 14 para. 33(b)** (with s. 122(1)-(3))
- F131** S. 151(4A) inserted (28.7.2000 with effect as mentioned in s. 125(7) of the amending Act) by 2000 c. 17, s. 125(3)(7)
- F132** Words in s. 151(6)(a)(b) substituted (27.7.1999 with effect as mentioned s. 112(6) of the amending Act) by 1999 c. 16, s. 112(4)(6), **Sch. 14 para. 33(b)** (with s. 122(1)-(3))
- F133** S. 151(8)(b)(c) and “(a)” in s. 151(8) inserted (28.7.2000 with effect as mentioned in s. 125(7) of the amending Act) by 2000 c. 17, s. 125(4)(7)
- F134** Words in s. 151(10) inserted (28.7.2000 with effect as mentioned in s. 125(7) of the amending Act) by 2000 c. 17, s. 125(5)(a)(7)
- F135** Words in s. 151(10) substituted (28.7.2000 with effect as mentioned in s. 125(7) of the amending Act) by 2000 c. 17, s. 125(5)(b)(7)
- F136** S. 151(10A)-(10C) inserted (28.7.2000 with effect as mentioned in s. 125(7) of the amending Act) by 2000 c. 17, s. 125(6)(7)

Modifications etc. (not altering text)

- C3** S. 151 restricted (retrospective to 24.4.2002) by **Finance Act 2002 (c. 23)**, s. 111(4)(b)(10), Sch. 34

Marginal Citations

- M105** 1891 c. 39.
M106 1938 c. 46.
M107 1988 c. 1.
M108 1988 c. 1.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

PART VI

MISCELLANEOUS AND GENERAL

Miscellaneous

152 Open-ended investment companies.

- (1) The Treasury may, by regulations, make such provision as they consider appropriate for securing that the enactments specified in subsection (2) below have effect in relation to—
 - (a) open-ended investment companies of any such description as may be specified in the regulations,
 - (b) holdings in, and the assets of, such companies, and
 - (c) transactions involving such companies,in a manner corresponding, subject to such modifications as the Treasury consider appropriate, to the manner in which they have effect in relation to unit trusts, to rights under, and the assets subject to, such trusts and to transactions for purposes connected with such trusts.
- (2) The enactments referred to in subsection (1) above are—
 - (a) the Tax Acts and the ^{M109}Taxation of Chargeable Gains Act 1992; and
 - (b) the enactments relating to stamp duty and [^{F137}stamp duty reserve tax].
- (3) The power of the Treasury to make regulations under this section in relation to any such enactments shall include power to make provision which does any one or more of the following, that is to say—
 - (a) identifies the payments which are or are not to be treated, for the purposes of any prescribed enactment, as the distributions of open-ended investment companies;
 - (b) modifies the operation of Chapters II, III and VA of Part VI of the Taxes Act 1988 in relation to open-ended investment companies or in relation to payments falling to be treated as the distributions of such companies;
 - (c) applies and adapts any of the provisions of [^{F138}the enactments relating to stamp duty or stamp duty reserve tax] for the purpose of making in relation to transactions involving open-ended investment companies any provision corresponding (with or without modifications) to that which applies under [^{F139}those enactments] in the case of equivalent transactions involving unit trusts;
 - (d) provides for any or all of the provisions of sections 75 to 77 of the ^{M110}Finance Act 1986 to have effect or not to have effect in relation to open-ended investment companies or the undertakings of, or any shares in, such companies;
 - (e) so modifies the operation of any prescribed enactment in relation to any such companies as to secure that arrangements for treating the assets of an open-ended investment company as assets comprised in separate pools are given an effect corresponding, in prescribed respects, to that of equivalent arrangements constituting the separate parts of an umbrella scheme;
 - (f) requires prescribed enactments to have effect in relation to an open-ended investment company as if it were, or were not, a member of the same group of companies as one or more other companies;

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- (g) identifies the holdings in open-ended investment companies which are, or are not, to be treated for the purposes of any prescribed enactment as comprised in the same class of holdings;
 - (h) preserves a continuity of tax treatment where, in connection with any scheme of re-organisation, assets of one or more unit trusts become assets of one or more open-ended investment companies, or vice versa;
 - (i) treats the separate parts of the undertaking of an open-ended investment company in relation to which provision is made by virtue of paragraph (e) above as distinct companies for the purposes of any regulations under this section;
 - (j) amends, adapts or applies the provisions of any subordinate legislation made under or by reference to any enactment modified by the regulations.
- (4) The power to make regulations under this section shall be exercisable by statutory instrument and shall include power—
- (a) to make different provision for different cases; and
 - (b) to make such incidental, supplemental, consequential and transitional provision as the Treasury may think fit.
- (5) A statutory instrument containing regulations under this section shall be subject to annulment in pursuance of a resolution of the House of Commons.
- (6) In this section—
- “the enactments relating to stamp duty” means the ^{M111}Stamp Act 1891, and any enactment (including any Northern Ireland legislation) which amends or is required to be construed together with that Act;
 - [^{F140}“the enactments relating to stamp duty reserve tax” means Part IV of the Finance Act 1986 and any enactment which amends or is required to be construed as one with that Part;]
 - “Northern Ireland legislation” shall have the meaning given by section 24(5) of the ^{M112}Interpretation Act 1978;
 - [^{F141}“open-ended investment company” shall have the meaning given by section 236 of the Financial Services and Markets Act 2000;]
 - “prescribed” means prescribed by regulations under this section;
 - “subordinate legislation” means any subordinate legislation within the meaning of the ^{M113}Interpretation Act 1978 or any order or regulations made by statutory instrument under Northern Ireland legislation; and
 - “umbrella scheme” shall have the meaning given by section 468 of the Taxes Act 1988;
- and references in this section to the enactments relating to stamp duty, or to any of them, or to Part IV of the Finance Act 1986 shall have effect as including references to enactments repealed by sections 107 to 110 of the ^{M114}Finance Act 1990.
- (7) Any reference in this section to unit trusts has effect—
- (a) for the purposes of so much of this section as confers power in relation to the enactments specified in paragraph (a) of subsection (2) above, as a reference to authorised unit trusts (within the meaning of section 468 of the Taxes Act 1988), and
 - (b) for the purposes of so much of this section as confers power in relation to the enactments specified in paragraph (b) of that subsection, as a reference to any

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unit trust scheme (within the meaning given by section 57 of the ^{M115}Finance Act 1946).

- (8) For the purposes of this section the enactments which shall be taken to make provision in relation to companies that are members of the same group of companies shall include any enactments which make provision in relation to a case—
- (a) where one company has, or in relation to another company is, a subsidiary, or a subsidiary of a particular description, or
 - (b) where one company controls another or two or more companies are under the same control. ^{M116}

Textual Amendments

- F137** Words in s. 152(2)(b) substituted (6.2.2000) by 1999 c. 16, s. 122(4), **Sch. 19 para. 13(1)(2)**
- F138** Words in s. 152(3)(c) substituted (6.2.2000) by 1999 c. 16, s. 122(4), **Sch. 19 para. 13(1)(3)(a)**
- F139** Words in s. 152(3)(c) substituted (6.2.2000) by 1999 c. 16, s. 122(4), **Sch. 19 para. 13(1)(3)(b)**
- F140** S. 152(6): definition of “the enactments relating to stamp duty reserve tax” inserted (6.2.2000) by 1999 c. 16, s. 122(4), **Sch. 19 para. 13(1)(4)**
- F141** S. 152(6): definition of “open-ended investment company” substituted (1.12.2001) by S.I. 2001/3629, **art. 90**

Marginal Citations

- M109** 1992 c. 12.
- M110** 1986 c. 41.
- M111** 1891 c. 39.
- M112** 1978 c. 30.
- M113** 1978 c. 30.
- M114** 1986 c. 41.
- M115** 1946 c. 64.
- M116** 1990 c. 29.

^{F142}**153**

Textual Amendments

- F142** S. 153 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. VII Notes 1, 2 of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. VII** Notes 1, 2

154 Short rotation coppice.

- (1) ^{F143}... The cultivation of short rotation coppice shall be regarded for the purposes of the [^{F144}Corporation Tax Acts] and the ^{M117}Taxation of Chargeable Gains Act 1992 as farming (and, where relevant, as husbandry or agriculture) and not as forestry; and land in the United Kingdom on which the activity is carried on shall accordingly be regarded for those purposes as farm land or agricultural land, as the case may be, and not as woodlands.

^{F145}(1A)

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- (2) For the purposes of the ^{M118} Inheritance Tax Act 1984 the cultivation of short rotation coppice shall be regarded as agriculture; and accordingly for those purposes—
- (a) land on which short rotation coppice is cultivated shall be regarded as agricultural land, and
 - (b) buildings used in connection with the cultivation of short rotation coppice shall be regarded as farm buildings.
- (3) In subsections (1) and (2) “short rotation coppice” means a perennial crop of tree species planted at high density, the stems of which are harvested above ground level at intervals of less than ten years.
- (4) Subsection (1) and subsection (3) so far as relating to subsection (1) shall be deemed to have come into force on 29th November 1994.
- (5) Subsection (2) and subsection (3) so far as relating to subsection (2) shall have effect in relation to transfers of value or other events occurring on or after 6th April 1995.

Textual Amendments

F143 Words in s. 154(1) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), Sch. 1 para. 369(2) (a), [Sch. 3 Pt. 1](#) (with Sch. 2)

F144 Words in s. 154(1) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 369\(2\)\(b\)](#) (with Sch. 2)

F145 S. 154(1A) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), Sch. 1 para. 369(3), [Sch. 3 Pt. 1](#) (with Sch. 2)

Marginal Citations

M117 1992 c. 12.

M118 1984 c.51

155 Inheritance tax: agricultural property.

- (1) In section 116 of the Inheritance Tax Act 1984 (relief for transfers of agricultural property) in subsection (2) (rate of relief) the word “either” shall be omitted and at the end of paragraph (b) there shall be inserted “or
- (c) the interest of the transferor in the property immediately before the transfer does not carry either of the rights mentioned in paragraph (a) above because the property is let on a tenancy beginning on or after 1st September 1995;”.

[^{F146}(2) After subsection (2) of that section there shall be inserted the following subsection—

“(2A) In the application of this section as respects property in Scotland, the reference in subsection (2)(c) above to a tenancy beginning on or after 1st September 1995 includes a reference to its being acquired on or after that date by right of succession (the date of acquisition being taken to be the date on which the successor gives relevant notice under section 12 of the ^{M119}Agricultural Holdings (Scotland) Act 1991).”]

- (3) Subsections (1) and (2) above shall apply in relation to transfers of value made, and other events occurring, on or after 1st September 1995.

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Textual Amendments

F146 S. 155(2) repealed (29.4.1996 with effect as mentioned in s. 185(3)(6) of the amending Act) by 1996 c. 8, s. 205, Sch. 41 Pt. VI

Marginal Citations

M119 1991 c. 55.

156 Proceedings for tax in sheriff court.

- (1) Section 67 of the ^{M120}Taxes Management Act 1970 (proceedings for tax in sheriff court) shall be amended as follows.
- (2) In subsection (1) (tax not exceeding a specified sum recoverable in sheriff court) for the words from “where” to “the tax” there shall be substituted “ tax due and payable under any assessment ”.
- (3) The following subsection shall be inserted after subsection (1)—

“(1A) An officer of the Board who is authorised by the Board to do so may address the court in any proceedings under this section.”
- (4) This section shall apply in relation to proceedings commenced after the day on which this Act is passed.

Marginal Citations

M120 1970 c. 9.

157 Certificates of tax deposit.

- (1) If, whether before or after the passing of this Act—
 - (a) any person (“the depositor”) has received any sum on the making, on or after 6th April 1990, of a withdrawal for cash of a tax deposit made before that date,
 - (b) the whole or any part of any qualifying tax liability has been discharged by any payment made otherwise than by the application of a tax deposit, and
 - (c) that payment was made in the period beginning one month before the withdrawal and ending one month afterwards,the depositor shall be entitled to receive compensation under this section from the Board.
- (2) In this section “qualifying tax liability”, in relation to a tax deposit, means so much of any liability as is—
 - (a) a liability of any person for any tax for the year 1990-91 or any subsequent year of assessment, or for interest on such tax;
 - (b) a liability that relates to tax for a year of assessment during the whole or any part of which that person was married to the depositor; and
 - (c) a liability of such a description that, if it had been a liability of the depositor (and the withdrawal were to be disregarded), the whole or any part of it could have been discharged, immediately before the time of the payment mentioned

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in subsection (1)(b) above, by the application of that deposit and of accrued interest thereon.

- (3) Subject to the following provisions of this section, the amount of the compensation to which the depositor is entitled under this section in the case of any deposit withdrawn for cash shall be equal to the difference between—
- (a) the sum received as mentioned in subsection (1)(a) above on the withdrawal; and
 - (b) the sum that would have been received if interest had accrued on the relevant part of the sum received at the rate applicable under the relevant terms to sums applied in the payment of tax, instead of at the rate applicable to a withdrawal for cash.
- (4) In subsection (3) above, the reference to the relevant part of the sum received on the withdrawal of a deposit is a reference to the following amount, that is to say—
- (a) in a case where the sum received on the withdrawal is equal to or smaller than the amount of the liability discharged by the payment mentioned in subsection (1)(b) above, the amount equal to such part of the sum actually received as does not represent interest that has accrued under the relevant terms; and
 - (b) in any other case, to the amount which would have been the amount specified in paragraph (a) above if the sum actually received on the withdrawal had been equal to the amount of qualifying tax liability so discharged.
- (5) The amount of compensation to which any person is entitled under this section shall also include an amount equal to interest, for the period from the withdrawal mentioned in subsection (1)(a) above until the payment of the compensation, on the amount determined in accordance with subsection (3) above; and a liability to compensation under this section shall not bear interest apart from in accordance with this subsection.
- (6) Section 178 of the ^{M121}Finance Act 1989 (interest rates) shall apply to subsection (5) above for determining the rate of the interest treated, by virtue of that subsection, as included in any compensation under this section; and any regulations under that section which are in force at the passing of this Act shall be deemed, subject to the powers of the Treasury under that section, to have effect in relation to this section as they have effect in relation to the enactments specified in subsection (2)(f) of that section (interest on overdue tax).
- (7) The part of any compensation under this section that represents interest under subsection (5) above shall not be treated as included in the income of the depositor for the purposes of income tax; but the remainder shall be chargeable to income tax under [^{F147}Chapter 2 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (interest)].
- (8) No compensation shall be paid under this section unless a claim for it has been made to the Board.
- (9) Where any claim is made under this section with respect to any withdrawal for cash of a tax deposit—
- (a) this section shall have effect if there is, in the period mentioned in subsection (1)(c) above, more than one such payment as is mentioned in subsection (1)(b) above as if (subject to paragraph (b) below) all the payments in that period were, for the purposes of that claim, to be aggregated and treated as one such payment; and

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- (b) the amount of compensation payable under this section on that claim shall be computed without regard to so much of any payment discharging a qualifying tax liability as, in pursuance of any claim under this section, has been or is to be so taken into account as to affect the amount of compensation payable in the case of any other withdrawal.
- (10) Sums required by the Board for paying compensation under this section shall be issued to the Board by the Treasury out of the National Loans Fund.
- (11) A withdrawal for cash of a tax deposit shall be taken for the purposes of this section to occur at the same time as, under the relevant terms, it is deemed to occur for the purposes of the calculation of interest on the amount withdrawn.
- (12) This section shall be construed as one with the Tax Acts, and in this section—
 - (a) references to a tax deposit are references to the whole or any part of any deposit in respect of which a certificate of tax deposit has been issued by the Treasury under section 12 of the ^{M122}National Loans Act 1968; and
 - (b) references to the relevant terms, in relation to a tax deposit, are references to the terms applicable to that deposit and to the certificate issued in respect of it.

Textual Amendments

F147 Words in s. 157(7) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 482](#) (with [Sch. 2](#))

Marginal Citations

M121 1989 c. 26.
M122 1968 c. 13.

^{F148}158 Amendment of the Exchequer and Audit Departments Act 1866.

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Textual Amendments

F148 [S. 158](#) repealed (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), [Sch. 4 para. 60](#), [Sch. 5](#); S.I. 2005/1126, art. 2(2)(h)(i)

159 Ports levy.

- (1) In Part I of the ^{M123}Ports Act 1991 (transfer of statutory port undertakings), after section 15 (duty to provide information for purposes of levy) insert—

“15A Notice of assessment: supplementary provisions.

- (1) Where a notice of assessment has been served under section 14(2) above on a former relevant port authority (“the authority”), the authority may, within the period mentioned in section 14(3) above, by notice in writing request the appropriate Minister to reconsider the amount of the assessment.

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The request shall set out the grounds on which the authority allege that the amount assessed is incorrect.

- (2) If it appears to the Minister that there are reasonable grounds for believing that the amount of the assessment may be excessive, he may direct that section 14(3) and (4) above shall not apply to the whole amount of the assessment but only to such lesser amount as he may specify.
- (3) If a request for reconsideration is duly made, the appropriate Minister shall reconsider the amount of the assessment and may confirm or reduce it.

An appeal lies to the High Court or, in Scotland, to the Court of Session as the Court of Exchequer in Scotland from any decision of the Minister under this subsection.

- (4) The appropriate Minister may reconsider the amount of an assessment under section 14(2) above in any other case, if he thinks fit, and may confirm or reduce it.
- (5) When the amount of the assessment is finally determined—
 - (a) if the amount of the assessment is less than the amount paid by the authority, the appropriate Minister shall make such payment to the authority as is required to put the authority in the same position as if the reduced amount had been specified in the original assessment;
 - (b) if a further amount is payable by the authority, section 14(3) and (4) above shall apply in relation to that amount as if the reference to the date of issue of the notice of assessment were a reference to the date of the determination.

- (6) Except as provided by this section a notice of assessment under section 14(2) above shall not be questioned in any legal proceedings whatsoever.”.

- (2) Sections 115 to 120 of the ^{M124}Finance Act 1990 (levy on privatisation of certain ports) shall cease to have effect.
- (3) An Order in Council under paragraph 1(1)(b) of Schedule 1 to the ^{M125}Northern Ireland Act 1974 (legislation for Northern Ireland in the interim period) which states that it is made only for purposes corresponding to those of subsection (1) above—
 - (a) shall not be subject to paragraph 1(4) and (5) of that Schedule (affirmative resolution of both Houses of Parliament), but
 - (b) shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Marginal Citations

M123 1991 c. 52.

M124 1990 c. 29.

M125 1974 c. 28.

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Textual Amendments

F149 S. 160 repealed (19.11.1998) by 1998 c. 43, s. 1(1), **Sch. 1 Pt. IV** Group 5

General

161 Interpretation.

- (1) In this Act “the Taxes Act 1988” means the ^{M126}Income and Corporation Taxes Act 1988.
- (2) In Part III of this Act “the Management Act” means the ^{M127}Taxes Management Act 1970.
- (3) Part V of this Act shall be construed as one with the ^{M128}Stamp Act 1891.

Marginal Citations

M126 1988 c. 1.

M127 1970 c. 9.

M128 1891 c. 39.

162 Repeals.

The provisions specified in Schedule 29 to this Act (which include provisions which are already spent) are hereby repealed to the extent specified in the third column of that Schedule, but subject to any provision of that Schedule.

163 Short title.

This Act may be cited as the Finance Act 1995.

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SCHEDULES

SCHEDULE 1

Section 2.

TABLE OF RATES OF DUTY ON WINE AND MADE-WINE

“PART I

WINE OR MADE-WINE OF A STRENGTH NOT EXCEEDING 22 PER CENT.

<i>Description of wine or made-wine</i>	<i>Rates of duty per hectolitre</i>
	£
Wine or made-wine of a strength not exceeding 4 per cent.	23.41
Wine or made-wine of a strength exceeding 4 per cent. but not exceeding 5.5 per cent.	42.14
Wine or made-wine of a strength exceeding 5.5 per cent. but not exceeding 15 per cent. and not being sparkling	140.44
Sparkling wine or sparkling made-wine of a strength exceeding 5.5 per cent. but not exceeding 15 per cent.	200.64
Wine or made-wine of a strength exceeding 15 per cent. but not exceeding 22 per cent.	200.64”

“PART II

WINE OR MADE-WINE OF A STRENGTH EXCEEDING 22 PER CENT.

<i>Description of wine or made-wine</i>	<i>Rates of duty per litre of alcohol in the wine or made-wine</i>
	£
Wine or made-wine of a strength exceeding 22 per cent.	20.60”

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SCHEDULE 2

Section 5.

DENATURED ALCOHOL

The Alcoholic Liquor Duties Act 1979

- 1 In section 4(1) of the ^{M129}Alcoholic Liquor Duties Act 1979 (interpretation)—
- (a) for the definition of “authorised methylator” there shall be substituted the following definition—

““authorised denaturer” means a person authorised under section 75(1) below to denature dutiable alcoholic liquor;”
 - (b) in the definition of “British compounded spirits”, for “methylated spirits” there shall be substituted “denatured alcohol”;
 - (c) after the definition of “compounder” there shall be inserted the following definition—

““denatured alcohol” means denatured alcohol within the meaning of section 5 of the Finance Act 1995, and references to denaturing a liquor are references to subjecting it to any process by which it becomes denatured alcohol;”
 - (d) for the definition of “licensed methylator” there shall be substituted the following definition—

““licensed denaturer” means a person holding a licence under section 75(2) below;”.

Commencement Information

I12 Sch. 2 para. 1 in force at 1.7.2005 by S.I. 2005/1523, art. 2(a) (with art. 3)

Marginal Citations

M129 1979 c. 4.

- 2 Section 9 of that Act (remission of duty on spirits for methylation) shall cease to have effect.

Commencement Information

I13 Sch. 2 para. 2 in force at 1.7.2005 by S.I. 2005/1523, art. 2(a) (with art. 3)

- 3 In section 10 of that Act (remission of duty on spirits), for “methylated spirits” there shall be substituted “denatured alcohol”.

Commencement Information

I14 Sch. 2 para. 3 in force at 1.7.2005 by S.I. 2005/1523, art. 2(a) (with art. 3)

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Textual Amendments

F150 Sch. 2 para. 4 repealed (19.7.2006) by [Finance Act 2006 \(c. 25\)](#), [Sch. 26 Pt. 1\(1\)](#)

- 5 In sections 75, 77, 79 and 80 of that Act (which contain provisions regulating methylation)—
- (a) for the words “methylate”, “methylates”, “methylator” and “methylators”, wherever they occur, and for the word “methylated”, where it occurs outside the expression “methylated spirits”, there shall be substituted, respectively, “denature”, “denatures”, “denaturer”, “denaturers” and “denatured”;
 - (b) for the words “methylation” and “methylating”, wherever they occur, there shall be substituted, in each case, “denaturing”;
 - (c) for the word “spirits”, wherever it occurs outside the expression “methylated spirits”, there shall be substituted “dutable alcoholic liquor”;
 - (d) for the words “methylated spirits”, wherever they occur, there shall be substituted “denatured alcohol”.

Commencement Information

I15 [Sch. 2 para. 5](#) in force at 1.7.2005 by [S.I. 2005/1523](#), [art. 2\(a\)](#) (with [art. 3](#))

- 6 In section 77(2) of that Act (provisions supplemental to powers to make regulations), after paragraph (a) there shall be inserted the following paragraph—
- “(aa) frame any provision of the regulations with respect to the supply, receipt or use of denatured alcohol by reference to matters to be contained from time to time in a notice published in accordance with the regulations by the Commissioners and having effect until withdrawn in accordance with the regulations; and”.

Commencement Information

I16 [Sch. 2 para. 6](#) in force at 1.7.2005 by [S.I. 2005/1523](#), [art. 2\(a\)](#) (with [art. 3](#))

- 7 For section 78 of that Act (additional provisions relating to methylated spirits) there shall be substituted the following section—

“78 Defaults in respect of denatured alcohol.

- (1) This subsection applies if, at any time when an account is taken and a balance struck of the quantity of any kind of denatured alcohol in the possession of an authorised or licensed denaturer, there is a difference between—
 - (a) the quantity (“the actual amount”) of the dutable alcoholic liquor of any description in the denatured alcohol in his possession; and
 - (b) the quantity (“the proper amount”) of dutable alcoholic liquor of that description which, according to any such accounts as are required to be kept by virtue of any regulations under section 77 above, ought to be in the denatured alcohol in his possession.
- (2) Subsection (1) above shall not apply if the difference constitutes—

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- (a) an excess of the actual amount over the proper amount of not more than 1 per cent. of the aggregate of—
 - (i) the quantity of dutiable alcoholic liquor of the description in question in the balance of dutiable alcoholic liquor struck when an account was last taken; and
 - (ii) the quantity of dutiable alcoholic liquor of that description which has since been lawfully added to the denaturer's stock;
 - or
 - (b) a deficiency such that the actual amount is less than the proper amount by not more than 2 per cent. of that aggregate.
- (3) If, where subsection (1) above applies, the actual amount exceeds the proper amount, the relevant amount of any dutiable alcoholic liquor of the description in question which is in the possession of the denaturer shall be liable to forfeiture; and for this purpose the relevant amount is the amount corresponding to the amount of the excess or such part of that amount as the Commissioners consider appropriate.
- (4) If, where subsection (1) above applies, the actual amount is less than the proper amount, the denaturer shall, on demand by the Commissioners, pay on the amount of the deficiency, or on such part of it as the Commissioners may specify in the demand, the duty payable on dutiable alcoholic liquor of the description comprised in the deficiency.
- (5) If any person—
- (a) supplies to another, in contravention of any regulations under section 77 above, any denatured alcohol containing dutiable alcoholic liquor of any description, or
 - (b) uses any such denatured alcohol in contravention of any such regulations,
- that person shall, on demand by the Commissioners, pay on the amount of dutiable alcoholic liquor of that description comprised, at the time of its supply or use, in the denatured alcohol that is so supplied or used, or on such part of it as the Commissioners may specify, the duty payable on dutiable alcoholic liquor of that description.
- (6) Any supply of denatured alcohol to a person who—
- (a) by virtue of any regulations under section 77 above is prohibited from receiving it unless authorised to do so by or under the regulations, and
 - (b) is not so authorised in the case of the denatured alcohol supplied to him,
- shall be taken for the purposes of subsection (5) above to be a supply in contravention of those regulations.
- (7) A demand made for the purposes of subsection (4) or (5) above shall be combined, as if there had been a default such as is mentioned in that section, with an assessment and notification under section 12 of the ^{M130}Finance Act 1994 (assessments to excise duty) of the amount of duty due in consequence of the making of the demand.”

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Commencement Information

I17 Sch. 2 para. 7 in force at 1.7.2005 by S.I. 2005/1523, art. 2(a) (with art. 3)

Marginal Citations

M130 1994 c. 9.

The Finance Act 1994

- 8 In paragraph 3(1)(d) of Schedule 5 to the Finance Act 1994 (decisions under or for the purposes of section 9 or 10 of the ^{M131}Alcoholic Liquor Duties Act 1979 to be subject to review and appeal), for “section 9 or 10 (remission of duty on spirits for methylation or” there shall be substituted “ section 10 (remission of duty on spirits”.

Commencement Information

I18 Sch. 2 para. 8 in force at 1.7.2005 by S.I. 2005/1523, art. 2(a) (with art. 3)

Marginal Citations

M131 1979 c. 4.

SCHEDULE 3

Section 14.

AMUSEMENT MACHINE LICENCE DUTY

Introductory

- 1 The ^{M132}Betting and Gaming Duties Act 1981 shall be amended in accordance with paragraphs 2 to 11 below.

Marginal Citations

M132 1981 c. 63.

Amusement machine licences

- 2 (1) In section 21 (gaming machine licences)—
- (a) in subsection (1), for the words “gaming machine” and “for gaming” there shall be substituted, respectively, “ amusement machine ” and “ for play ”;
 - (b) in subsection (2), for “a gaming machine licence” there shall be substituted “ an amusement machine licence ”; and
 - (c) in subsection (3), for “A gaming machine licence” there shall be substituted “ An amusement machine licence ”.
- (2) In subsection (3A) of that section (excepted machines), for paragraph (b) there shall be substituted the following paragraphs—

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- “(b) a five-penny machine which is a prize machine without being a gaming machine or which (if it is a gaming machine) is a small-prize machine, or
(c) a thirty-five-penny machine which is not a prize machine.”

Amusement machine licence duty

- 3 (1) In subsection (1) of section 22 (duty on gaming machine licences), for “gaming machine” there shall be substituted “amusement machine”.
- (2) In subsection (2) of that section (meaning of “small-prize machine”), for “a gaming machine is a small-prize machine if” there shall be substituted “an amusement machine is a small-prize machine if it is a prize machine and”.

Rate of duty

- 4 (1) In subsection (1) of section 23 (determination of rate of duty by reference to Table), for “a gaming machine licence” there shall be substituted “an amusement machine licence”.
- (2) In subsection (2) of that section—
- (a) in paragraph (b), for “or column 3” there shall be substituted “, column 3 or column 4”; and
- (b) in the words after that paragraph, for the words “gaming” and “or the rate in column 3” there shall be substituted, respectively, “amusement” and “, the rate in column 3 or the rate in column 4”.
- (3) For the Table in that subsection (as substituted by section 13 of this Act) there shall be substituted the following Table—

“ TABLE

(1) Period (in months) for which licence granted	(2) Machines that are not gaming machines	(3) Gaming machines that are small-prize machines or are five-penny machines without being small-prize machines	(4) Other machines
	£	£	£
1	30	60	150
2	50	105	275
3	75	155	400
4	95	205	520
5	120	250	645
6	140	295	755
7	160	340	880

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8	185	390	1,005
9	205	435	1,115
10	225	480	1,235
11	240	510	1,305
12	250	535	1,375”

Restrictions on provision of machines

- 5 In section 24 (restrictions on provision of gaming machines)—
- (a) for the words “Gaming machines”, “gaming machines” and “gaming machine”, wherever they occur, there shall be substituted, respectively, “ Amusement machines ”, “ amusement machines ” and “ amusement machine ”;
 - (b) for the word “a”, where it occurs before “gaming machine” in subsection (5)(f), there shall be substituted “ an ”; and
 - (c) for the words “for gaming”, wherever they occur, there shall be substituted “ for play ”.

Meaning of “amusement machine”

- 6 (1) For subsections (1) to (3) of section 25 (meaning of “gaming machine”) there shall be substituted the following subsections—
- “(1) A machine is an amusement machine for the purposes of this Act if—
- (a) the machine is constructed or adapted for the playing of any game (whether a game of chance, a game of skill or a game of chance and skill combined);
 - (b) the game is one played by means of the machine (whether automatically or by the operation of the machine by the player or players);
 - (c) a player pays to play the game (except where he has an opportunity to play without payment as a result of having previously played successfully) either by inserting a coin or token into the machine or in some other way;
 - (d) the machine automatically—
 - (i) applies some or all of the rules of the game or displays or records scores in the game; and
 - (ii) determines when a player who has paid to play a game by means of the machine can no longer play without paying again;
- and
- (e) the machine is a gaming machine, a video machine or a pinball machine.
- (1A) A machine constructed or adapted for the playing of a game is a gaming machine for the purposes of this Act if—
- (a) it is a prize machine;

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- (b) the game which is played by means of the machine is a game of chance, a game of chance and skill combined or a pretended game of chance or of chance and skill combined; and
- (c) the outcome of the game is determined by the chances inherent in the action of the machine, whether or not provision is made for manipulation of the machine by a player;

and for the purposes of this subsection a game in which the elements of chance can be overcome by skill shall be treated as a game of chance and skill combined if there is an element of chance in the game that cannot be overcome except by superlative skill.

(1B) A machine constructed or adapted for the playing of a game is a video machine for the purposes of this Act if—

- (a) a micro-processor is used to control some or all of the machine's functions; and
- (b) the playing of the game involves information or images being communicated or displayed to the player or players by means of any description of screen, other than one consisting only in a blank surface onto which light is projected.

(1C) For the purposes of this Act an amusement machine is a prize machine unless it is constructed or adapted so that a person playing it once and successfully either receives nothing or receives only—

- (a) an opportunity, afforded by the automatic action of the machine, to play again (once or more often) without paying, or
- (b) a prize, determined by the automatic action of the machine and consisting in either—
 - (i) money of an amount not exceeding the sum payable to play the machine once, or
 - (ii) a token which is, or two or more tokens which in the aggregate are, exchangeable for money of an amount not exceeding that sum.”

(2) In subsection (4) of that section (machines playable by more than one person), for “a gaming machine” there shall be substituted “a machine of any description”.

(3) For subsections (5) to (9) of that section there shall be substituted the following subsections—

“(5) For the purposes of sections 21 to 24 above a machine (the actual machine) in relation to which the number determined in accordance with subsection (5A) below is more than one shall be treated (instead of as one machine) as if it were a number of machines (accountable machines) equal to the number so determined.

(5A) That number is—

- (a) except where paragraph (b) below applies, the number of individual playing positions provided on the machine for persons to play simultaneously (whether or not while participating in the same game); and
- (b) where—
 - (i) that machine is a video machine but not a gaming machine, and

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(ii) the number of such playing positions is more than the number of different screens used for the communication or display of information or images to any person or persons playing a game by means of the machine,

the number of such screens.

(6) Subsection (5) above does not apply in the case of any machine which is an excepted machine for the purposes of section 21 above or in the case of a pinball machine.

(7) Any question whether the accountable machines are, or are not, machines falling within any of the following descriptions, that is to say—

- (a) gaming machines,
- (b) prize machines,
- (c) small-prize machines, or
- (d) five-penny machines,

shall be determined according to whether or not the actual machine is a machine of that description, with the accountable machines being taken to be machines of the same description as the actual machine.”

7 After section 25 there shall be inserted the following section—

“25A Power to modify definition of “amusement machine”.

- (1) The Treasury may by order modify the provisions of section 25 above—
 - (a) by adding to the machines for the time being specified in subsection (1)(e) of that section any description of machines which it appears to them, having regard to the use to which the machines are put, to be appropriate for the protection of the revenue so to add to those machines; or
 - (b) by deleting any description of machines for the time being so specified.
- (2) An order under this section may make such incidental, consequential or transitional provision as the Treasury think fit, including provision modifying section 21 or section 25(5A) above for the purpose of—
 - (a) specifying the circumstances (if any) in which a machine added to section 25(1)(e) above is to be an excepted machine for the purposes of section 21 above; or
 - (b) determining the number which, in the case of a machine so added, is to be taken into account for the purposes of section 25(5) above.”

Supplementary provisions

- 8 (1) In section 26 (supplementary provisions)—
- (a) for the words “gaming machine licence duty” in subsection (1) there shall be substituted “amusement machine licence duty”;
 - (b) for the words “a gaming machine” and “gaming machines”, wherever they occur, there shall be substituted, respectively, “an amusement machine” and “amusement machines”; and
 - (c) for the words “for gaming”, wherever they occur, there shall be substituted “for play”.

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- (2) In subsection (2) of that section—
- (a) after the definition of “United Kingdom” there shall be inserted the following definitions—
- ““video machine” has the meaning given by section 25(1B) above;
- “prize machine” has the meaning given by section 25(1C) above;”
- and
- (b) ^{F151}
- (3) After subsection (2) of that section there shall be inserted the following subsection—
- “(2A) References in sections 21 to 25 above and in this section and Schedule 4 to this Act to a game, in relation to any machine, include references to a game in the nature of a quiz or puzzle and to a game which is played solely by way of a pastime or against the machine, as well as one played wholly or partly against one or more contemporaneous or previous players.”

Textual Amendments

F151 Sch. 3 para. 8(2)(b) repealed (24.7.2002 with effect as mentioned in Sch. 40 Pt. 1(3) Note of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 141, [Sch. 40 Pt. 1\(3\)](#) Note

- 9 (1) In sections 31 and 33(2) (protection of officers and savings for prohibitions of gaming etc.), for the words “gaming machine licences”, in each case, there shall be substituted “amusement machine licences”.
- (2) In section 32(3) (orders subject to affirmative procedure), for “or 14(3)” there shall be substituted “, 14(3) or 25A”.
- (3) In section 33(1) (interpretation), in the definition of “gaming”, the words “(except where it refers to a machine provided for gaming)” shall be omitted.
- 10 In Schedule 3 (bingo duty)—
- (a) in paragraph 5(1)(b), for “a gaming machine licence” there shall be substituted “an amusement machine licence”; and
- (b) in paragraph 6, for “a gaming machine” there shall be substituted “an amusement machine”.
- 11 (1) In Schedule 4 (supplementary provisions in relation to gaming machine licence duty)—
- (a) for the words “gaming machine” and “gaming machines”, wherever they occur, there shall be substituted, respectively, “amusement machine” and “amusement machines”; and
- (b) for the indefinite article, wherever it occurs before an expression amended by paragraph (a) above, there shall be substituted “An” or “an”, as the case may require.
- (2) In paragraph 1(2) of that Schedule (conditions of exemption for charitable entertainments etc.)—
- (a) in paragraph (a), for “of gaming by means of any machine” there shall be substituted “from any amusement machines”; and
- (b) in paragraph (b), for “and any other provided for gaming” there shall be substituted “and any other amusement machines provided”.

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- (3) In paragraph 2(2)(c) of that Schedule (conditions of exemption for pleasure fairs), for “and any other provided for gaming” there shall be substituted “ and any other amusement machines provided ”.
- (4) In paragraph 4 of that Schedule—
- (a) for the words “small-prize machines”, wherever they occur, there shall be substituted “ relevant machines ”; and
 - (b) after sub-paragraph (7) there shall be inserted the following sub-paragraph—

“(7A) An amusement machine is a relevant machine for the purposes of this paragraph unless it is a gaming machine which is not a small-prize machine.”;
- and in relation to the winter period beginning with November 1995, sub-paragraph(4) of that paragraph shall have effect as if the references by virtue of this paragraph to an amusement machine licence included references to a gaming machine licence.
- (5) After paragraph 7 of that Schedule there shall be inserted the following paragraph—

“ Payment of duty by instalments

- 7A (1) The Commissioners may make and publish arrangements setting out the circumstances in which, and the conditions subject to which, a person to whom an amusement machine licence is granted for a period of twelve months may, at his request and if the Commissioners think fit, be permitted to pay the duty on that licence by regular instalments during the period of the licence, instead of at the time when it is granted.
- (2) Arrangements under this paragraph shall provide for the amount of each instalment to be such that the aggregate amount of all the instalments to be paid in respect of any licence is an amount equal to 105 per cent. of what would have been the duty on that licence apart from this paragraph.
- (3) Sub-paragraph (4) below applies if a person who has been permitted, in accordance with arrangements under this paragraph, to pay the duty on any amusement machine licence by instalments—
- (a) fails to pay any instalment at the time when it becomes due in accordance with the arrangements; and
 - (b) does not make good that failure within seven days of being required to do so by notice given by the Commissioners.
- (4) Where this sub-paragraph applies—
- (a) the licence shall be treated as having ceased to be in force as from the time when the instalment became due;
 - (b) the person to whom the licence was granted shall become liable to any unpaid duty to which he would have been liable under paragraph 11(1C) below if he had surrendered the licence at that time; and
 - (c) any amusement machines found on the premises to which the licence related shall be liable to forfeiture.
- (5) Sections 14 to 16 of the ^{M133}Finance Act 1994 (review and appeals) shall have effect in relation to any decision of the Commissioners refusing an

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application for permission to pay duty by instalments in accordance with arrangements under this paragraph as if that decision were a decision of a description specified in Schedule 5 to that Act.”

- (6) In paragraph 11 of that Schedule (surrender), after sub-paragraph (1B) there shall be inserted the following sub-paragraph—

“(1C) Where, in a case where duty is being paid in accordance with arrangements made under paragraph 7A above, the amount of duty actually paid on a licence that is surrendered is less than the amount which would have been paid on that licence if the period for which it was granted had been reduced by the number of complete months in that period which have not expired when the licence is surrendered, the difference between those amounts shall be treated as unpaid duty.”

- (7) Paragraph 13 of that Schedule (labelling and marking of machines) shall cease to have effect.

- (8) In paragraph 14 of that Schedule (power to enter premises), for the words “for gaming” there shall be substituted “for play”.

- (9) In paragraph 16 of that Schedule (enforcement), after sub-paragraph (1) there shall be inserted the following sub-paragraph—

“(1A) This paragraph does not apply to any contravention or failure to comply with arrangements under paragraph 7A above or to any failure or refusal to comply with a requirement made under or for the purposes of any such arrangements.”

^{F152}(10)

Textual Amendments

F152 Sch. 3 para. 11(10) repealed (8.11.2007) by Finance Act 2007 (c. 11), s. 84(5), Sch. 27 Pt. 5(1); S.I. 2007/3166, art. 2(c)

Marginal Citations

M133 1994 c. 9.

Consequential amendment of the Customs and Excise Management Act 1979

- 12 In section 102(3)(a) of the ^{M134}Customs and Excise Management Act 1979 (penalty for failure to deliver up a licence), for “a gaming machine licence” there shall be substituted “an amusement machine licence”.

Marginal Citations

M134 1979 c. 2.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

SCHEDULE 4

Section 19.

VEHICLE EXCISE AND REGISTRATION

PART I

INTRODUCTION

- 1 In this Schedule “the 1994 Act” means the ^{M135}Vehicle Excise and Registration Act 1994.

Marginal Citations

M135 1994 c. 22.

PART II

EXEMPTIONS

Commencement Information

I19 Sch. 4, Pt. II in force on 1.7.1995: see Sch. 4, Pt. II, para. 5.

Abolition of certain exemptions

- 2 The following paragraphs of Schedule 2 to the 1994 Act (exempt vehicles) shall be omitted—
- (a) paragraph 1 (electrically propelled vehicles);
 - (b) paragraph 12 (road construction vehicles);
 - (c) paragraph 13 (road rollers);
 - (d) paragraph 14 (snow clearing vehicles);
 - (e) paragraph 15 (gritting vehicles);
 - (f) paragraph 16 (street cleansing vehicles);
 - (g) paragraph 17 (tower wagons used solely in connection with street lighting);
 - (h) paragraph 21 (vehicles used for short journeys between different parts of person’s land).

Exemption for police vehicles

- 3 In Schedule 2 to the 1994 Act the following shall be inserted after paragraph 3—

“ Police vehicles

- 3A A vehicle is an exempt vehicle when it is being used for police purposes.”

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Exemption for vehicles used between different parts of land

4 In Schedule 2 to the 1994 Act the following shall be inserted after paragraph 20—

“ Vehicles used between different parts of land

20A A vehicle is an exempt vehicle if—

- (a) it is used only for purposes relating to agriculture, horticulture or forestry,
- (b) it is used on public roads only in passing between different areas of land occupied by the same person, and
- (c) the distance it travels on public roads in passing between any two such areas does not exceed 1.5 kilometres.”

Commencement

5 This Part of this Schedule shall come into force on 1st July 1995.

PART III

RATES

General

6 (1) In Schedule 1 to the 1994 Act (annual rates of duty) the following paragraph shall be substituted for paragraph 1 (annual rate of duty where no other rate specified)—

“1 (1) The annual rate of vehicle excise duty applicable to a vehicle in respect of which no other annual rate is specified by this Schedule is—

- (a) if it was constructed after 1946, the general rate;
- (b) if it was constructed before 1947, the reduced rate.

(2) The general rate is £135.

(3) The reduced rate is 50 per cent. of the general rate.

(4) Where an amount arrived at in accordance with sub-paragraph (3) is an amount—

- (a) which is not a multiple of £5, and
- (b) which on division by five does not produce a remainder of £2.50, the rate is the amount arrived at rounded (either up or down) to the nearest amount which is a multiple of £5.

(5) Where an amount arrived at in accordance with sub-paragraph (3) is an amount which on division by five produces a remainder of £2.50, the rate is the amount arrived at increased by £2.50.”

^{F153}(2)

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F153 Sch. 4 para. 6(2) repealed (29.4.1996 with effect as mentioned in s. 18(5) of the amending Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. II(3)**

Motorcycles

7

F154

Textual Amendments

F154 Sch. 4 para. 7 repealed (with effect as mentioned in Sch. 40 Pt. 1(5) Note 2 of the amending Act) by Finance Act 2002 (c. 23), s. 141, **Sch. 40 Pt 1(5)** Note 2

Buses etc.

8 In Schedule 1 to the 1994 Act the following shall be substituted for Part III (hackney carriages)—

“PART III

BUSES

- 3 (1) The annual rate of vehicle excise duty applicable to a bus is—
- (a) if its seating capacity is nine to sixteen, the same as the basic goods vehicle rate;
 - (b) if its seating capacity is seventeen to thirty-five, 133 per cent. of the basic goods vehicle rate;
 - (c) if its seating capacity is thirty-six to sixty, 200 per cent. of the basic goods vehicle rate;
 - (d) if its seating capacity is over sixty, 300 per cent. of the basic goods vehicle rate.
- (2) In this paragraph “bus” means a vehicle which—
- (a) is a public service vehicle (within the meaning given by section 1 of the ^{M136}Public Passenger Vehicles Act 1981), and
 - (b) is not an excepted vehicle.
- (3) For the purposes of this paragraph an excepted vehicle is—
- (a) a vehicle which has a seating capacity under nine,
 - (b) a vehicle which is a community bus,
 - (c) a vehicle used under a permit granted under section 19 of the ^{M137}Transport Act 1985 (educational and other bodies) and used in circumstances where the requirements mentioned in subsection (2) of that section are met, or
 - (d) a vehicle used under a permit granted under section 10B of the ^{M138}Transport Act (Northern Ireland) 1967 (educational and other bodies) and used in circumstances where the requirements mentioned in subsection (2) of that section are met.

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- (4) In sub-paragraph (3)(b) “community bus” means a vehicle—
 - (a) used on public roads solely in accordance with a community bus permit (within the meaning given by section 22 of the ^{M139}Transport Act 1985), and
 - (b) not used for providing a service under an agreement providing for service subsidies (within the meaning given by section 63(10)(b) of that Act).
- (5) For the purposes of this paragraph the seating capacity of a vehicle shall be determined in accordance with regulations made by the Secretary of State.
- (6) In sub-paragraph (1) references to the basic goods vehicle rate are to the rate applicable, by virtue of sub-paragraph (1) of paragraph 9, to a rigid goods vehicle which falls within column (3) of the table in that sub-paragraph and has a revenue weight exceeding 3,500 kilograms and not exceeding 7,500 kilograms.
- (7) Where an amount arrived at in accordance with sub-paragraph (1)(b), (c) or (d) is an amount—
 - (a) which is not a multiple of £10, and
 - (b) which on division by ten does not produce a remainder of £5, the rate is the amount arrived at rounded (either up or down) to the nearest amount which is a multiple of £10.
- (8) Where an amount arrived at in accordance with sub-paragraph (1)(b), (c) or (d) is an amount which on division by ten produces a remainder of £5, the rate is the amount arrived at increased by £5.”

Marginal Citations

M136 1981 c. 14.

M137 1985 c. 67.

M138 1967 c. 37 (N.I.).

M139 1985 c. 67.

Special vehicles

- 9 (1) Part IV of Schedule 1 to the 1994 Act (special machines) shall be amended as follows.
 - (2) For the heading “SPECIAL MACHINES” there shall be substituted “ SPECIAL VEHICLES ”.
 - (3) In paragraph 4(1) (annual rate of £35) for the words “special machine is £35” there shall be substituted “ special vehicle is the same as the basic goods vehicle rate ”.
 - (4) In paragraph 4(2) (definition of “special machine”)—
 - (a) for the words “ “special machine” means” there shall be substituted “ “special vehicle” means a vehicle which has a revenue weight exceeding 3,500 kilograms and is ”;
 - (b) paragraphs (a), (b) and (f) (tractors, agricultural engines and mowing machines) shall be omitted;

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- (c) after paragraph (e) there shall be inserted—
“(ee) a road roller.”
- (5) Paragraph 4(3) (definition of “tractor”) shall be omitted.
- (6) The following sub-paragraph shall be inserted after sub-paragraph (6) of paragraph 4—
“(7) In sub-paragraph (1) the reference to the basic goods vehicle rate is to the rate applicable, by virtue of sub-paragraph (1) of paragraph 9, to a rigid goods vehicle which falls within column (3) of the table in that sub-paragraph and has a revenue weight exceeding 3,500 kilograms and not exceeding 7,500 kilograms.”

Special concessionary vehicles

F155 10

Textual Amendments

F155 Sch. 4 para. 10 repealed (1.4.2001 with effect as mentioned in Sch. 33 Pt. I(3) Note 2 of the amending Act) by 2001 c. 9, s. 110, Sch. 33 Pt. 1(3) Note 2

Recovery vehicles

- 11 (1) Paragraph 5 of Schedule 1 to the 1994 Act (recovery vehicles) shall be amended as follows.
- (2) In sub-paragraph (1) (annual rate of duty of £85) for the words “is £85” there shall be substituted “is—
(a) if it has a revenue weight exceeding 3,500 kilograms and not exceeding 12,000 kilograms, the same as the basic goods vehicle rate;
(b) if it has a revenue weight exceeding 12,000 kilograms and not exceeding 25,000 kilograms, 300 per cent. of the basic goods vehicle rate;
(c) if it has a revenue weight exceeding 25,000 kilograms, 500 per cent. of the basic goods vehicle rate.”
- (3) The following sub-paragraphs shall be inserted after sub-paragraph (5)—
“(6) In sub-paragraph (1) references to the basic goods vehicle rate are to the rate applicable, by virtue of sub-paragraph (1) of paragraph 9, to a rigid goods vehicle which falls within column (3) of the table in that sub-paragraph and has a revenue weight exceeding 3,500 kilograms and not exceeding 7,500 kilograms.
(7) Where an amount arrived at in accordance with sub-paragraph (1)(b) or (c) is an amount—
(a) which is not a multiple of £10, and
(b) which on division by ten does not produce a remainder of £5,
the rate is the amount arrived at rounded (either up or down) to the nearest amount which is a multiple of £10.

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- (8) Where an amount arrived at in accordance with sub-paragraph (1)(b) or (c) is an amount which on division by ten produces a remainder of £5, the rate is the amount arrived at increased by £5.”

Vehicles used for exceptional loads

F156 12

Textual Amendments

F156 Sch. 4 para. 12 repealed (31.7.1998 with effect as mentioned in Sch. 1 para. 17(1) of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. 1(3), Note; S.I. 1998/3092, art. 2

Haulage vehicles

- 13 (1) Paragraph 7 of Schedule 1 to the 1994 Act (haulage vehicles) shall be amended as follows.
- (2) In sub-paragraph (1) for paragraphs (a) and (b) (rate of £100 for showmen’s vehicles and of £330 for other haulage vehicles) there shall be substituted—
- “(a) if it is a showman’s vehicle, the same as the basic goods vehicle rate;
- (b) in any other case, the general haulage vehicle rate.”
- (3) The following sub-paragraphs shall be inserted after sub-paragraph (2)—
- “(3) In sub-paragraph (1) the reference to the basic goods vehicle rate is to the rate applicable, by virtue of sub-paragraph (1) of paragraph 9, to a rigid goods vehicle which falls within column (3) of the table in that sub-paragraph and has a revenue weight exceeding 3,500 kilograms and not exceeding 7,500 kilograms.
- (4) In sub-paragraph (1) the reference to the general haulage vehicle rate is to 75 per cent. of the rate applicable, by virtue of sub-paragraph (1) of paragraph 11, to a tractive unit which falls within column (3) of the table in that sub-paragraph and has a revenue weight exceeding 12,000 kilograms and not exceeding 16,000 kilograms.
- (5) Where an amount arrived at in accordance with sub-paragraph (4) is an amount—
- (a) which is not a multiple of £10, and
- (b) which on division by ten does not produce a remainder of £5,
- the rate is the amount arrived at rounded (either up or down) to the nearest amount which is a multiple of £10.
- (6) Where an amount arrived at in accordance with sub-paragraph (4) is an amount which on division by ten produces a remainder of £5, the rate is the amount arrived at increased by £5.”

Goods vehicles

- 14 (1) Part VIII of Schedule 1 to the 1994 Act (goods vehicles) shall be amended as follows.
- (2) Paragraph 8 (basic rate) shall be omitted.

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(3) In paragraph 9(1) (rates of duty for rigid goods vehicles)—

- (a) at the beginning there shall be inserted “ Subject to sub-paragraphs (2) and (3), ”;
- (b) for the words “a plated gross weight (or, in Northern Ireland, a relevant maximum weight) exceeding 7,500 kilograms” there shall be substituted “ a revenue weight exceeding 3,500 kilograms ”;
- (c) in paragraph (a) for the words “plated gross weight (or relevant maximum weight)” there shall be substituted “ revenue weight ”.

(4) The following table shall be substituted for the table in paragraph 9(1)—

“Revenue weight of vehicle		Rate		
(1)	(2)	(3)	(4)	(5)
Exceeding	Not Exceeding	Two axle vehicle	Three axle vehicle	Four or more axle vehicle
kgs	kgs	£	£	£
3,500	7,500	150	150	150
7,500	12,000	290	290	290
12,000	13,000	450	470	340
13,000	14,000	630	470	340
14,000	15,000	810	470	340
15,000	17,000	1,280	470	340
17,000	19,000	1,280	820	340
19,000	21,000	1,280	990	340
21,000	23,000	1,280	1,420	490
23,000	25,000	1,280	2,160	800
25,000	27,000	1,280	2,260	1,420
27,000	29,000	1,280	2,260	2,240
29,000	31,000	1,280	2,260	3,250
31,000	44,000	1,280	2,260	4,250”

(5) For sub-paragraph (2) of paragraph 9 there shall be substituted the following sub-paragraphs—

“(2) The annual rate of vehicle excise duty applicable—

- (a) to any rigid goods vehicle which is a showman’s goods vehicle with a revenue weight exceeding 3,500 kilograms but not exceeding 44,000 kilograms, and
 - (b) to any rigid goods vehicle which is an island goods vehicle with a revenue weight exceeding 3,500 kilograms,
- shall be the basic goods vehicle rate.
- (3) The annual rate of vehicle excise duty applicable to a rigid goods vehicle which has a revenue weight exceeding 44,000 kilograms and is not an island goods vehicle shall be the heavy tractive unit rate.
 - (4) In sub-paragraph (2) the reference to the basic goods vehicle rate is to the rate applicable, by virtue of sub-paragraph (1), to a rigid goods vehicle which falls within column (3) of the table in that sub-paragraph and has a revenue weight exceeding 3,500 kilograms and not exceeding 7,500 kilograms.

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- (5) In sub-paragraph (3) the reference to the heavy tractive unit rate is to the rate applicable, by virtue of sub-paragraph (1) of paragraph 11, to a tractive unit which falls within column (3) of the table in that sub-paragraph and has a revenue weight exceeding 38,000 kilograms and not exceeding 44,000 kilograms.”
- (6) In paragraph 10(1) (trailer supplement) for the words “plated gross weight (or relevant maximum weight)”—
- (a) in the first place where they occur, there shall be substituted “revenue weight”; and
 - (b) in the second and third places where they occur, there shall be substituted “plated gross weight”.
- (7) In paragraph 10(2) (lower rate of trailer supplement)—
- (a) the words “(or relevant maximum weight)” shall be omitted; and
 - ^{F157}(b)
- (8) In paragraph 10(3) (higher rate of trailer supplement)—
- (a) the words “(or relevant maximum weight)” shall be omitted; and
 - ^{F158}(b)
- ^{F159}(9)
- (10) Paragraph 10(4) (reference to paragraph 12) shall be omitted.
- (11) In paragraph 11(1) (rates of duty for tractive units)—
- (a) at the beginning there shall be inserted “ Subject to sub-paragraphs (2) and (3), ”;
 - (b) for the words “a plated train weight (or, in Northern Ireland, a relevant maximum train weight) exceeding 7,500 kilograms” there shall be substituted “ a revenue weight exceeding 3,500 kilograms ”;
 - (c) in paragraph (a) for the words “plated train weight (or relevant maximum train weight)” there shall be substituted “ revenue weight ”.
- (12) The following table shall be substituted for the table in paragraph 11(1)—

“Revenue weight of tractive unit		Rate for tractive unit with two axles			Rate for tractive unit with three or more axles		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Exceeding	Not exceeding	Any no. of semi-trailer axles	2 or more semi-trailer axles	3 or more semi-trailer axles	Any no. of semi-trailer axles	2 or more semi-trailer axles	3 or more semi-trailer axles
kgs	kgs	£	£	£	£	£	£
3,500	7,500	150	150	150	150	150	150
7,500	12,000	290	290	290	290	290	290
12,000	16,000	440	440	440	440	440	440
16,000	20,000	500	440	440	440	440	440
20,000	23,000	780	440	440	440	440	440
23,000	26,000	1,150	570	440	570	440	440

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26,000	28,000	1,150	1,090	440	1,090	440	440
28,000	31,000	1,680	1,680	1,050	1,680	640	440
31,000	33,000	2,450	2,450	1,680	2,450	970	440
33,000	34,000	5,000	5,000	1,680	2,450	1,420	550
34,000	36,000	5,000	5,000	2,750	2,450	2,030	830
36,000	38,000	5,000	5,000	3,100	2,730	2,730	1,240
38,000	44,000	5,000	5,000	3,100	2,730	2,730	1,240”

(13) For sub-paragraph (2) of paragraph 11 there shall be substituted the following sub-paragraphs—

“(2) The annual rate of vehicle excise duty applicable—

- (a) to any tractive unit which is a showman’s goods vehicle with a revenue weight exceeding 3,500 kilograms but not exceeding 44,000 kilograms, and
- (b) to any tractive unit which is an island goods vehicle with a revenue weight exceeding 3,500 kilograms,

shall be the basic goods vehicle rate.

(3) The annual rate of vehicle excise duty applicable to a tractive unit which has a revenue weight exceeding 44,000 kilograms and is not an island goods vehicle shall be the heavy tractive unit rate.

(4) In sub-paragraph (2) the reference to the basic goods vehicle rate is to the rate applicable, by virtue of sub-paragraph (1) of paragraph 9, to a rigid goods vehicle which falls within column (3) of the table in that sub-paragraph and has a revenue weight exceeding 3,500 kilograms and not exceeding 7,500 kilograms.

(5) In sub-paragraph (3) the reference to the heavy tractive unit rate is to the rate applicable, by virtue of sub-paragraph (1), to a tractive unit which falls within column (3) of the table in that sub-paragraph and has a revenue weight exceeding 38,000 kilograms and not exceeding 44,000 kilograms.”

(14) Paragraph 12 (farmers’ goods vehicles and showmen’s goods vehicles) shall be omitted.

(15) In paragraph 13(1) (regulations for reducing plated weights) for the words from “its plated gross weight” to “weight specified” there shall be substituted “ its revenue weight were such lower weight as may be specified ”.

(16) In paragraph 14 (vehicles for conveying machines) sub-paragraphs (b) and (c) shall be omitted.

(17) In paragraph 17(1) (meaning of “trailer”)—

- (a) at the end of paragraph (a) there shall be inserted “ or ”;
- (b) paragraphs (c) to (e) (road construction vehicles, certain farming implements drawn by farmer’s goods vehicle, and certain trailers used to carry gas for propulsion, excluded from meaning of “trailer”) shall be omitted.

(18) Paragraph 17(2) (interpretation of paragraph 17(1)(e)) shall be omitted.

(19) The following shall be inserted after paragraph 17—

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“ Meaning of “island goods vehicle”

- 18 (1) In this Part “island goods vehicle” means any goods vehicle which—
- (a) is kept for use wholly or partly on the roads of one or more small islands; and
 - (b) is not kept or used on any mainland road, except in a manner authorised by sub-paragraph (2) or (3).
- (2) The keeping or use of a goods vehicle on a mainland road is authorised by this sub-paragraph if—
- (a) the road is one used for travel between a landing place and premises where vehicles disembarked at that place are loaded or unloaded, or both;
 - (b) the length of the journey, using that road, from that landing place to those premises is not more than five kilometres;
 - (c) the vehicle in question is one which was disembarked at that landing place after a journey by sea which began on a small island; and
 - (d) the loading or unloading of that vehicle is to take place, or has taken place, at those premises.
- (3) The keeping or use of a goods vehicle on a mainland road is authorised by this sub-paragraph if—
- (a) that vehicle has a revenue weight not exceeding 17,000 kilograms;
 - (b) that vehicle is normally kept at a base or centre on a small island; and
 - (c) the only journeys for which that vehicle is used are ones that begin or end at that base or centre.
- (4) References in this paragraph to a small island are references to any such island falling within sub-paragraph (5) as may be designated as a small island by an order made by the Secretary of State.
- (5) An island falls within this sub-paragraph if—
- (a) it has an area of 230,000 hectares or less; and
 - (b) the absence of a bridge, causeway, tunnel, ford or other way makes it at all times impracticable for road vehicles to be driven under their own power from that island as far as the mainland.
- (6) The reference in sub-paragraph (5) to driving a road vehicle as far as the mainland is a reference to driving it as far as any public road in the United Kingdom which is not on an island with an area of 230,000 hectares or less and is not a road connecting two such islands.
- (7) In this paragraph—
- “island” includes anything that is an island only when the tide reaches a certain height;
 - “landing place” means any place at which vehicles are disembarked after sea journeys;
 - “mainland road” means any public road in the United Kingdom, other than one which is on a small island or which connects two such islands; and

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“road vehicles” means vehicles which are designed or adapted primarily for being driven on roads and which do not have any special features for facilitating their being driven elsewhere; and references in this paragraph to the loading or unloading of a vehicle include references to the loading or unloading of its trailer or semi-trailer.”

Textual Amendments

F157 Sch. 4 para. 14(7)(b) repealed (7.4.2005) by Finance Act 2005 (c. 7), Sch. 11 Pt. 1

F158 Sch. 4 para. 14(8)(b) repealed (7.4.2005) by Finance Act 2005 (c. 7), Sch. 11 Pt. 1

F159 Sch. 4 para. 14(9) repealed (7.4.2005) by Finance Act 2005 (c. 7), Sch. 11 Pt. 1

Charge at higher rate

- 15 In section 17 of the 1994 Act (exceptions from charge at higher rate) the following provisions shall be omitted—
- (a) subsections (3) to (5) (provisions about farmers’ goods vehicles);
 - (b) subsections (6) and (7) (agricultural tractors and farmers’ goods vehicles in Northern Ireland).

Commencement

- 16 (1) This Part of this Schedule shall apply in relation to licences taken out on or after 1st July 1995.
- (2) This Part of this Schedule shall also apply in relation to any use after 30th June 1995 of a vehicle which—
- (a) had a plated gross weight or plated train weight (or, in Northern Ireland, a relevant maximum weight or relevant maximum train weight) on that date, and
 - (b) at the time when it is used has a confirmed maximum weight which, if that had been its plated gross weight or plated train weight (or relevant maximum weight or relevant maximum train weight) on that date, would have brought it within a description of vehicle to which a higher rate of duty was applicable on that date.

PART IV

RATES: SUPPLEMENTARY

Introduction

- 17 This Part of this Schedule (which supplements provisions of Part III of this Schedule) makes—
- (a) provision for determining the revenue weight of a vehicle, and
 - (b) consequential amendments.

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Issue of vehicle licences

- 18 In section 7(3) of the 1994 Act (matters that may be contained in declarations and particulars to be made or furnished by applicants for licences) for paragraph (b) there shall be substituted—

- “(b) the vehicle’s revenue weight,
- (ba) the place where the vehicle has been or is normally kept, and”.

Exchange of licences

- 19 In section 15(4) of the 1994 Act (exchange of licences where higher rate becomes chargeable) at the beginning there shall be inserted “ Subject to section 7(5), ”.

Exceptions from charge at higher rate

- 20 In section 16 of the 1994 Act (exceptions from charge at higher rate) in each of subsections (2)(b)(i), (4)(b)(i) and (6)(b)(i) for the words “a plated train weight (or, in Northern Ireland, a relevant maximum train weight)” there shall be substituted “ a revenue weight ”.

Combined road and rail transport

- 21 In section 20 of the 1994 Act (combined road and rail transport) for subsection (3) there shall be substituted the following subsection—

“(3) In this section “relevant goods vehicle” means any vehicle the rate of duty applicable to which is provided for in Part VIII of Schedule 1 or which would be such a vehicle if Part VI of that Schedule did not apply to the vehicle.”

Relevant higher rate used in calculating penalty

- 22 In section 39 of the 1994 Act (relevant higher rate used in calculating penalty)—
- (a) in subsection (2)(a) for the words “plated gross weight or plated train weight (or, in Northern Ireland, a relevant maximum weight or relevant maximum train weight)” there shall be substituted “ revenue weight ”;
 - (b) in each of subsections (4)(a) and (5)(a) for the words “plated gross weight or plated train weight (or, in Northern Ireland, relevant maximum weight or relevant maximum train weight)” there shall be substituted “ revenue weight ”;
 - (c) in the words after paragraph (b) of each of subsections (4) and (5) for the words “plated gross weight or plated train weight (or relevant maximum weight or relevant maximum train weight)” there shall be substituted “ revenue weight ”.

Relevant period used in calculating penalty

- 23 In section 40(2) of the 1994 Act (relevant period used in calculating penalty)—
- (a) for the words “plated gross weight or a plated train weight (or, in Northern Ireland, a relevant maximum weight or relevant maximum train weight)” there shall be substituted “ revenue weight ”;
 - (b) for the words “was plated with (or rated at) the higher weight” there shall be substituted “ became a vehicle with a higher revenue weight ”.

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False or misleading information etc.

24 In section 45 of the 1994 Act (false or misleading information) after subsection (3) there shall be inserted the following subsections—

“(3A) A person who, in supplying information or producing documents for the purposes of any regulations made under section 61A—

- (a) makes a statement which to his knowledge is false or in any material respect misleading or recklessly makes a statement which is false or in any material respect misleading, or
- (b) produces or otherwise makes use of a document which to his knowledge is false or in any material respect misleading,

is guilty of an offence.

(3B) A person who—

- (a) with intent to deceive, forges, alters or uses a certificate issued by virtue of section 61A;
- (b) knowing or believing that it will be used for deception lends such a certificate to another or allows another to alter or use it; or
- (c) without reasonable excuse makes or has in his possession any document so closely resembling such a certificate as to be calculated to deceive,

is guilty of an offence.”

25 In section 60(2) of the 1994 Act (orders subject to annulment), after “section 3(3)” there shall be inserted “, paragraph 18(4) of Schedule 1 ”.

Meaning of “revenue weight”

26 Immediately before section 61 of the 1994 Act there shall be inserted the following section—

“60A Meaning of “revenue weight”.

(1) Any reference in this Act to the revenue weight of a vehicle is a reference—

- (a) where it has a confirmed maximum weight, to that weight; and
- (b) in any other case, to the weight determined in accordance with the following provisions of this section.

(2) For the purposes of this Act a vehicle which does not have a confirmed maximum weight shall have a revenue weight which, subject to the following provisions of this section, is equal to its design weight.

(3) Subject to subsection (4), the design weight of a vehicle is, for the purposes of this section—

- (a) in the case of a tractive unit, the weight which is required, by the design and any subsequent adaptations of that vehicle, not to be exceeded by an articulated vehicle which—
 - (i) consists of the vehicle and any semi-trailer capable of being drawn by it, and
 - (ii) is in normal use and travelling on a road laden;

and

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- (b) in the case of any other vehicle, the weight which the vehicle itself is designed or adapted not to exceed when in normal use and travelling on a road laden.
- (4) Where, at any time, a vehicle—
 - (a) does not have a confirmed maximum weight,
 - (b) has previously had such a weight, and
 - (c) has not acquired a different design weight by reason of any adaptation made since the most recent occasion on which it had a confirmed maximum weight,the vehicle's design weight at that time shall be equal to its confirmed maximum weight on that occasion.
- (5) An adaptation reducing the design weight of a vehicle shall be disregarded for the purposes of this section unless it is a permanent adaptation.
- (6) For the purposes of this Act where—
 - (a) a vehicle which does not have a confirmed maximum weight is used on a public road in the United Kingdom, and
 - (b) at the time when it is so used—
 - (i) the weight of the vehicle, or
 - (ii) in the case of a tractive unit used as part of an articulated vehicle consisting of the vehicle and a semi-trailer, the weight of the articulated vehicle,exceeds what, apart from this subsection, would be the vehicle's design weight,it shall be conclusively presumed, as against the person using the vehicle, that the vehicle has been temporarily adapted so as to have a design weight while being so used equal to the actual weight of the vehicle or articulated vehicle at that time.
- (7) For the purposes of this Act limitations on the space available on a vehicle for carrying a load shall be disregarded in determining the weight which the vehicle is designed or adapted not to exceed when in normal use and travelling on a road laden.
- (8) A vehicle which does not have a confirmed maximum weight shall not at any time be taken to have a revenue weight which is greater than the maximum laden weight at which that vehicle or, as the case may be, an articulated vehicle consisting of that vehicle and a semi-trailer may lawfully be used in Great Britain.
- (9) A vehicle has a confirmed maximum weight at any time if at that time—
 - (a) it has a plated gross weight or a plated train weight; and
 - (b) that weight is the maximum laden weight at which that vehicle or, as the case may be, an articulated vehicle consisting of that vehicle and a semi-trailer may lawfully be used in Great Britain;and the confirmed maximum weight of a vehicle with such a weight shall be taken to be the weight referred to in paragraph (a).
- (10) Where any vehicle has a special maximum weight in Northern Ireland which is greater than the maximum laden weight at which that vehicle or, as the

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case may be, an articulated vehicle consisting of that vehicle and a semi-trailer may lawfully be used in Great Britain, this section shall have effect, in relation to that vehicle, as if the references to Great Britain in subsections (8) and (9) were references to Northern Ireland.

- (11) For the purposes of this section a vehicle has a special maximum weight in Northern Ireland if an order under Article 29(3) of the ^{M140}Road Traffic (Northern Ireland) Order 1981 (authorisation of use on roads of vehicles and trailers not complying with regulations) has effect in relation to that vehicle for determining the maximum laden weight at which it may lawfully be used in Northern Ireland or, as the case may be, for determining the maximum laden weight at which an articulated vehicle consisting of that vehicle and a semi-trailer may lawfully be used there.”

Marginal Citations

[M140 S.I. 1981/154 \(N.I. 1\).](#)

Interpretation

- 27 (1) In subsection (3) of section 61 of the 1994 Act (meaning of “appropriate plate”)—
- (a) the word “ and ” shall be inserted at the end of paragraph (a); and
 - (b) paragraph (c) (plated weight determined by reference to section 41 of the ^{M141}Road Traffic Act 1988) and the word “and” immediately preceding it shall be omitted.
- (2) After subsection (3) of that section there shall be inserted the following subsection—
- “(3A) Where it appears to the Secretary of State that there is a description of document which—
- (a) falls to be treated for some or all of the purposes of the ^{M142}Road Traffic Act 1988 as if it were a plating certificate, or
 - (b) is issued under the law of any state in the European Economic Area for purposes which are or include purposes corresponding to those for which such a certificate is issued,
- he may by regulations provide for references in this section to a plating certificate to have effect as if they included references to a document of that description.”
- (3) Subsections (4), (5) and (7) of that section (relevant weights in Northern Ireland and definition of “design weight”) shall be omitted.

Marginal Citations

[M141 1988 c. 52.](#)

[M142 1988 c. 52.](#)

Certificates as to vehicle weight

- 28 After section 61 of the 1994 Act there shall be inserted the following section—

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“61A Certificates etc. as to vehicle weight.

- (1) The Secretary of State may by regulations make provision—
 - (a) for the making of an application to the Secretary of State for the issue of a certificate stating the design weight of a vehicle;
 - (b) for the manner in which any determination of the design weight of any vehicle is to be made on such an application and for the issue of a certificate on the making of such a determination;
 - (c) for the examination, for the purposes of the determination of the design weight of a vehicle, of that vehicle by such persons, and in such manner, as may be prescribed by the regulations;
 - (d) for a certificate issued on the making of such a determination to be treated as having conclusive effect for the purposes of this Act as to such matters as may be prescribed by the regulations;
 - (e) for the Secretary of State to be entitled, in cases prescribed by the regulations, to require the production of such a certificate before making a determination for the purposes of section 7(5); and
 - (f) for appeals against determinations made in accordance with the regulations.
- (2) Regulations under this section may provide for an adaptation of a vehicle—
 - (a) to be taken into account in determining the design weight of a vehicle in a case to which section 60A(6) does not apply, or
 - (b) to be treated as permanent for the purposes of section 60A(5),if, and only if, it is an adaptation with respect to which a certificate has been issued under the regulations.
- (3) Regulations under this section may provide that such documents purporting to be plating certificates (within the meaning of Part II of the^{M143}Road Traffic Act 1988) as satisfy requirements prescribed by the regulations are to have effect, for some or all of the purposes of this Act, as if they were certificates issued under such regulations.
- (4) Without prejudice to the generality of the preceding provisions of this section, regulations under this section may, in relation to—
 - (a) the examination of a vehicle on an application under the regulations, or
 - (b) any appeals against determinations made for the purposes of the issue of a certificate in accordance with the regulations,make provision corresponding to, or applying (with or without modifications), any of the provisions having effect by virtue of so much of sections 49 to 51 of the^{M144}Road Traffic Act 1988 as relates to examinations authorised by virtue of, or appeals under, any of those sections.
- (5) In this section “design weight” has the same meaning as in section 60A.”

Marginal Citations

M143 1988 c. 52.

M144 1988 c. 52.

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Commencement

- 29 Paragraph 16 above shall apply for the purposes of this Part of this Schedule as it applies for the purposes of Part III of this Schedule.

PART V

LICENCES

Applications for licences

- 30 (1) In section 7 of the 1994 Act (issue of vehicle licences)—
- (a) in subsection (1) (regulations about applications) for “prescribed by regulations made” there shall be substituted “specified”;
 - (b) in subsection (2) for “prescribed” there shall be substituted “specified”.
- (2) In section 11 of the 1994 Act (issue of trade licences) in subsection (1) (regulations about applications)—
- (a) for “prescribed by regulations made” there shall be substituted “specified”;
 - (b) for “so prescribed” there shall be substituted “prescribed by regulations made by the Secretary of State”.
- (3) This paragraph shall apply in relation to applications made after the day on which this Act is passed.

Duration of trade licences

- 31 (1) In section 13 of the 1994 Act (duration of trade licences) in subsection (1) at the end of paragraph (c) there shall be inserted “and ending no later than the relevant date.”
- (2) After subsection (1) of that section there shall be inserted—
- “(1A) In subsection (1)(c) “the relevant date” means—
- (a) in relation to a licence taken out for a period beginning with the first day of any of the months February to June in any year, 31st December of that year;
 - (b) in relation to a licence taken out for a period beginning with the first day of any of the months August to December in any year, 30th June of the following year.”
- (3) This paragraph shall apply in relation to licences taken out after the day on which this Act is passed.

Payment for licences by cheque

- 32 (1) The following section shall be inserted after section 19 of the 1994 Act—

“19A Payment for licences by cheque.

- (1) The Secretary of State may, if he thinks fit, issue a vehicle licence or a trade licence on receipt of a cheque for the amount of the duty payable on it.
- (2) In a case where—

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- (a) a vehicle licence or a trade licence is issued to a person on receipt of a cheque which is subsequently dishonoured, and
 - (b) the Secretary of State sends a notice by post to the person informing him that the licence is void as from the time when it was granted,
- the licence shall be void as from the time when it was granted.
- (3) In a case where—
- (a) a vehicle licence or a trade licence is issued to a person on receipt of a cheque which is subsequently dishonoured,
 - (b) the Secretary of State sends a notice by post to the person requiring him to secure that the duty payable on the licence is paid within such reasonable period as is specified in the notice,
 - (c) the requirement in the notice is not complied with, and
 - (d) the Secretary of State sends a further notice by post to the person informing him that the licence is void as from the time when it was granted,
- the licence shall be void as from the time when it was granted.
- (4) Section 102 of the ^{M145}Customs and Excise Management Act 1979 (payment for excise licences by cheque) shall not apply in relation to a vehicle licence or a trade licence.”
- (2) The following section shall be inserted after section 35 of the 1994 Act—

“35A Dishonoured cheques.

- (1) In a case where—
- (a) a notice sent as mentioned in section 19A(2)(b) or a further notice sent as mentioned in section 19A(3)(d) requires the person to deliver up the licence within such reasonable period as is specified in the notice, and
 - (b) the person fails to comply with the requirement within that period, he shall be liable on summary conviction to a penalty of an amount found under subsection (2).
- (2) The amount is whichever is the greater of—
- (a) level 3 on the standard scale;
 - (b) an amount equal to five times the annual rate of duty that was payable on the grant of the licence or would have been so payable if it had been taken out for a period of twelve months.”
- (3) In section 36 of the 1994 Act (dishonoured cheques: additional liability) in subsection (1) for the words from “102” to “cheque)” there shall be substituted “35A ”.
- (4) This paragraph shall apply in relation to licences taken out after the day on which this Act is passed.

Marginal Citations

M145 1979 c. 2.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

PART VI

REGISTRATION

- 33 In section 21 of the 1994 Act (registration of vehicles) at the beginning of subsections (1) and (2) there shall be inserted “ Subject to subsection (3) ” and after subsection (2) there shall be inserted—
- “(3) The Secretary of State may by regulations provide that in such circumstances as may be prescribed by the regulations a vehicle shall not be registered under this section until a fee of such amount as may be so prescribed is paid.
- (4) The Secretary of State may by regulations make provision about repayment of any sum paid by way of a fee mentioned in subsection (3), and the regulations may in particular include provision—
- (a) that repayment shall be made only if a specified person is satisfied that specified conditions are met or in other specified circumstances;
 - (b) that repayment shall be made in part only;
 - (c) that, in the case of partial repayment, the amount repaid shall be a specified sum or determined in a specified manner;
 - (d) for repayment of different amounts in different circumstances;
- and “specified” here means specified in the regulations.”
- 34 (1) Section 22 of the 1994 Act (registration regulations) shall be amended as follows.
- (2) In subsection (1) the following paragraph shall be inserted after paragraph (d)—
- “(dd) require a person by whom any vehicle is sold or disposed of to furnish the person to whom it is sold or disposed of with such document relating to the vehicle’s registration as may be prescribed by the regulations, and to do so at such time as may be so prescribed.”
- (3) The following subsections shall be inserted after subsection (1)—
- “(1A) The Secretary of State may make regulations providing for the sale of information derived from particulars contained in the register—
- (a) to such persons as the Secretary of State thinks fit, and
 - (b) for such price and on such other terms, and subject to such restrictions, as he thinks fit,
- if the information does not identify any person or contain anything enabling any person to be identified.
- (1B) Without prejudice to the generality of paragraph (d) of subsection (1) above, regulations under that paragraph may require—
- (a) any person there mentioned to furnish particulars to the other person there mentioned or to the Secretary of State or to both;
 - (b) any person there mentioned who is furnished with particulars in pursuance of the regulations to furnish them to the Secretary of State.”

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PART VII

OFFENCES

- 35 (1) In section 31 of the 1994 Act (relevant period for purposes of additional liability) in subsection (5)(b) (case where duty or amount equal to duty has been paid) the words “(or an amount equal to the duty due)” shall be omitted.
- (2) This paragraph shall apply in relation to offences committed after the day on which this Act is passed.
- 36 (1) The following section shall be inserted after section 32 of the 1994 Act—

“32A Immobilisation, removal and disposal of vehicles.

Schedule 2A (which relates to the immobilisation of vehicles as regards which it appears that an offence under section 29(1) is being committed and to their removal and disposal) shall have effect.”

- (2) The following Schedule shall be inserted after Schedule 2 to the 1994 Act—

“SCHEDULE 2A

IMMOBILISATION, REMOVAL AND DISPOSAL OF VEHICLES

Immobilisation

- 1 (1) The Secretary of State may make regulations under this Schedule with respect to any case where an authorised person has reason to believe that, on or after such date as may be prescribed, an offence under section 29(1) is being committed as regards a vehicle which is stationary on a public road.
- (2) The regulations may provide that the authorised person or a person acting under his direction may—
- fix an immobilisation device to the vehicle while it remains in the place where it is stationary, or
 - move it from that place to another place on the same or another public road and fix an immobilisation device to it in that other place.
- (3) The regulations may provide that on any occasion when an immobilisation device is fixed to a vehicle in accordance with the regulations the person fixing the device shall also fix to the vehicle a notice—
- indicating that the device has been fixed to the vehicle and warning that no attempt should be made to drive it or otherwise put it in motion until it has been released from the device;
 - specifying the steps to be taken to secure its release;
 - giving such other information as may be prescribed.
- (4) The regulations may provide that—
- a vehicle to which an immobilisation device has been fixed in accordance with the regulations may only be released from the device by or under the direction of an authorised person;

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (b) subject to that, such a vehicle shall be released from the device if the first and second requirements specified below are met.
- (5) The first requirement is that such charge in respect of the release as may be prescribed is paid in any manner specified in the immobilisation notice.
- (6) The second requirement is that—
 - (a) a vehicle licence is produced in accordance with instructions specified in the immobilisation notice, and the licence is one which is in force for the vehicle concerned at the time the licence is produced, or
 - (b) where such a licence is not produced, such sum as may be prescribed is paid in any manner specified in the immobilisation notice.
- (7) The regulations may provide that they shall not apply in relation to a vehicle if—
 - (a) a current disabled person’s badge is displayed on the vehicle, or
 - (b) such other conditions as may be prescribed are fulfilled;
 and “disabled person’s badge” here means a badge issued, or having effect as if issued, under any regulations for the time being in force under section 21 of the Chronically Sick and Disabled Persons Act 1970 or any regulations for the ^{M146}time being in force under section 14 of the ^{M147}Chronically Sick and Disabled Persons (Northern Ireland) Act 1978.
- (8) The regulations may provide that an immobilisation notice shall not be removed or interfered with except by or on the authority of a person falling within a prescribed description.

Offences connected with immobilisation

- 2 (1) The regulations may provide that a person contravening provision made under paragraph 1(8) is guilty of an offence and liable on summary conviction to a fine not exceeding level 2 on the standard scale.
- (2) The regulations may provide that a person who, without being authorised to do so in accordance with provision made under paragraph 1, removes or attempts to remove an immobilisation device fixed to a vehicle in accordance with the regulations is guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (3) The regulations may provide that where they would apply in relation to a vehicle but for provision made under paragraph 1(7)(a) and the vehicle was not, at the time it was stationary, being used—
 - (a) in accordance with regulations under section 21 of the ^{M148}Chronically Sick and Disabled Persons Act 1970 or regulations under section 14 of the ^{M149}Chronically Sick and Disabled Persons (Northern Ireland) Act 1978, and
 - (b) in circumstances falling within section 117(1)(b) of the ^{M150}Road Traffic Regulation Act 1984 or Article 174A(2)(b) of the ^{M151}Road Traffic (Northern Ireland) Order 1981 (use where a disabled person’s concession would be available),

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the person in charge of the vehicle at that time is guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale.

- (4) The regulations may provide that where—
- (a) a person makes a declaration with a view to securing the release of a vehicle from an immobilisation device purported to have been fixed in accordance with the regulations,
 - (b) the declaration is that the vehicle is or was an exempt vehicle, and
 - (c) the declaration is to the person's knowledge either false or in any material respect misleading,
- he is guilty of an offence.
- (5) The regulations may provide that a person guilty of an offence by virtue of provision made under sub-paragraph (4) is liable—
- (a) on summary conviction, to a fine not exceeding the statutory maximum, and
 - (b) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine or (except in Scotland) to both.

Removal and disposal of vehicles

- 3 (1) The regulations may make provision as regards a case where—
- (a) an immobilisation device is fixed to a vehicle in accordance with the regulations, and
 - (b) such conditions as may be prescribed are fulfilled.
- (2) The regulations may provide that an authorised person, or a person acting under the direction of an authorised person, may remove the vehicle and deliver it into the custody of a person—
- (a) who is identified in accordance with prescribed rules, and
 - (b) who agrees to accept delivery in accordance with arrangements agreed between that person and the Secretary of State;
- and the arrangements may include provision as to the payment of a sum to the person into whose custody the vehicle is delivered.
- (3) The regulations may provide that the person into whose custody the vehicle is delivered may dispose of it, and in particular provision may be made as to—
- (a) the time at which the vehicle may be disposed of;
 - (b) the manner in which it may be disposed of.
- (4) The regulations may make provision allowing a person to take possession of the vehicle if—
- (a) he claims it before it is disposed of, and
 - (b) any prescribed conditions are fulfilled.
- (5) The regulations may provide for a sum of an amount arrived at under prescribed rules to be paid to a person if—
- (a) he claims after the vehicle's disposal to be or to have been its owner,
 - (b) the claim is made within a prescribed time of the disposal, and

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- (c) any other prescribed conditions are fulfilled.
- (6) The regulations may provide that—
- (a) the Secretary of State, or
 - (b) a person into whose custody the vehicle is delivered under the regulations,
- may recover from the vehicle’s owner (whether or not a claim is made under provision made under sub-paragraph (4) or (5)) such charges as may be prescribed in respect of all or any of the following, namely, its release, removal, custody and disposal; and “owner” here means the person who was the owner when the immobilisation device was fixed.
- (7) The conditions prescribed under sub-paragraph (4) may include conditions as to—
- (a) satisfying the person with custody that the claimant is the vehicle’s owner;
 - (b) the payment of prescribed charges in respect of the vehicle’s release, removal and custody;
 - (c) the production of a vehicle licence;
 - (d) payment of a prescribed sum where a vehicle licence is not produced.
- (8) Without prejudice to anything in the preceding provisions of this paragraph, the regulations may include provision for purposes corresponding to those of sections 101 and 102 of the ^{M152}Road Traffic Regulation Act 1984 (disposal and charges) subject to such additions, omissions or other modifications as the Secretary of State thinks fit.

Offences as to securing possession of vehicles

- 4 (1) The regulations may provide that where—
- (a) a person makes a declaration with a view to securing possession of a vehicle purported to have been delivered into the custody of a person in accordance with provision made under paragraph 3,
 - (b) the declaration is that the vehicle is or was an exempt vehicle, and
 - (c) the declaration is to the person’s knowledge either false or in any material respect misleading,
- he is guilty of an offence.
- (2) The regulations may provide that a person guilty of such an offence is liable—
- (a) on summary conviction, to a fine not exceeding the statutory maximum, and
 - (b) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine or (except in Scotland) to both.

Payment of sum where licence not produced

- 5 (1) The regulations may make provision as regards a case where a person pays a prescribed sum in pursuance of provision made under—
- (a) paragraph 1(6)(b), or

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- (b) paragraph 3(7)(d).
- (2) The regulations may—
 - (a) provide for a voucher to be issued in respect of the sum;
 - (b) provide for setting the sum against the amount of any vehicle excise duty payable in respect of the vehicle concerned;
 - (c) provide for the refund of any sum;
 - (d) provide that where a voucher has been issued section 29(1) and any other prescribed provision of this Act shall not apply, as regards the vehicle concerned, in relation to events occurring in a prescribed period.
- (3) The regulations may make provision—
 - (a) as to the information to be provided before a voucher is issued;
 - (b) as to the contents of vouchers;
 - (c) specifying conditions subject to which any provision under sub-paragraph (2)(b) to (d) is to have effect.
- (4) The regulations may make provision as to any case where a voucher is issued on receipt of a cheque which is subsequently dishonoured, and in particular the regulations may—
 - (a) provide for a voucher to be void;
 - (b) provide that, where the sum concerned is set against the amount of any vehicle excise duty, the licence concerned shall be void;
 - (c) make provision under which a person is required to deliver up a void voucher or void licence.

Offences relating to vouchers

- 6 (1) The regulations may provide that—
 - (a) a person is guilty of an offence if within such reasonable period as is found in accordance with prescribed rules he fails to deliver up a voucher that is void by virtue of provision made under paragraph 5(4);
 - (b) a person guilty of such an offence shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (2) The regulations may provide that a person is guilty of an offence if within such reasonable period as is found in accordance with prescribed rules he fails to deliver up a licence that is void by virtue of provision made under paragraph 5(4), and that a person guilty of such an offence shall be liable on summary conviction to a penalty of whichever is the greater of—
 - (a) level 3 on the standard scale;
 - (b) an amount equal to five times the annual rate of duty that was payable on the grant of the licence or would have been so payable if it had been taken out for a period of twelve months.
- (3) The regulations may provide that where a person is convicted of an offence under provision made by virtue of sub-paragraph (2) he must pay, in addition to any penalty, an amount found in accordance with prescribed rules.
- (4) The regulations may provide that if—

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- (a) a voucher is void by virtue of provision made under paragraph 5(4),
 - (b) a person seeks to set the sum concerned against the amount of any vehicle excise duty, and
 - (c) he knows the voucher is void,
- he is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.
- (5) The regulations may provide that a person who in connection with—
- (a) obtaining a voucher for which provision is made under paragraph 5, or
 - (b) obtaining a refund of any sum in respect of which such a voucher is issued,
- makes a declaration which to his knowledge is either false or in any material respect misleading is guilty of an offence.
- (6) The regulations may provide that a person is guilty of an offence if he forges, fraudulently alters, fraudulently uses, fraudulently lends or fraudulently allows to be used by another person a voucher for which provision is made under paragraph 5.
- (7) The regulations may provide that a person guilty of an offence under provision made under sub-paragraph (5) or (6) is liable—
- (a) on summary conviction, to a fine not exceeding the statutory maximum, and
 - (b) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine or (except in Scotland) to both.

Vouchers: general

- 7 Without prejudice to anything in paragraphs 5(4) and 6 the regulations may include provision for purposes corresponding to those of sections 19A and 36 subject to such additions, omissions or other modifications as the Secretary of State thinks fit.

Disputes

- 8 The regulations may make provision about the proceedings to be followed where a dispute occurs as a result of the regulations, and in particular provision may be made—
- (a) for an application to be made to a magistrates' court or (in Northern Ireland) a court of summary jurisdiction;
 - (b) for a court to order a sum to be paid by the Secretary of State.

Authorised persons

- 9 As regards anything falling to be done under the regulations (such as receiving payment of a charge or other sum or issuing a voucher) the regulations may provide that it may be done—
- (a) by an authorised person, or
 - (b) by an authorised person or a person acting under his direction.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Application of provisions

- 10 (1) The regulations may provide that they shall only apply where the authorised person has reason to believe that the offence mentioned in paragraph 1(1) is being committed before such date as may be prescribed.
- (2) The regulations may provide that they shall only apply where the vehicle mentioned in paragraph 1(1) is in a prescribed area.
- (3) Different dates may be prescribed under paragraph 1(1) or sub-paragraph (1) above in relation to different areas prescribed under sub-paragraph (2) above.

Interpretation

- 11 (1) The regulations may make provision as to the meaning for the purposes of the regulations of “owner” as regards a vehicle.
- (2) In particular, the regulations may provide that for the purposes of the regulations—
 - (a) the owner of a vehicle at a particular time shall be taken to be the person by whom it is then kept;
 - (b) the person by whom a vehicle is kept at a particular time shall be taken to be the person in whose name it is then registered by virtue of this Act.
- 12 (1) The regulations may make provision as to the meaning in the regulations of “authorised person”.
- (2) In particular, the regulations may provide that—
 - (a) references to an authorised person are to a person authorised by the Secretary of State for the purposes of the regulations;
 - (b) an authorised person may be a local authority or an employee of a local authority or a member of a police force or some other person;
 - (c) different persons may be authorised for the purposes of different provisions of the regulations.
- 13 In this Schedule—
 - (a) references to an immobilisation device are to a device or appliance which is an immobilisation device for the purposes of section 104 of the ^{M153}Road Traffic Regulation Act 1984 (immobilisation of vehicles illegally parked);
 - (b) references to an immobilisation notice are to a notice fixed to a vehicle in accordance with the regulations;
 - (c) “prescribed” means prescribed by regulations made under this Schedule.”

Marginal Citations

M146 1970 c. 44.

M147 1978 c. 53.

M148 1970 c. 44.

M149 1978 c. 53.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

M150 1984 c. 27.

M151 S.I. 1981/154 (N.I.1).

M152 1984 c. 27.

M153 1984 c. 27.

- 37 (1) In section 37(2) of the 1994 Act (penalty where duty at higher rate is not paid) the following shall be omitted—
- (a) the words “(or, in Scotland, on indictment or on summary conviction)”, and
 - (b) the words “(or, in Scotland, the statutory maximum)”.
- (2) In section 41(1)(b) of the 1994 Act (order in Scotland in case of offence under section 37) the words “182 or” and “183 or” shall be omitted.
- (3) This paragraph shall apply in relation to proceedings begun after the day on which this Act is passed.

PART VIII

PROCEEDINGS

F16038

Textual Amendments

F160 Sch. 4 para. 38 repealed (31.1.1997) by 1995 c. 38, s. 15(2), **Sch. 2** (with ss. 1(3), 6(4)(5), 14); S.I. 1996/3217, **art. 2**

PART IX

TRANSITIONALS

Higher rate not to apply

- 39 (1) This paragraph applies where a vehicle licence is taken out—
- (a) before 1st July 1995, and
 - (b) at the rate applicable (at the time it is taken out) under Schedule 1 to the 1994 Act or any provision re-enacted in that Schedule.
- (2) While the licence is in force duty shall not, by virtue of any provision contained in Part III or IV of this Schedule other than paragraph 16(2) above, become chargeable under section 15 of the 1994 Act (vehicle used in manner attracting higher rate).

Regulations

- 40 (1) This paragraph applies where regulations to determine the seating capacity of a hackney carriage are made, or have effect as if made, under sub-paragraph (2) of paragraph 3 of Schedule 1 to the 1994 Act (as that paragraph has effect apart from the substitution made by paragraph 8 above).

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- (2) The regulations shall have effect as if made under sub-paragraph (5) of paragraph 3 of that Schedule (as substituted by paragraph 8 above) to determine the seating capacity of a vehicle.
- (3) This paragraph shall apply in relation to licences taken out on or after 1st July 1995.

PART X

SPECIAL RELIEFS

Relief where exemption abolished

- 41 (1) This paragraph applies where—
 - (a) a vehicle licence is taken out for a vehicle on or after 1st July 1995 and before 1st July 1996,
 - (b) the licence is the first vehicle licence to be taken out for the vehicle on or after 1st July 1995,
 - (c) the vehicle would be an exempt vehicle apart from paragraph 2 above, and
 - (d) the amount of vehicle excise duty to be paid on the licence would (apart from this paragraph) exceed £1,000.
- (2) In such a case the amount of vehicle excise duty to be paid on the licence shall be £1,000.
- (3) This paragraph shall be construed in accordance with the 1994 Act.

Relief where vehicle changes category

- 42 (1) This paragraph applies where paragraph 41 above does not apply and—
 - (a) a vehicle licence is taken out for a vehicle on or after 1st July 1995 and before 1st July 1996,
 - (b) the licence is the first vehicle licence to be taken out for the vehicle on or after 1st July 1995,
 - (c) apart from Part III of this Schedule, the annual rate of vehicle excise duty applicable to the vehicle would be found under any of the provisions falling within sub-paragraph (3) below, and
 - (d) the new amount of duty exceeds the old amount of duty by more than £1,000.
- (2) In such a case the amount of vehicle excise duty to be paid on the licence shall be an amount equal to £1,000 plus the old amount of duty.
- (3) The provisions falling within this sub-paragraph are—
 - (a) paragraph 8(1) and (2)(b) of Schedule 1 to the 1994 Act;
 - (b) paragraph 8(1) and (2)(c) of that Schedule;
 - (c) paragraph 8(1) and (2)(d) of that Schedule;
 - (d) paragraph 12(2) of that Schedule;
 - (e) paragraph 12(3) to (5) of that Schedule.
- (4) For the purposes of this paragraph—
 - (a) the new amount of duty is the amount of vehicle excise duty payable on the licence apart from this paragraph;

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(b) the old amount of duty is the amount of vehicle excise duty that would be payable on the licence if Part III of this Schedule had not been enacted.

(5) This paragraph shall be construed in accordance with the 1994 Act.

SCHEDULE 5

Section 34.

INSURANCE PREMIUM TAX

1 Part III of the ^{M154}Finance Act 1994 (insurance premium tax) shall be amended as provided by this Schedule.

Marginal Citations

M154 1994 c. 9.

2 (1) Section 53 (registration of insurers) shall be amended as follows.

(2) In subsection (5) (Commissioners to cancel registration of person who ceases to receive premiums)—

- (a) the word “ and ” shall be inserted after paragraph (a);
- (b) paragraph (c) (person to satisfy Commissioners that no tax is unpaid) and the word “and” immediately preceding it shall be omitted.

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

“(5A) In a case where—

- (a) the Commissioners are satisfied that a person has ceased to receive, as insurer, premiums in the course of any taxable business, but
 - (b) he has not notified them under subsection (3) above,
- they may cancel his registration with effect from the earliest practicable time after he so ceased.”

(4) Sub-paragraph (2) above shall apply in relation to notifications made under section 53(3) on or after the day on which this Act is passed.

3 Section 53 shall be further amended by inserting the following subsection after subsection (1)—

“(1A) The register kept under this section may contain such information as the Commissioners think is required for the purposes of the care and management of the tax.”

4 The following section shall be inserted after section 53—

“53A Information required to keep register up to date.

(1) Regulations may make provision requiring a registrable person to notify the Commissioners of particulars which—

- (a) are of changes in circumstances relating to the registrable person or any business carried on by him,

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- (b) appear to the Commissioners to be required for the purpose of keeping the register kept under section 53 above up to date, and
 - (c) are of a prescribed description.
 - (2) Regulations may make provision—
 - (a) as to the time within which a notification is to be made;
 - (b) as to the form and manner in which a notification is to be made;
 - (c) requiring a person who has made a notification to notify the Commissioners if any information contained in it is inaccurate.”
- 5 (1) Section 59 (review of Commissioners’ decisions) shall be amended as follows.
 - (2) In subsection (1)(d) (review of decision with respect to assessment) for the words “under section 56 above” there shall be substituted “ falling within subsection (1A) below ”.
 - (3) The following subsection shall be inserted after subsection (1)—

“(1A) An assessment falls within this subsection if it is an assessment under section 56 above in respect of an accounting period in relation to which a return required to be made by virtue of regulations under section 54 above has been made.”
 - (4) This paragraph shall apply in relation to assessments made on or after the day on which this Act is passed.
- 6 In section 73(1) (interpretation) after the entry relating to “conduct” there shall be inserted—

““insurance business” means a business which consists of or includes the provision of insurance;”.
- 7 (1) In Schedule 7 (information, powers, etc.) paragraphs 2(1) to (3) and 3(1) to (3) (duty to furnish information and produce documents) shall be amended as follows—
 - (a) for the words “a taxable business” (in each place where they occur) there shall be substituted “ an insurance business ”;
 - (b) for the words “taxable insurance contracts” (in each place where they occur) there shall be substituted “ contracts of insurance ”;
 - (c) for the words “taxable insurance contract” (in each place where they occur) there shall be substituted “ contract of insurance. ”.
 - (2) This paragraph shall apply in relation to contracts whether entered into before or after the passing of this Act.
- 8 (1) In Schedule 7 the following shall be inserted after paragraph 4—

“ Order for access to recorded information etc.

 - 4A (1) Where, on an application by an authorised person, a justice of the peace or, in Scotland, a justice (within the meaning of section 462 of the ^{M155}Criminal Procedure (Scotland) Act 1975) is satisfied that there are reasonable grounds for believing—
 - (a) that an offence in connection with tax is being, has been or is about to be committed, and

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- (b) that any recorded information (including any document of any nature whatsoever) which may be required as evidence for the purpose of any proceedings in respect of such an offence is in the possession of any person,
he may make an order under this paragraph.
 - (2) An order under this paragraph is an order that the person who appears to the justice to be in possession of the recorded information to which the application relates shall—
 - (a) give an authorised person access to it, and
 - (b) permit an authorised person to remove and take away any of it which he reasonably considers necessary,
not later than the end of the period of 7 days beginning on the date of the order or the end of such longer period as the order may specify.
 - (3) The reference in sub-paragraph (2)(a) above to giving an authorised person access to the recorded information to which the application relates includes a reference to permitting the authorised person to take copies of it or to make extracts from it.
 - (4) Where the recorded information consists of information contained in a computer, an order under this paragraph shall have effect as an order to produce the information in a form in which it is visible and legible and, if the authorised person wishes to remove it, in a form in which it can be removed.
 - (5) This paragraph is without prejudice to paragraphs 3 and 4 above.”
- (2) In paragraph 5(1) of Schedule 7 (duty to provide record of anything removed in exercise of power) after the words “paragraph 4” there shall be inserted “ or 4A ”.

Marginal Citations
M155 1975 c. 21.

F1619

Textual Amendments
F161 Sch. 5 para. 9 repealed (1.7.1997) by 1997 c. 16, s. 113, Sch. 18 Pt. V(2) Note; S.I. 1997/1433, art. 2

SCHEDULE 6

Section 39.

AMENDMENTS IN CONNECTION WITH CHARGE UNDER SCHEDULE A

The Taxes Act 1988

F1621

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F162 Sch. 6 para. 1 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F163²

Textual Amendments

F163 Sch. 6 para. 2 repealed (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)

3 Sections 22 and 23 of that Act (assessments to income tax under Schedule A and collection from lessees and agents) shall cease to have effect.

F164⁴

Textual Amendments

F164 Sch. 6 para. 4 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F165⁵

Textual Amendments

F165 Sch. 6 para. 5 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F166⁶

Textual Amendments

F166 Sch. 6 para. 6 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F167⁷

Textual Amendments

F167 Sch. 6 para. 7 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F168⁸

Textual Amendments

F168 Sch. 6 para. 8 repealed (19.3.1997 with effect as mentioned in s. 85, Sch. 15 para. 9(1) of the amending Act) by 1997 c. 16, s. 113, **Sch. 18 Pt. VI(11)** Note

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

F169⁹

Textual Amendments

F169 Sch. 6 para. 9 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F170¹⁰

Textual Amendments

F170 Sch. 6 para. 10 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F171¹¹

Textual Amendments

F171 Sch. 6 para. 11 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F172¹²

Textual Amendments

F172 Sch. 6 para. 12 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F173¹³

Textual Amendments

F173 Sch. 6 para. 13 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F174¹⁴

Textual Amendments

F174 Sch. 6 para. 14 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F175¹⁵

Textual Amendments

F175 Sch. 6 para. 15 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

F176¹⁶

Textual Amendments

F176 Sch. 6 para. 16 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F177F178¹⁷

Textual Amendments

F177 Sch. 6 para. 17 repealed (6.4.2005) by **Income Tax (Trading and Other Income) Act 2005** (c. 5), s. 883(1), **Sch. 3** (with **Sch. 2**)

F178 Sch. 6 para. 17 repealed (6.4.2007) by **Income Tax Act 2007** (c. 3), s. 1034(1), **Sch. 3 Pt. 1** (with **Sch. 2**)

F179¹⁸

Textual Amendments

F179 Sch. 6 para. 18 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(7) Note 4 of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(7)** Note 4

F180¹⁹

Textual Amendments

F180 Sch. 6 para. 19 repealed (6.4.2007) by **Income Tax Act 2007** (c. 3), s. 1034(1), **Sch. 3 Pt. 1** (with **Sch. 2**)

F181²⁰

Textual Amendments

F181 Sch. 6 para. 20 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F182²¹

Textual Amendments

F182 Sch. 6 para. 21 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F183²²

Textual Amendments

F183 Sch. 6 para. 22 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)*

F184²³

Textual Amendments
F184 Sch. 6 para. 23 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F185²⁴

Textual Amendments
F185 Sch. 6 para. 24 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F186²⁵

Textual Amendments
F186 Sch. 6 para. 25 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

- 26 In section 692(1) of that Act (reimbursement of settlor), for the words from “the profits” onwards there shall be substituted “ either the profits of a trade carried on by the settlor or the profits of a Schedule A business so carried on ”.
- 27 In section 779(13)(a) of that Act (definition of relevant tax relief for the purposes of anti-avoidance provisions), the words “allowable by virtue of sections 25, 26 and 28 to 31 and Schedule 1” shall be omitted.
- 28 In section 832(1) of that Act (interpretation of the Tax Acts), after the definition of “recognised clearing system” there shall be inserted the following definition—

““Schedule A business” means any business the profits or gains of which are chargeable to income tax under Schedule A, including the business in the course of which any transaction is by virtue of paragraph 1(2) of that Schedule to be treated as entered into;”.

The Capital Allowances Act 1990 (c. 1)

F187²⁹

Textual Amendments
F187 Sch. 6 para. 29 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F188³⁰

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F188 Sch. 6 para. 30 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F189³¹

Textual Amendments

F189 Sch. 6 para. 31 repealed (19.3.1997 with effect as mentioned in s. 85, **Sch. 15 para. 9(1)** of the amending Act) by 1997 c. 16, s. 113, **Sch. 18 Pt. VI(11)** Note

F190³²

Textual Amendments

F190 Sch. 6 para. 32 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F191³³

Textual Amendments

F191 Sch. 6 para. 33 repealed (19.3.1997 with effect as mentioned in s. 85, **Sch. 15 para. 9(1)** of the amending Act) by 1997 c. 16, s. 113, **Sch. 18 Pt. VI(11)** Note

F192³⁴

Textual Amendments

F192 Sch. 6 para. 34 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

F193³⁵

Textual Amendments

F193 Sch. 6 para. 35 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

The Taxation of Chargeable Gains Act 1992 (c. 12)

F194³⁶

Textual Amendments

F194 Sch. 6 para. 36 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

F195³⁷

Textual Amendments

F195 Sch. 6 para. 37 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)** Note

The Finance (No. 2) Act 1992 (c. 48)

F196³⁸

Textual Amendments

F196 Sch. 6 para. 38 repealed (6.4.2005) by **Income Tax (Trading and Other Income) Act 2005 (c. 5)**, s. 883(1), **Sch. 3** (with Sch. 2)

F197 SCHEDULE 7

Textual Amendments

F197 Sch. 7 repealed (29.4.1996 with effect as mentioned in ss. 80-105 of the amending Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

SCHEDULE 8

Section 51.

LIFE ASSURANCE BUSINESS

PART I

GENERAL AMENDMENTS

Classes of life assurance business

1 In section 431(2) of the Taxes Act 1988 (interpretative provisions relating to insurance companies), insert the following at the appropriate places in alphabetical order—

“pension business” has the meaning given by section 431B;

“life reinsurance business” has the meaning given by section 431C;

“overseas life assurance business” has the meaning given by section 431D;

“basic life assurance and general annuity business” has the meaning given by section 431F;

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

F198
...

Textual Amendments

F198 Sch. 8 para. 1 entry repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 27 Pt. 2(7)

2 After section 431A of the Taxes Act 1988 insert—

“ Classes of life assurance business

431B Meaning of “pension business”.

- (1) In this Chapter “pension business” means so much of a company’s life assurance business as is referable to contracts of the following descriptions or to the reinsurance of liabilities under such contracts.
- (2) The descriptions of contracts are—
 - (a) any contract with an individual who is, or would but for an insufficiency of profits or gains be, chargeable to income tax in respect of relevant earnings (as defined in section 623(1) and (2)) from a trade, profession, vocation, office or employment carried on or held by him, being a contract approved by the Board under section 620 or a substituted contract within the meaning of section 622(3);
 - (b) any contract (including a contract of insurance) entered into for the purposes of, and made with the persons having the management of, an exempt approved scheme as defined in Chapter I of Part XIV, being a contract so framed that the liabilities undertaken by the insurance company under the contract correspond with liabilities against which the contract is intended to secure the scheme;
 - (c) any contract made under approved personal pension arrangements within the meaning of Chapter IV of Part XIV;
 - (d) any annuity contract entered into for the purposes of—
 - (i) a scheme which is approved or is being considered for approval under Chapter I of Part XIV;
 - (ii) a scheme which is a relevant statutory scheme for the purposes of Chapter I of Part XIV; or
 - (iii) a fund to which section 608 applies,being a contract which is made with the persons having the management of the scheme or fund, or those persons and a member of or contributor to the scheme or fund, and by means of which relevant benefits (see subsections (3) and (4) below), and no other benefits, are secured;
 - (e) any annuity contract which is entered into in substitution for a contract within paragraph (d) above and by means of which relevant benefits (see subsections (3) and (4) below), and no other benefits, are secured;
 - (f) any contract with the trustees or other persons having the management of a scheme approved under section 620 or, subject to

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subsection (5) below, of a superannuation fund which was approved under section 208 of the 1970 Act, being a contract which—

- (i) was entered into for the purposes only of that scheme or fund or, in the case of a fund part only of which was approved under section 208, for the purposes only of that part of that fund, and
 - (ii) (in the case of a contract entered into or varied after 1st August 1956) is so framed that the liabilities undertaken by the insurance company under the contract correspond with liabilities against which the contract is intended to secure the scheme or fund (or the relevant part of the fund).
- (3) For the purposes of subsection (2)(d) and (e) above “relevant benefits” means relevant benefits as defined by section 612(1) which correspond—
- (a) where subsection (2)(d)(i) above applies, or subsection (2)(e) above applies and the contract within subsection (2)(d) was entered into for the purposes of a scheme falling within subsection (2)(d)(i), with benefits that could be provided by a scheme approved under Chapter I of Part XIV;
 - (b) where subsection (2)(d)(ii) above applies, or subsection (2)(e) above applies and the contract within subsection (2)(d) was entered into for the purposes of a scheme falling within subsection (2)(d)(ii), with benefits that could be provided by a scheme which is a relevant statutory scheme for the purposes of Chapter I of Part XIV;
 - (c) where subsection (2)(d)(iii) above applies, or subsection (2)(e) above applies and the contract within subsection (2)(d) was entered into for the purposes of a fund falling within subsection (2)(d)(iii), with benefits that could be provided by a fund to which section 608 applies.
- (4) For the purposes of subsection (3)(a), (b) or (c) above a hypothetical scheme or fund (rather than any particular scheme or fund), and benefits provided by a scheme or fund directly (rather than by means of an annuity contract), shall be taken.
- (5) Subsection (2)(f) above shall not apply to a contract where the fund in question was approved under section 208 of the 1970 Act unless—
- (a) immediately before 6th April 1980 premiums paid under the contract with the trustees or other persons having the management of the fund fell within section 323(4) of that Act (premiums referable to pension business); and
 - (b) the terms on which benefits are payable from the fund have not been altered since that time; and
 - (c) section 608 applies to the fund.
- (6) In subsection (5) above “premium” includes any consideration for an annuity.

431C Meaning of “life reinsurance business”.

- (1) In this Chapter “life reinsurance business” means reinsurance of life assurance business other than pension business or business of any description excluded from this section by regulations made by the Board.

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- (2) Regulations under subsection (1) above may describe the excluded business by reference to any circumstances appearing to the Board to be relevant.

431D Meaning of “overseas life assurance business”.

- (1) In this Chapter “overseas life assurance business” means life assurance business, other than pension business or life reinsurance business, which—
- (a) in the case of life assurance business other than reinsurance business, is business with a policy holder or annuitant not residing in the United Kingdom, and
 - (b) in the case of reinsurance business, is—
 - (i) reinsurance of life assurance business with a policy holder or annuitant not residing in the United Kingdom, or
 - (ii) reinsurance of business within sub-paragraph (i) above or this sub-paragraph.
- (2) Subject to subsections (5) and (7) below, in subsection (1) above the references to life assurance business with a policy holder or annuitant do not include life assurance business with a person who is an individual if—
- (a) the policy holder or annuitant is not beneficially entitled to the rights conferred by the policy or contract for the business, or
 - (b) any benefits under the policy or contract for the business are or will be payable to a person other than the policy holder or annuitant (or his personal representatives) or to a number of persons not including him (or them).
- (3) For the purposes of subsection (2) above any nomination by a policy holder or annuitant of an individual or individuals as the recipient or recipients of benefits payable on death shall be disregarded.
- (4) Subject to subsections (5) and (7) below, in subsection (1) above the references to life assurance business with a policy holder or annuitant do not include life assurance business with a person who is not an individual.
- (5) Subsections (2) and (4) above do not apply if—
- (a) the rights conferred by the policy or contract for the business are held subject to a trust,
 - (b) the settlor does not reside in the United Kingdom, and
 - (c) each beneficiary is either an individual not residing in the United Kingdom or a charity.
- (6) In subsection (5) above—
- (a) “settlor” means the person, or (where more than one) each of the persons, by whom the trust was directly or indirectly created (and for this purpose a person shall, in particular, be regarded as having created the trust if he provided or undertook to provide funds directly or indirectly for the purposes of the trust or made with any other person a reciprocal arrangement for that other person to create the trust),
 - (b) “beneficiary” means any person who is, or will or may become, entitled to any benefit under the trust (including any person who may

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- become so entitled on the exercise of a discretion by the trustees of the trust), and
- (c) “charity” means a person or body of persons established for charitable purposes only;
- and for the purpose of that subsection an individual who is a trustee (of any trust) shall not be regarded as an individual.
- (7) Subsections (2) and (4) above do not apply if the policy or contract for the business was effected solely to provide benefits for or in respect of—
- (a) persons all, or all but an insignificant number, of whom are relevant overseas employees, or
- (b) spouses, widows, widowers, children or dependants of such persons.
- (8) In subsection (7) above “relevant overseas employees” means persons who are not residing in the United Kingdom and are—
- (a) employees of the policy holder or annuitant,
- (b) employees of a person connected with the policy holder or annuitant, or
- (c) employees in respect of whose employment there is established a superannuation fund to which section 615(3) applies;
- and section 839 applies for the purposes of this subsection.

431E Overseas life assurance business: regulations.

- (1) The Board may by regulations make provision for giving effect to section 431D.
- (2) Such regulations may, in particular—
- (a) provide that, in such circumstances as may be prescribed, any prescribed issue as to whether business is or is not overseas life assurance business (or overseas life assurance business of a particular kind) shall be determined by reference to such matters (including the giving of certificates or undertakings, the giving or possession of information or the making of declarations) as may be prescribed,
- (b) require companies to obtain certificates, undertakings, information or declarations from policy holders or annuitants, or from trustees or other companies, for the purposes of the regulations,
- (c) make provision for dealing with cases where any issue such as is mentioned in paragraph (a) above is (for any reason) wrongly determined, including provision allowing for the imposition of charges to tax (with or without limits on time) on the insurance company concerned or on the policy holders or annuitants concerned,
- (d) require companies to supply information and make available books, documents and other records for inspection on behalf of the Board, and
- (e) make provision (including provision imposing penalties) for contravention of, or non-compliance with, the regulations.
- (3) The regulations may—
- (a) make different provision for different cases, and

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- (b) contain such supplementary, incidental, consequential or transitional provision as appears to the Board to be appropriate.

431F Meaning of “basic life assurance and general annuity business”.

In this Chapter “basic life assurance and general annuity business” means life assurance business (including reinsurance business) other than pension business, life reinsurance business or overseas life assurance business.”.

F199³

Textual Amendments

F199 Sch. 8 para. 3 repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 27 Pt. 2(7)

- 4 (1) Section 438 of the Taxes Act 1988 is amended as follows.
- (2) In subsection (1) for “life assurance fund and separate annuity fund, if any” substitute “ long term business fund ”.

F200(3)

Textual Amendments

F200 Sch. 8 para. 4(3) repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3 (with Sch. 36)

- 5 (1) Section 440 of the Taxes Act 1988 is amended as follows.
- F201(2)

- (3) For subsection (4) substitute—
 - “(4) The categories referred to in subsections (1) to (3) above are—
 - (a) assets linked solely to pension business;
 - (b) assets linked solely to life reinsurance business;
 - (c) assets of the overseas life assurance fund;
 - (d) assets linked solely to basic life assurance and general annuity business;
 - (e) assets of the long term business fund not within any of the preceding paragraphs;
 - (f) other assets.”.

Textual Amendments

F201 Sch. 8 para. 5(2) repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 27 Pt. 2(7)

- 6 In section 440A of the Taxes Act 1988, in subsection (2) for paragraphs (a) and (b) substitute—
 - “(a) so many of the securities as are identified in the company’s records as securities by reference to the value of which there are to be determined benefits provided for under policies or contracts the

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effecting of all (or all but an insignificant proportion) of which constitutes the carrying on of—

- (i) pension business, or
- (ii) life reinsurance business, or
- (iii) basic life assurance and general annuity business,

shall be treated for the purposes of corporation tax as a separate holding linked solely to that business.”.

F2027

Textual Amendments
F202 Sch. 8 para. 7 repealed (with effect in accordance with s. 42 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(3\)](#)

F2038

Textual Amendments
F203 Sch. 8 para. 8 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(7\)](#)

9 (1) The ^{M156}Taxation of Chargeable Gains Act 1992 is amended as follows.

F204 (2)

F205 (3)

Textual Amendments
F204 Sch. 8 para. 9(2) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(7\)](#)
F205 Sch. 8 para. 9(3) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(10\)](#)

Marginal Citations
M156 1992 c. 12.

F20610

Textual Amendments
F206 Sch. 8 para. 10 repealed (29.4.1996 with effect as mentioned in [ss. 80-105](#) of the amending Act) by [1996 c. 8, s. 205](#), [Sch. 41 Pt. V\(3\)](#) Note

Linked assets

11 (1) In section 431(2) of the Taxes Act 1988, for the definition of “linked assets” substitute—

““linked assets”, and related expressions, shall be construed in accordance with section 432ZA;”.

(2) After section 432 of the Taxes Act 1988 insert—

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

“432ZA Linked assets.

- (1) In this Chapter “linked assets” means assets of an insurance company which are identified in its records as assets by reference to the value of which benefits provided for under a policy or contract are to be determined.
- (2) Linked assets shall be taken—
 - (a) to be linked to long term business of a particular category if the policies or contracts providing for the benefits concerned are policies or contracts the effecting of which constitutes the carrying on of business of that category; and
 - (b) to be linked solely to long term business of a particular category if all (or all but an insignificant proportion) of the policies or contracts providing for the benefits concerned are policies or contracts the effecting of which constitutes the carrying on of business of that category.
- (3) Where an asset is linked to more than one category of long term business, a part of the asset shall be taken to be linked to each category; and references in this Chapter to assets linked (but not solely linked) to any category of business shall be construed accordingly.
- (4) Where subsection (3) above applies, the part of the asset linked to any category of business shall be a proportion determined as follows—
 - (a) where in the records of the company values are shown for the asset in funds referable to particular categories of business, the proportion shall be determined by reference to those values;
 - (b) in any other case the proportion shall be equal to the proportion which the total of the linked liabilities of the company referable to that category of business bears to the total of the linked liabilities of the company referable to all the categories of business to which the asset is linked.
- (5) For the purposes of sections 432A to 432F—
 - (a) income arising in any period from assets linked but not solely linked to a category of business,
 - (b) gains arising in any period from the disposal of such assets, and
 - (c) increases and decreases in the value of such assets,shall be treated as arising to that category of business in the proportion which is the mean of the proportions determined under subsection (4) above at the beginning and end of the period.
- (6) In this section “linked liabilities” means liabilities in respect of benefits to be determined by reference to the value of linked assets.
- (7) In the case of a policy or contract the effecting of which constitutes a class of life assurance business the fact that it also constitutes long term business other than life assurance business shall be disregarded for the purposes of this section unless the benefits to be provided which constitute long term business other than life assurance business are to be determined by reference to the value of assets.”.

12 (1) In the following provisions for “linked solely” substitute “ linked ”

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- (a) ^{F207} ... section 432E(3)(a) and (b) ^{F207} ... of the Taxes Act 1988;
- ^{F208}(b)
- ^{F209}(c)

(2) The amendments made by paragraph 11 above do not affect the meaning of “linked assets”, and related expressions, in sections 214 and 214A of the ^{M157}Taxation of Chargeable Gains Act 1992 (transitional provisions relating to changes made in 1990 and 1991).

^{F210}(3)

Textual Amendments

- F207** Words in Sch. 8 para. 12(1)(a) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(7\)](#)
- F208** Sch. 8 para. 12(1)(b) repealed (11.5.2001 with effect as mentioned in [s. 87](#) of the amending Act) by [2001 c. 9, s. 110](#), [Sch. 33 Pt. 2\(12\)](#) Note
- F209** Sch. 8 para. 12(1)(c) repealed (29.4.1996 with effect as mentioned in [ss. 80-105](#) of the amending Act) by [1996 c. 8, s. 205](#), [Sch. 41 Pt. V\(3\)](#) Note
- F210** Sch. 8 para. 12(3) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(8\)](#)

Marginal Citations

- [M157 1992 c. 12.](#)

13 (1) Section 432A of the Taxes Act 1988 is amended as follows.

(2) For subsections (1) to (3) substitute—

“(1) This section has effect where in any period an insurance company carries on more than one category of business and it is necessary for the purposes of the Corporation Tax Acts to determine in relation to the period what parts of—

- (a) income arising from the assets of the company’s long term business fund, or
- (b) gains or losses accruing on the disposal of such assets,

are referable to any category of business.

(2) The categories of business referred to in subsection (1) above are—

- (a) pension business;
- (b) life reinsurance business;
- (c) overseas life assurance business;
- (d) basic life assurance and general annuity business which is ordinary life assurance business;
- (e) basic life assurance and general annuity business which is industrial assurance business; and
- (f) long term business other than life assurance business.

(3) Income arising from, and gains or losses accruing on the disposal of, assets linked to any category of business (apart from overseas life assurance business) shall be referable to that category of business.”.

(3) In subsections (5) and (6)(b)(i) for “any of the appropriate categories” substitute “any category”.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

(4) For subsection (7) substitute—

“(7) For the purposes of subsections (5) and (6) above—

- (a) income, gains or losses are directly referable to a category of business if referable to that category by virtue of subsection (3) or (4) above, and
- (b) assets are directly referable to a category of business if income arising from the assets is, and gains or losses accruing on the disposal of the assets are, so referable by virtue of subsection (3) above.”

F211(5)

Textual Amendments

F211 Sch. 8 para. 13(5) repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 27 Pt. 2(7)

F212 14

Textual Amendments

F212 Sch. 8 para. 14 repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 27 Pt. 2(7)

F213 15

Textual Amendments

F213 Sch. 8 para. 15 repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 27 Pt. 2(7)

Receipts to be brought into account

16 (1) For section 83 of the ^{M158}Finance Act 1989 substitute—

“83 Receipts to be brought into account.

- (1) The following provisions of this section have effect where the profits of an insurance company in respect of its life assurance business are, for the purposes of the Taxes Act 1988, computed in accordance with the provisions of that Act applicable to Case I of Schedule D.
- (2) So far as referable to that business, the following items, as brought into account for a period of account (and not otherwise), shall be taken into account as receipts of the period—
 - (a) the company’s investment income from the assets of its long term business fund, and
 - (b) any increase in value (whether realised or not) of those assets.

If for any period of account there is a reduction in the value referred to in paragraph (b) above (as brought into account for the period), that reduction shall be taken into account as an expense of that period.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (3) In ascertaining whether or to what extent a company has incurred a loss in respect of that business any amount transferred into the company's long term business fund from other assets of the company, or otherwise added to that fund, shall be taken into account, in the period in which it is brought into account, as an increase in value of the assets of that fund within subsection (2)(b) above.

This subsection does not apply where, or to the extent that, the amount concerned—

- (a) would fall to be taken into account as a receipt apart from this section,
- (b) is otherwise taken into account under subsection (2) above, or
- (c) is specifically exempted from tax.

83A Meaning of “brought into account”.

- (1) In section 83 “brought into account” means brought into account in an account which is recognised for the purposes of that section.
- (2) Subject to the following provisions of this section and to any regulations made by the Treasury, the accounts recognised for the purposes of that section are—
 - (a) a revenue account prepared for the purposes of the Insurance Companies Act 1982 in respect of the whole of the company's long term business;
 - (b) any separate revenue account required to be prepared under that Act in respect of a part of that business.

Paragraph (b) above does not include accounts required in respect of internal linked funds.

- (3) Where there are prepared any such separate accounts as are mentioned in subsection (2)(b) above, reference shall be made to those accounts rather than to the account for the whole of the business.
 - (4) If in any such case the total of the items brought into account in the separate accounts is not equal to the total amount brought into account in the account prepared for the whole business, there shall be treated as having been required and prepared a further separate revenue account covering the balance.
 - (5) Where a company carries on both ordinary long term business and industrial assurance business, the references above to the company's long term business shall be construed as references to either or both of those businesses, as the case may require.”
- (2) In section 432B of the Taxes Act 1988—
- (a) in subsection (1) for the words from “brought into account” to “1982” substitute “brought into account, within the meaning of that section,”; and
 - (b) for subsection (2) substitute—
 - “(2) Where for that purpose reference falls to be made to more than one account recognised for the purposes of that section, the provisions of sections 432C to 432F apply separately in relation to each account.”.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- F214(3)
- F215(4)
- F215(5)
- F216(6)

Textual Amendments

- F214** Sch. 8 para. 16(3) repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 27 Pt. 2(7)
- F215** Sch. 8 para. 16(4)(5) repealed (29.4.1996 with effect as mentioned in s. 163, Sch. 31 para. 10(2) of the amending Act) by 1996 c. 8, s. 205, Sch. 41 Pt. V(23) Note
- F216** Sch. 8 para. 16(6) repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 27 Pt. 2(8)

Marginal Citations

- M158** 1989 c. 26.

Supplementary provisions as to apportionment

- 17 (1) In section 432B of the Taxes Act 1988 (apportionment of receipts brought into account)—
- (a) in subsections (1) and (2) for “sections 432C to 432E” substitute “ sections 432C to 432F ”, and
 - (b) in subsection (3) for “section 432E applies” substitute “ sections 432E and 432F apply ”.

F217(2)

- (3) After section 432E of the Taxes Act 1988 insert—

“432F Section 432B apportionment: supplementary provisions.

- (1) The provisions of this section provide for the reduction of the amount determined in accordance with section 432E(3) (“the subsection (3) figure”) for an accounting period in which that amount exceeds, or would otherwise exceed, the amount determined in accordance with section 432E(2) (“the subsection (2) figure”).
- (2) For each category of business in relation to which section 432E falls to be applied there shall be determined for each accounting period the amount (if any) by which the subsection (2) figure, after making any reduction required by section 432E(5), exceeds the subsection (3) figure (“the subsection (2) excess”).
- (3) Where there is a subsection (2) excess, the amount shall be carried forward and if in any subsequent accounting period the subsection (3) figure exceeds, or would otherwise exceed, the subsection (2) figure, it shall be reduced by the amount or cumulative amount of subsection (2) excesses so far as not previously used under this subsection.
- (4) Where in an accounting period that amount is greater than is required to bring the subsection (3) figure down to the subsection (2) figure, the balance

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

shall be carried forward and aggregated with any subsequent subsection (2) excess for use in subsequent accounting periods.”.

(4) In section 444A of the Taxes Act 1988 (transfers of business) after subsection (3) insert—

“(3A) Any subsection (2) excess (within the meaning of section 432F(2)) which (assuming the transferor had continued to carry on the business transferred after the transfer) would have been available under section 432F(3) or (4) to reduce a subsection (3) figure (within the meaning of section 432F(1)) of the transferor in an accounting period following that which ends with the day on which transfer takes place—

- (a) shall, instead, be treated as a subsection (2) excess of the transferee, and
- (b) shall be taken into account in the first accounting period of the transferee ending after the date of the transfer (to reduce the subsection (3) figure or, as the case may be, to produce or increase a subsection (2) excess for that period),

in relation to the revenue account of the transferee dealing with or including the business transferred.”.

(5) In section 444A(5) of the Taxes Act 1988 for “subsection (2) or (3)” substitute “subsection (2), (3) or (3A) ”.

Textual Amendments
F217 Sch. 8 para. 17(2) repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 27 Pt. 2(7)

Franked investment income: supplementary provisions

F218 18

Textual Amendments
F218 Sch. 8 para. 18 repealed (31.7.1998 with effect as mentioned in Sch. 3 of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(2) Note

19 (1) Section 434 of the Taxes Act 1988 is amended as follows.

F219 (2)

F220 (3)

Textual Amendments
F219 Sch. 8 para. 19(2) repealed (31.7.1997 with effect as mentioned in Sch. 3 of the amending Act) by 1997 c. 58, s. 52, Sch. 8 Pt. II(6) Note (with s. 3(3))
F220 Sch. 8 para. 19(3) repealed (31.7.1998 with effect as mentioned in Sch. 3 of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(2) Note

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Computation of losses

20 (1) For section 434A of the Taxes Act 1988 substitute—

“434A Computation of losses and limitation on relief.

- (1) In ascertaining whether or to what extent a company has incurred a loss on its life assurance business profits derived from investments held for the purposes of that business (including franked investment income of, and foreign income dividends arising to, a company resident in the United Kingdom) shall be treated as part of the profits of that business.
- (2) Where for any accounting period the loss arising to an insurance company from its life assurance business falls to be computed in accordance with the provisions of this Act applicable to Case I of Schedule D, any loss resulting from the computation shall be reduced (but not below nil) by the aggregate of—
 - (a) any losses for that period under section 436, 441 or 439B, and
 - (b) the amount of interest and annuities treated as charges on income in computing for the period otherwise than in accordance with the provisions of this Act applicable to Case I of Schedule D the profits or losses of the company’s life assurance business.
- (3) In the case of a company carrying on life assurance business, no relief shall be allowable under—
 - (a) Chapter II (loss relief) or Chapter IV (group relief) of Part X, or
 - (b) Chapter II of Part II of the Finance Act 1993 so far as it has effect in relation to losses treated as non-trading losses for the purposes of section 160 of the Finance Act 1994,against the policy holders’ share of the relevant profits for any accounting period.

For the purposes of this subsection “the policy holders’ share of the relevant profits” has the same meaning as in section 88 of the Finance Act 1989.”.

^{F221}(2)

Textual Amendments

F221 Sch. 8 para. 20(2) repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 27 Pt. 2(8)

Treatment of interest and annuities

21 ^{F222}(1) After section 434A of the Taxes Act 1988 insert—

“ Treatment of interest and annuities.

- (1) Where the profits or losses arising to an insurance company from its life assurance business, or any class of life assurance business, fall to be computed for any purpose in accordance with the provisions of this Act applicable to Case I of Schedule D, section 337(2)(b) shall not prevent the deduction of any interest or annuity payable by the company under a liability

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

of its long term business so far as referable to its life assurance business or any class of that business.

(2) Nothing in subsection (1) above or in section 338(2) shall be construed as preventing any such interest or annuity as is mentioned in subsection (1) above, so far as referable to the company’s basic life assurance and general annuity business, from being treated as a charge on income for the purposes of the computation of the profits or losses of that business otherwise than in accordance with Case I of Schedule D.”.]

F223(2)

Textual Amendments

F222 Sch. 8 para. 21(1) repealed (19.3.1997 with effect in relation to accounting periods beginning after 5.3.1997) by 1997 c. 16, s. 113, **Sch. 18 Pt. VI(6)** Note

F223 Sch. 8 para. 21(2) omitted (with effect in accordance with Sch. 17 para. 18(6) of the amending Act) by virtue of **Finance Act 2008 (c. 9)**, **Sch. 17 para. 18(5)(c)**

Interest on repayment of advance corporation tax

F224 22

Textual Amendments

F224 Sch. 8 para. 22 repealed (31.7.1998 with effect as mentioned in **Sch. 3** of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(2)** Note

Capital allowances

23 F225(1)

(2) In section 75(4) of the Taxes Act 1988 omit the words “and insurance”.

F226(3)

Textual Amendments

F225 Sch. 8 para. 23(1) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 579(1), 580, **Sch. 4**

F226 Sch. 8 para. 23(3) repealed (with effect in accordance with s. 42 of the amending Act) by **Finance Act 2004 (c. 12)**, **Sch. 42 Pt. 2(3)**

F227 24

Textual Amendments

F227 Sch. 8 para. 24 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 579(1), 580, **Sch. 4**

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Treatment of tax-free income

- 25 (1) In the Taxes Act 1988 omit—
- (a) section 474(1)(b); and
 - (b) in section 475(2)(a), the words from “or,” to “life assurance business”.
- (2) In section 474 of the Taxes Act 1988, at the end insert—
- “(3) In this section any reference to insurance business includes a reference to insurance business of any category.”.

Taxation of pure reinsurance business

F228 26

Textual Amendments

F228 Sch. 8 para. 26 repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 27 Pt. 2(8)

Life reinsurance business: separate charge on profits

- 27 F229 (1)
- F229 (2)
- (3) In section 724(3) and (4) of the Taxes Act 1988 after “section 436” insert “, 439B”.

Textual Amendments

F229 Sch. 8 para. 27(1)(2) repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 27 Pt. 2(7)

Provisions applicable to charge under Case I of Schedule D

- 28 (1) After section 440A of the Taxes Act 1988 insert—
- “440B Modifications where tax charged under Case I of Schedule D.**
- (1) The following provisions apply where the profits of a company’s life assurance business are charged to tax in accordance with Case I of Schedule D.
 - (2) Section 438 applies as if in subsections (6), (6B) and (6E) for the reference to any profit arising to the company and computed under section 436 there were substituted a reference to the profit that would arise on a computation under section 436 if the profits of the company’s life assurance business were not charged to tax under Case I of Schedule D.
 - (3) Section 440(1) and (2) apply as if the only categories set out in subsection (4) of that section were—
 - (a) assets of the long term business fund, and
 - (b) other assets.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

(4) Section 440A applies as if for paragraphs (a) to (e) of subsection (2) there were substituted—

- (”) so many of the securities as are identified in the company’s records as securities by reference to the value of which there are to be determined benefits provided for under policies or contracts the effecting of all (or all but an insignificant proportion) of which constitutes the carrying on of long term business, shall be treated for the purposes of corporation tax as a separate holding linked solely to that business, and
- (b) any remaining securities shall be treated for those purposes as a separate holding which is not of the description mentioned in the preceding paragraph.”.

(5) Section 212(1) of the 1992 Act does not apply, but without prejudice to the bringing into account of any amounts deferred under section 213(1) or 214A(2) of that Act from any accounting period beginning before 1st January 1995.”.

^{F230}(2)

(3) In section 440 of the Taxes Act 1988, after subsection (5) insert—

“(6) In a case where the profits of a company’s life assurance business are charged to tax in accordance with Case I of Schedule D this section has effect with the modification specified in section 440B(3).”.

(4) In section 440A of the Taxes Act 1988, after subsection (6) insert—

“(7) In a case where the profits of a company’s life assurance business are charged to tax in accordance with Case I of Schedule D this section has effect with the modification specified in section 440B(4).”.

^{F231}(5)

Textual Amendments
F230 Sch. 8 para. 28(2) repealed (31.7.1997 with effect as mentioned in [Sch. 3](#) of the amending Act) by 1997 c. 58, s. 52, [Sch. 8 Pt. II\(6\)](#) Note (with s. 3(3))
F231 Sch. 8 para. 28(5) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(8\)](#)

^{F232}29

Textual Amendments
F232 Sch. 8 para. 29 repealed (31.7.1997 with effect as mentioned in [Sch. 3](#) of the amending Act) by 1997 c. 58, s. 52, [Sch. 8 Pt. II\(6\)](#) Note (with s. 3(3))

Overseas life assurance business

30 In section 441(1) of the Taxes Act 1988 omit the words “resident in the United Kingdom”.

^{F233}31 In section 441A of the Taxes Act 1988 for subsections (3) to (6) substitute—

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- “(3) A company shall be entitled to such a tax credit if and to the extent that regulations made by the Board so provide.
- (4) Regulations under subsection (3) above may, in particular, provide for the entitlement of a company to a tax credit, and the amount to which the company is entitled, to be determined by reference to—
- (a) the residence of any description of policy holders or annuitants prescribed by the regulations, or
 - (b) the location of any branch or agency at or through which the policy or contract for any business is effected.
- (5) Subsections (2) and (3) of section 431E apply in relation to regulations under subsection (3) above as they apply in relation to regulations under subsection (1) of that section but as if any issue which falls to be decided for the purposes of the regulations under subsection (3) above were an issue such as is mentioned in subsection (2)(a) of that section.”.]

Textual Amendments

F233 Sch. 8 para. 31 repealed (31.7.1997 with effect in relation to distributions made on or after 6.4.1999) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(10)** Note (with s. 3(3))

F234 32

Textual Amendments

F234 Sch. 8 para. 32 repealed (with effect in accordance with reg. 1(2) of the amending S.I.) by *The Insurance Companies (Overseas Life Assurance Business) (Excluded Business) (Amendment) Regulations 2007* (S.I. 2007/2086), regs. 1(1), **6(2)(b)**

33 In paragraph 1(2) of Schedule 19AA to the Taxes Act 1988, at the end insert “ (including any modification of any of those provisions made by paragraph 14A of Schedule 19AC) ”.

Taxation of investment return where risk reinsured

34 After section 442 of the Taxes Act 1988 insert—

“442A Taxation of investment return where risk reinsured.

- (1) Where an insurance company reinsures any risk in respect of a policy or contract attributable to its basic life assurance and general annuity business, the investment return on the policy or contract shall be treated as accruing to the company over the period of the reinsurance arrangement and shall be charged to tax under Case VI of Schedule D.
- (2) The Board may make provision by regulations as to the amount of investment return to be treated as accruing in each accounting period during which the reinsurance arrangement is in force.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (3) The regulations may, in particular, provide that the investment return to be treated as accruing to the company in respect of a policy or contract in any accounting period shall be calculated by reference to—
- (a) the aggregate of the sums paid by the company to the reinsurer during that accounting period and any earlier accounting periods by way of premium or otherwise;
 - (b) the aggregate of the sums paid by the reinsurer to the company during that accounting period and any earlier accounting periods by way of commission or otherwise;
 - (c) the aggregate amount of the net investment return treated as accruing to the company in any earlier accounting periods, that is to say, net of tax at such rate as may be prescribed; and
 - (d) such percentage rate of return as may be prescribed.
- (4) The regulations shall provide that the amount of investment return to be treated as accruing to the company in respect of a policy or contract in the final accounting period during which the policy or contract is in force is the amount, ascertained in accordance with regulations, by which the profit over the whole period during which the policy or contract, and the reinsurance arrangement, were in force exceeds the aggregate of the amounts treated as accruing in earlier accounting periods.
- If that profit is less than the aggregate of the amounts treated as accruing in earlier accounting periods, the difference shall go to reduce the amounts treated by virtue of this section as arising in that accounting period from other policies or contracts, and if not fully so relieved may be carried forward and set against any such amounts in subsequent accounting periods.
- (5) Regulations under this section—
- (a) may exclude from the operation of this section such descriptions of insurance company, such descriptions of policies or contracts and such descriptions of reinsurance arrangements as may be prescribed;
 - (b) may make such supplementary provision as to the ascertainment of the investment return to be treated as accruing to the company as appears to the Board to be appropriate, including provision requiring payments made during an accounting period to be treated as made on such date or dates as may be prescribed; and
 - (c) may make different provision for different cases or descriptions of case.
- (6) In this section “prescribed” means prescribed by regulations under this section.”.

PART II

APPLICATION OF PROVISIONS TO OVERSEAS LIFE INSURANCE COMPANIES

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F235 Sch. 8 para. 35 repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, **Sch. Pt. 1**

36 In paragraph 5(1) of Schedule 19AC to the Taxes Act 1988, in the notionally inserted subsection (6B)—

- (a) for “242” substitute “ section 242 ”, and
- (b) for “444D” substitute “ paragraph 5B of Schedule 19AC ”.

37 In paragraph 6 of Schedule 19AC to the Taxes Act 1988, omit sub-paragraphs (3) and (4).

F236 38

Textual Amendments

F236 Sch. 8 para. 38 repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, **Sch. Pt. 1**

F237 39

Textual Amendments

F237 Sch. 8 para. 39 repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, **Sch. Pt. 1**

F238 40

Textual Amendments

F238 Sch. 8 para. 40 repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, **Sch. Pt. 1**

41 In paragraph 9(1) of Schedule 19AC to the Taxes Act 1988 in the notionally inserted section 434(1A)—

- (a) after “UK distribution income of” insert “ , or foreign income dividends arising to, ”; and
- (b) for the words from “as part of the profit” to the end substitute—
 - “(a) in any computation of profits for the purposes of section 89(7) of the Finance Act 1989, or
 - (b) in any computation for the purposes of section 76(2) of the tax that would have been paid if the company had been charged to tax under Case I of Schedule D in respect of its life assurance business.”.

F239 42

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F239 Sch. 8 para. 42 repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, **Sch. Pt. 1**

43 (1) In paragraph 10(1) of Schedule 19AC to the Taxes Act 1988, in the notionally inserted section 438(3A)—

- (a) for “subsection (6)” substitute “ subsections (6) and (6B) ”;
- (b) after “UK distribution income of” insert “ , or foreign income dividends arising to, ”;
- (c) after “taken into account” insert “ —(a) ”; and
- (d) after “pension business” insert—

“, or

- (b) where the company is charged to tax in respect of its life assurance business under Case I of Schedule D, in computing the profits of that business.”.

(2) In paragraph 10(2) for “subsections (6) and (6A)” substitute “ subsections (6), (6A), (6D) and (6E) ”.

F240 44

Textual Amendments

F240 Sch. 8 para. 44 repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, **Sch. Pt. 1**

F241 45

Textual Amendments

F241 Sch. 8 para. 45 repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, **Sch. Pt. 1**

F242 46

Textual Amendments

F242 Sch. 8 para. 46 repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, **Sch. Pt. 1**

47 In paragraph 12(1) of Schedule 19AC to the Taxes Act 1988, for “section 444D” substitute “ paragraph 5B of Schedule 19AC ”.

F243 48

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F243 Sch. 8 para. 48 repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, **Sch. Pt. 1**

F244 49

Textual Amendments

F244 Sch. 8 para. 49 repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, **Sch. Pt. 1**

PART III

SUPPLEMENTARY PROVISIONS

Penalties

- 50 In the Table in section 98 of the ^{M159}Taxes Management Act 1970 (penalties for failure to comply with notice or to furnish information etc.), the entry “ regulations under section 431E(1) or 441A(3); ” shall be inserted—
- (a) in the first column after the entry relating to regulations under section 333 of the Taxes Act 1988, and
 - (b) in the second column after the entry relating to section 375(5) of that Act.

Marginal Citations

M159 1970 c. 9.

Miscellaneous

- 51 (1) The Taxes Act 1988 is amended as follows.
- (2) Before section 432 insert the heading “ *Separation of different categories of business* ”.
- F245** (3)
- (4) Before section 434 insert the heading “ *Miscellaneous provisions relating to life assurance business* ”.
- F246** (5)

Textual Amendments

F245 Sch. 8 para. 51(3) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), **Sch. 27 Pt. 2(8)**

F246 Sch. 8 para. 51(5) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), **Sch. 27 Pt. 2(7)**

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Commencement

- 52 The amendment made by paragraph 43(2) above shall be deemed always to have had effect.
- 53 (1) The amendments made by paragraph 17 above have effect in relation to accounting periods ending on or after 1st January 1994.
- (2) In the first accounting period of a company ending on or after 1st January 1994 in which the subsection (3) figure for any category of business exceeds the subsection (2) figure, the subsection (2) figure shall be treated as increased by an amount not exceeding the amount or aggregate amount of any subsection (2) excesses in relation to that category of business for accounting periods beginning on or after 1st January 1990 and ending before 1st January 1994, but not so as to produce a subsection (2) excess for that period.
- For this purpose the subsection (2) excess for an accounting period beginning on or after 1st January 1990 and ending before 1st January 1994 shall be determined without regard to the fact that in any other such accounting period the subsection (3) figure exceeded the subsection (2) figure.
- Expressions used in this sub-paragraph have the same meaning as in section 432F of the Taxes Act 1988.
- (3) Where a transfer mentioned in section 444A of the Taxes Act 1988 took place at the end of an accounting period of the transferor beginning on or after 1st January 1990 and ending before 1st January 1994, section 444A(3A) shall have effect in relation to the transfer as if it read—
- “(3A) Any subsection (2) excess (within the meaning of section 432F(2)) of the transferor for an accounting period beginning on or after 1st January 1990 and ending before 1st January 1994 which (assuming the transferor had continued to carry on the business transferred after the transfer) would have been available to increase the subsection (2) figure (within the meaning of section 432F(1)) of the transferor in the first accounting period ending on or after 1st January 1994 in which the subsection (3) figure exceeded the subsection (2) figure—
- (a) shall, instead, be treated as a subsection (2) excess of the transferee, and
- (b) shall be taken into account to increase the subsection (2) figure of the transferee in its first accounting period ending on or after 1st January 1994 in which the subsection (3) figure exceeds the subsection (2) figure, but not so as to produce a subsection (2) excess for that period,
- in relation to the revenue account of the transferee dealing with or including the business transferred.
- For this purpose the subsection (2) excess for an accounting period beginning on or after 1st January 1990 and ending before 1st January 1994 shall be determined without regard to the fact that in any other such accounting period the subsection (3) figure exceeded the subsection (2) figure.”.
- 54 The amendment made by paragraph 22 above applies in relation to distributions made by an insurance company in any accounting period ending after 30th September 1993.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- 55 (1) Subject to sub-paragraphs (2) and (3) below, the amendments made by the following provisions of this Schedule have effect in relation to accounting periods beginning on or after 1st November 1994—
- paragraph 1 so far as relating to the definition of “overseas life assurance business”,
 - paragraph 2 so far as relating to sections 431D and 431E of the Taxes Act 1988,
 - paragraphs ^{F247} ... 25, 30 to 33, 37, 38 and 45(1) and (3),
 - ^{F248} ...
- (2) Where the policy or contract for any life assurance business was made before 1st November 1994, the amendments made by this Schedule (and the repeals consequential on those amendments) shall not have effect for determining whether the business is overseas life assurance business.
- (3) Where the policy or contract for any life assurance business effected by a company resident in the United Kingdom at or through a branch or agency outside the United Kingdom was made before 29th November 1994, subsections (2) to (8) of section 431D of the Taxes Act 1988 shall not have effect for determining whether the business is overseas life assurance business.

Textual Amendments

F247 Word in [Sch. 8 para. 55\(1\)](#) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(7\)](#)

F248 Words in [Sch. 8 para. 55\(1\)](#) repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), [reg. 1](#), [Sch. Pt. 1](#)

Modifications etc. (not altering text)

C4 [Sch. 8 para. 55\(1\)](#) modified (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), [regs. 1](#), [34](#)

- 56 The amendments made by paragraphs 41(a) and 43(1) above have effect in relation to foreign income dividends paid after 29th November 1994.
- 57 (1) Except as provided by paragraphs 52 to 56 above, and subject to sub-paragraph (2) below, the amendments made by provisions of this Schedule have effect in relation to accounting periods beginning on or after 1st January 1995.
- (2) Section 442A of the Taxes Act 1988 does not apply in relation to the reinsurance of a policy or contract where the policy or contract was made, and the reinsurance arrangement effected, before 29th November 1994.
- [^{F249}(3) Where business consisting of or including an arrangement for the reinsurance of a policy or contract made before 29th November 1994 which was effected before that date has been transferred by an insurance business transfer scheme sub-paragraph (2) has effect in relation to the transferee.]

Textual Amendments

F249 [Sch. 8 para. 57\(3\)](#) inserted (with effect in accordance with [Sch. 9 para. 17\(1\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 9 para. 15](#)

- 58 Any power to make regulations exercisable by virtue of an amendment made by any provision of this Schedule may be exercised so as to make provision having

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

effect in relation to any accounting period in relation to which that provision has effect in accordance with paragraph 55 or 57 above.

SCHEDULE 9

Section 53.

TRANSFER OF LIFE INSURANCE BUSINESS

Consequential amendment of references to sanctioned transfers

- 1 (1) In the enactments specified in sub-paragraph (2) below, for the words “section 49 of the ^{M160}Insurance Companies Act 1982”, in each place where they occur, there shall be substituted “ Part I of Schedule 2C to the Insurance Companies Act 1982 ”.
- (2) The enactments mentioned in sub-paragraph (1) above are—
- ^{F250}(a)
 - ^{F250}(b)
 - ^{F250}(c)
 - (d) sections ^{F251} . . . , ^{F252} ... of the ^{M161}Taxation of Chargeable Gains Act 1992 (transfers of business).
- ^{F253}(3)

Textual Amendments

F250 Sch. 9 para. 1(2)(a)-(c) repealed (1.12.2001 with effect as mentioned in Sch. Note 1 of the amending Act) by [S.I. 2001/3629](#), art. 109, [Sch. Note](#)

F251 Words in Sch. 9 para. 1(2)(d) repealed (1.12.2001 with effect as mentioned in Note 1 of the amending Act) by [S.I. 2001/3629](#), art. 109, [Sch. Note](#)

F252 Words in [Sch. 9 para. 1\(2\)\(d\)](#) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(10\)](#)

F253 [Sch. 9 para. 1\(3\)](#) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(7\)](#)

Marginal Citations

M160 1982 c. 50.

M161 1992 c. 12.

Modification of the Taxes Act 1988 in relation to overseas life insurance companies

^{F254}2

Textual Amendments

F254 [Sch. 9 para. 2](#) repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, [Sch. Pt. 1](#)

Modification of the Capital Allowances Act 1990

^{F255}3

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F255 Sch. 9 para. 3 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 579(1), 580, **Sch. 4**

Modification of the Taxation of Chargeable Gains Act 1992

4 In subsection (5) of section 213 of the ^{M162}Taxation of Chargeable Gains Act 1992 (spreading of gains and losses under section 212 where there is a transfer of long term business), at the beginning there shall be inserted “Subject to subsections (5A) to (7) below”; and after that subsection there shall be inserted the following subsection—

“(5A) Subsection (5) above shall not apply where the transferee is resident outside the United Kingdom unless the business to which the transfer relates is carried on by the transferee, for a period beginning with the time when the transfer takes effect, through a branch or agency in the United Kingdom.”

Marginal Citations

M162 1992 c. 12.

F256₅

Textual Amendments

F256 Sch. 9 para. 5 repealed (19.7.2007) by Finance Act 2007 (c. 11), **Sch. 27 Pt. 2(10)**

F257₆

Textual Amendments

F257 Sch. 9 para. 6 repealed (with effect in accordance with reg. 1 of the amending S.I.) by The Overseas Life Insurance Companies Regulations 2006 (S.I. 2006/3271), reg. 1, **Sch. Pt. 1**

SCHEDULE 10

Section 54.

FRIENDLY SOCIETIES

Tax exempt life or endowment business

1 (1) Section 460 of the Taxes Act 1988 (exemption from tax in respect of life or endowment business) shall be amended as follows.

(2) In paragraph (c) of subsection (2), before sub-paragraph (ai) there shall be inserted the following sub-paragraph—

“(zai) where the profits relate to contracts made on or after the day on which the Finance Act 1995 was passed, of the assurance of gross sums

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under contracts under which the total premiums payable in any period of 12 months exceed £270 or of the granting of annuities of annual amounts exceeding £156.”.

- (3) In sub-paragraph (ai) of that paragraph, after “passed” there shall be inserted “ but before the day on which the Finance Act 1995 was passed ”.
- (4) In subsection (3), for the words “subsection (2)(c)(ai),” in each place where they occur, there shall be substituted “ subsection (2)(c)(zai), (ai), ”.
- (5) In subsection (4A), for “the Finance Act 1991” there shall be substituted “ the Finance Act 1995 ”.
- (6) In subsection (4B), for the words from “variation made” onwards there shall be substituted “variation made—
 - (a) in the period beginning with 25th July 1991 and ending with 31st July 1992, or
 - (b) in the period beginning with the day on which the Finance Act 1995 was passed and ending with 31st March 1996,

the contract shall, for the purposes of subsection (2)(c) above, be treated, in relation to any profits relating to it as varied, as made at the time of the variation. ”

Maximum benefits payable to members

- 2 (1) Section 464 of that Act (maximum benefits payable to members) shall be amended as follows.
- (2) In subsection (3), before paragraph (za) there shall be inserted the following paragraph—

“(zza) contracts under which the total premiums payable in any period of 12 months exceed £270; or”.
- (3) In paragraph (za) of that subsection, after “contracts” there shall be inserted “ made before the day on which the Finance Act 1995 was passed and ”.
- (4) In subsection (4A), for “the Finance Act 1991” there shall be substituted “ the Finance Act 1995 ”.
- (5) In subsection (4B), for the words from “variation made” onwards there shall be substituted “variation made—
 - (a) in the period beginning with 25th July 1991 and ending with 31st July 1992, or
 - (b) in the period beginning with the day on which the Finance Act 1995 was passed and ending with 31st March 1996,

the contract shall, for the purposes of subsection (3) above, be treated, in relation to times when the contract has effect as varied, as made at the time of the variation. ”

Qualifying policies

- 3 In paragraph 3 of Schedule 15 to that Act (friendly society policies that are qualifying policies), sub-paragraph (2)(c) (condition limiting consideration for early surrender) shall cease to have effect.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- 4 (1) This paragraph applies to any policy which—
- (a) was issued by a friendly society, or a branch of a friendly society, in the course of tax exempt life or endowment business (as defined in section 466 of the Taxes Act 1988); and
 - (b) was effected by a contract made after 31st August 1987 and before the day on which this Act is passed.

(2) Where—

- (a) the amount payable by way of premium under a policy to which this paragraph applies is increased by virtue of a variation made in the period beginning with the day on which this Act is passed and ending with 31st March 1996, and
- (b) the variation is not such as to cause a person to become in breach of the limits in section 464 of the Taxes Act 1988,

Schedule 15 to that Act, in its application to the policy, shall have effect, in relation to that variation, with the omission of paragraph 4(3)(a) and the insertion at the end of paragraph 18(2) of the words set out in sub-paragraph (3) below.

(3) Those words are as follows, that is to say, “ and as if for paragraph 3(2)(b) above there were substituted— ”

- “(b) subject to sub-paragraph (4) below, the premiums payable under the policy shall be premiums of equal or rateable amounts payable at yearly or shorter intervals—
 - (i) over the whole of the term of the policy as from the variation, or
 - (ii) where premiums are not payable for any period after the person liable to pay them or whose life is insured has attained a specified age, being an age attained at a time not less than ten years after the beginning of the term of the policy, over the whole of the remainder of the period for which premiums are payable.””

F258 SCHEDULE 11

Section 58.

Textual Amendments

F258 Sch. 11 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3 (with Sch. 36)

F259 SCHEDULE 12

Section 65.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F259 Sch. 12 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

SCHEDULE 13

Section 67.

ENTERPRISE INVESTMENT SCHEME

Introduction

- 1 The ^{M163}Taxation of Chargeable Gains Act 1992 shall be amended as mentioned in this Schedule.

Marginal Citations

M163 1992 c. 12.

Amendments of section 150A

- 2 (1) Section 150A (enterprise investment scheme) shall be amended as mentioned in sub-paragraphs (2) to (4) below; and the amendments made by sub-paragraphs (2) and (3) below shall apply in relation to shares issued on or after 1st January 1994.
- (2) The following subsection shall be inserted after subsection (2)—
- “(2A) Notwithstanding anything in section 16(2), subsection (2) above shall not apply to a disposal on which a loss accrues.”
- (3) In subsection (3) (reduction of relief) the following paragraph shall be inserted after paragraph (a)—
- “(aa) the amount of the reduction is not found under section 289A(2)(b) of that Act, and”.
- (4) The following subsections shall be inserted after subsection (8) (which disapplies provisions about exchanges, reconstructions or amalgamations in certain circumstances)—
- “(8A) Subsection (8) above shall not have effect to disapply section 135 or 136 where—
- (a) the new holding consists of new ordinary shares carrying no present or future preferential right to dividends or to a company’s assets on its winding up and no present or future preferential right to be redeemed,
 - (b) the new shares are issued on or after 29th November 1994 and after the end of the relevant period, and
 - (c) the condition in subsection (8B) below is satisfied.
- (8B) The condition is that at some time before the issue of the new shares—
- (a) the company issuing them issued eligible shares, and

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (b) a certificate in relation to those eligible shares was issued by the company for the purposes of subsection (2) of section 306 of the Taxes Act and in accordance with that section.

(8C) In subsection (8A) above—

- (a) “new holding” shall be construed in accordance with sections 126, 127, 135 and 136;
- (b) “relevant period” means the period found by applying section 312(1A)(a) of the Taxes Act by reference to the company issuing the shares referred to in subsection (8) above and by reference to those shares.”

Reduction of relief

3 The following section shall be inserted after section 150A—

“150B Enterprise investment scheme: reduction of relief.

- (1) This section has effect where section 150A(2) applies on a disposal of eligible shares, and before the disposal but on or after 29th November 1994—
 - (a) value is received in circumstances where relief attributable to the shares is reduced by an amount under section 300(1A)(a) of the Taxes Act,
 - (b) there is a repayment, redemption, repurchase or payment in circumstances where relief attributable to the shares is reduced by an amount under section 303(1A)(a) of that Act, or
 - (c) paragraphs (a) and (b) above apply.
- (2) If section 150A(2) applies on the disposal but section 150A(3) does not, section 150A(2) shall apply only to so much of the gain as remains after deducting so much of it as is found by multiplying it by the fraction—
 - (a) whose numerator is equal to the amount by which the relief attributable to the shares is reduced as mentioned in subsection (1) above, and
 - (b) whose denominator is equal to the amount of the relief attributable to the shares.
- (3) If section 150A(2) and (3) apply on the disposal, section 150A(2) shall apply only to so much of the gain as is found by—
 - (a) taking the part of the gain found under section 150A(3), and
 - (b) deducting from that part so much of it as is found by multiplying it by the fraction mentioned in subsection (2) above.
- (4) Where the relief attributable to the shares is reduced as mentioned in subsection (1) above by more than one amount, the numerator mentioned in subsection (2) above shall be taken to be equal to the aggregate of the amounts.
- (5) The denominator mentioned in subsection (2) above shall be found without regard to any reduction mentioned in subsection (1) above.

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- (6) Subsections (11) and (12) of section 150A apply for the purposes of this section as they apply for the purposes of that section.”

Re-investment

- 4 (1) The following section shall be inserted after section 150B—

“150C Enterprise investment scheme: re-investment.

Schedule 5B to this Act (which provides relief in respect of re-investment under the enterprise investment scheme) shall have effect.”

^{F260}(2)

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

“SCHEDULE
5B

ENTERPRISE INVESTMENT SCHEME: RE-INVESTMENT

Application of Schedule

- 1 (1) This Schedule applies where—
- (a) there would (apart from paragraph 2(2)(a) below) be a chargeable gain (“the original gain”) accruing to an individual (“the investor”) at any time (“the accrual time”) on or after 29th November 1994;
 - (b) the gain is one accruing either on the disposal by the investor of any asset or in accordance with paragraphs 4 and 5 below or paragraphs 4 and 5 of Schedule 5C;
 - (c) the investor makes a qualifying investment; and
 - (d) the investor is resident or ordinarily resident in the United Kingdom at the accrual time and the time when he makes the qualifying investment and is not, in relation to the qualifying investment, a person to whom sub-paragraph (4) below applies.
- (2) The investor makes a qualifying investment for the purposes of this Schedule if—
- (a) he subscribes for any shares to which any relief given to him under Chapter III of Part VII of the Taxes Act is attributable;
 - (b) those shares are issued at a qualifying time; and
 - (c) where that time is before the accrual time, those shares are still held by the investor at the accrual time;
- and in this Schedule “relevant shares”, in relation to a case to which this Schedule applies, means any of the shares which are acquired by the investor in making the qualifying investment.
- (3) In this Schedule “a qualifying time”, in relation to any shares subscribed for by the investor, means—
- (a) any time in the period beginning one year before and ending three years after the accrual time, or

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- (b) any such time before the beginning of that period or after it ends as the Board may by notice allow.
- (4) This sub-paragraph applies to the investor in relation to a qualifying investment if—
- (a) though resident or ordinarily resident in the United Kingdom at the time when he makes the investment, he is regarded for the purposes of any double taxation relief arrangements as resident in a territory outside the United Kingdom, and
 - (b) were section 150A to be disregarded, the arrangements would have the effect that he would not be liable in the United Kingdom to tax on a gain arising on a disposal, immediately after their acquisition, of the shares acquired in making that investment.

Postponement of original gain

- 2 (1) On the making of a claim by the investor for the purposes of this Schedule, so much of the investor's unused qualifying expenditure on relevant shares as—
- (a) is specified in the claim, and
 - (b) does not exceed so much of the original gain as is unmatched,
- shall be set against a corresponding amount of the original gain.
- (2) Where an amount of qualifying expenditure on any relevant shares is set under this Schedule against the whole or part of the original gain—
- (a) so much of that gain as is equal to that amount shall be treated as not having accrued at the accrual time; but
 - (b) paragraphs 4 and 5 below shall apply for determining the gain that is to be treated as accruing on the occurrence of any chargeable event in relation to any of those relevant shares.
- (3) For the purposes of this Schedule—
- (a) the investor's qualifying expenditure on any relevant shares is so much of the amount subscribed by him for the shares as represents the amount in respect of which there is given the relief under section 289A of the Taxes Act which is attributable to those shares; and
 - (b) that expenditure is unused to the extent that it has not already been set under this Schedule against the whole or any part of a chargeable gain.
- (4) For the purposes of this paragraph the original gain is unmatched, in relation to any qualifying expenditure on relevant shares, to the extent that it has not had any other expenditure set against it under this Schedule or Schedule 5C.

Chargeable events

- 3 (1) Subject to the following provisions of this paragraph, there is for the purposes of this Schedule a chargeable event in relation to any relevant shares if, after the making of the qualifying investment—
- (a) the investor disposes of those shares otherwise than by way of a disposal within marriage;

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- (b) those shares are disposed of, otherwise than by way of a disposal to the investor, by a person who acquired them on a disposal made by the investor within marriage;
 - (c) the investor becomes a non-resident while holding those shares and within the first relevant period;
 - (d) a person who acquired those shares on a disposal within marriage becomes a non-resident while holding those shares and within the first relevant period;
 - (e) the company that issued those shares ceases to be a qualifying company within the second relevant period; or
 - (f) the relief given under section 289A of the Taxes Act in respect of the amount subscribed for those shares is withdrawn or reduced in circumstances not falling within any of paragraphs (a) to (e) above.
- (2) For the purposes of sub-paragraph (1) above—
- (a) the first relevant period in the case of any relevant shares is the period found by applying section 312(1A)(a) of the Taxes Act by reference to the company that issued the shares and by reference to the shares;
 - (b) the second relevant period in the case of any shares is the period found by applying section 312(1A)(b) of that Act by reference to the company that issued the shares and by reference to the shares; and
 - (c) whether a company is a qualifying company at any given time shall be determined in accordance with section 293 of that Act.
- (3) For the purposes of this Schedule there shall not be a chargeable event by virtue of sub-paragraph (1)(c) or (d) above in relation to any shares if—
- (a) the reason why the person in question becomes a non-resident is that he works in an employment or office all the duties of which are performed outside the United Kingdom, and
 - (b) he again becomes resident or ordinarily resident in the United Kingdom within the period of three years from the time when he became a non-resident, without having meanwhile disposed of any of those shares;
- and accordingly no assessment shall be made by virtue of sub-paragraph (1) (c) or (d) above before the end of that period in a case where the condition in paragraph (a) above is satisfied and the condition in paragraph (b) above may be satisfied.
- (4) For the purposes of sub-paragraph (3) above a person shall be taken to have disposed of any shares if and only if there has been such a disposal as would have been a chargeable event in relation to those shares if the person making the disposal had been resident in the United Kingdom.
- (5) Where in any case—
- (a) the investor or a person who has acquired any relevant shares on a disposal within marriage dies, and
 - (b) an event occurs at or after the time of the death which (apart from this sub-paragraph) would be a chargeable event in relation to any relevant shares held by the deceased immediately before his death,
- that event shall not be a chargeable event in relation to the shares so held.

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Gain accruing on chargeable event

- 4 (1) On the occurrence of a chargeable event in relation to any relevant shares in relation to which there has not been a previous chargeable event—
- (a) a chargeable gain shall be treated as accruing at the time of the event; and
 - (b) the amount of the gain shall be equal to so much of the original gain as is an amount against which there has under this Schedule been set any expenditure on those shares.
- (2) Any question for the purposes of this Schedule as to whether any relevant shares to which a chargeable event relates are shares the expenditure on which has under this Schedule been set against the whole or any part of any gain shall be determined in accordance with the assumptions for which sub-paragraph (3) below provides.
- (3) For the purposes of sub-paragraph (2) above it shall be assumed, in relation to any disposal of shares (including a disposal within marriage) that—
- (a) as between qualifying shares acquired by the same person on different days, those acquired on an earlier day are disposed of by that person before those acquired on a later day; and
 - (b) as between qualifying shares acquired by the same person on the same day, those the expenditure on which has been set under this Schedule against the whole or any part of any gain are disposed of by that person only after he has disposed of any other qualifying shares acquired by him on that day.
- (4) In sub-paragraph (3) above “qualifying shares” means any shares which—
- (a) were subscribed for by a person eligible for relief in respect of those shares under Chapter III of Part VII of the Taxes Act (the enterprise investment scheme), and
 - (b) are shares in respect of which relief is given under section 289A of that Act in respect of the whole or any part of the amount subscribed.
- (5) Where at the time of a chargeable event any relevant shares are treated for the purposes of this Act as represented by assets which consist of or include assets other than those shares—
- (a) the expenditure on those shares which was set against the gain in question shall be treated, in determining for the purposes of this paragraph the amount of expenditure on each of those assets which is to be treated as having been set against that gain, as apportioned in such manner as may be just and reasonable between those assets; and
 - (b) as between different assets treated as representing the same relevant shares, the assumptions for which sub-paragraph (3) above provides shall apply with the necessary modifications in relation to those assets as they would apply in relation to the shares.

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Person to whom gain accrues

- 5 (1) The chargeable gain which accrues, in accordance with paragraph 4 above, on the occurrence in relation to any relevant shares of a chargeable event shall be treated as accruing, as the case may be—
- (a) to the person who makes the disposal,
 - (b) to the person who becomes a non-resident,
 - (c) to the person who holds the shares in question when the company ceases to be a qualifying company, or
 - (d) to the person who holds the shares in question when the circumstances arise in respect of which the relief is withdrawn or reduced.
- (2) Where—
- (a) sub-paragraph (1) above provides for the holding of shares at a particular time to be what identifies the person to whom any chargeable gain accrues, and
 - (b) at that time, some of those shares are held by the investor and others are held by a person to whom the investor has transferred them by a disposal within marriage,
- the amount of the chargeable gain accruing by virtue of paragraph 4 above shall be computed separately in relation to the investor and that person without reference to the shares held by the other.

Interpretation

- 6 (1) In this Schedule “non-resident” means a person who is neither resident nor ordinarily resident in the United Kingdom.
- (2) In this Schedule references to a disposal within marriage are references to any disposal to which section 58 applies.
- (3) Notwithstanding anything in section 288(5), shares shall not for the purposes of this Schedule be treated as issued by reason only of being comprised in a letter of allotment or similar instrument.
- (4) Chapter III of Part VII of the Taxes Act shall apply for the purposes of this Schedule to determine whether and to what extent any relief under that Chapter is attributable to any shares.
- (5) References in this Schedule to Chapter III of Part VII of the Taxes Act or any provision of that Chapter are to that Chapter or provision as it applies in relation to shares issued on or after 1st January 1994.”
- (4) This paragraph has effect in relation to gains accruing and events occurring on or after 29th November 1994.

Textual Amendments

F260 Sch. 13 para. 4(2) repealed (with effect in accordance with Sch. 21 para. 10(8) of the amending Act) by Finance Act 2004 (c. 12), Sch. 42 Pt. 2(14)

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

^{F261}SCHEDULE 14

Section 70.

VENTURE CAPITAL TRUSTS: MEANING OF “QUALIFYING HOLDINGS”

Textual Amendments

F261 Sch. 14 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

^{F262}SCHEDULE 15

Section 71.

VENTURE CAPITAL TRUSTS: RELIEF FROM INCOME TAX

Textual Amendments

F262 Sch. 15 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

^{F263}SCHEDULE 16

Textual Amendments

F263 Sch. 16 repealed (with effect in accordance with Sch. 19 para. 7 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 2(13)**

SCHEDULE 17

Section 74.

SETTLEMENTS: LIABILITY OF SETTLOR

PART I

THE NEW PROVISIONS

- 1 In Part XV of the Taxes Act 1988 (settlements) the following provisions are inserted (in place of sections 660 to 676 and 683 to 685) as Chapter IA—

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“CHAPTER IA

LIABILITY OF SETTLOR

Main provisions

660A Income arising under settlement where settlor retains an interest.

- (1) Income arising under a settlement during the life of the settlor shall be treated for all purposes of the Income Tax Acts as the income of the settlor and not as the income of any other person unless the income arises from property in which the settlor has no interest.
- (2) Subject to the following provisions of this section, a settlor shall be regarded as having an interest in property if that property or any derived property is, or will or may become, payable to or applicable for the benefit of the settlor or his spouse in any circumstances whatsoever.
- (3) The reference in subsection (2) above to the spouse of the settlor does not include—
 - (a) a person to whom the settlor is not for the time being married but may later marry, or
 - (b) a spouse from whom the settlor is separated under an order of a court, or under a separation agreement or in such circumstances that the separation is likely to be permanent, or
 - (c) the widow or widower of the settlor.
- (4) A settlor shall not be regarded as having an interest in property by virtue of subsection (2) above if and so long as none of that property, and no derived property, can become payable or applicable as mentioned in that subsection except in the event of—
 - (a) the bankruptcy of some person who is or may become beneficially entitled to the property or any derived property, or
 - (b) an assignment of or charge on the property or any derived property being made or given by some such person, or
 - (c) in the case of a marriage settlement, the death of both parties to the marriage and of all or any of the children of the marriage, or
 - (d) the death of a child of the settlor who had become beneficially entitled to the property or any derived property at an age not exceeding 25.
- (5) A settlor shall not be regarded as having an interest in property by virtue of subsection (2) above if and so long as some person is alive and under the age of 25 during whose life that property, or any derived property, cannot become payable or applicable as mentioned in that subsection except in the event of that person becoming bankrupt or assigning or charging his interest in the property or any derived property.
- (6) The reference in subsection (1) above to a settlement does not include an outright gift by one spouse to the other of property from which income arises, unless—

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (a) the gift does not carry a right to the whole of that income, or
- (b) the property given is wholly or substantially a right to income.

For this purpose a gift is not an outright gift if it is subject to conditions, or if the property given or any derived property is or will or may become, in any circumstances whatsoever, payable to or applicable for the benefit of the donor.

- (7) The reference in subsection (1) above to a settlement does not include an irrevocable allocation of pension rights by one spouse to the other in accordance with the terms of a relevant statutory scheme (within the meaning of Chapter I of Part XIV).
- (8) Subsection (1) above does not apply to income arising under a settlement made by one party to a marriage by way of provision for the other—
 - (a) after the dissolution or annulment of the marriage, or
 - (b) while they are separated under an order of a court, or under a separation agreement or in such circumstances that the separation is likely to be permanent,being income payable to or applicable for the benefit of that other party.
- (9) Subsection (1) above does not apply to income consisting of—
 - (a) annual payments made by an individual for bona fide commercial reasons in connection with his trade, profession or vocation; or
 - (b) covenanted payments to charity (as defined by section 347A(7)).
- (10) In this section “derived property”, in relation to any property, means income from that property or any other property directly or indirectly representing proceeds of, or of income from, that property or income therefrom.

660B Payments to unmarried minor children of settlor.

- (1) Income arising under a settlement which does not fall to be treated as income of the settlor under section 660A but which during the life of the settlor is paid to or for the benefit of an unmarried minor child of the settlor in any year of assessment shall be treated for all the purposes of the Income Tax Acts as the income of the settlor for that year and not as the income of any other person.
- (2) Where income arising under a settlement is retained or accumulated by the trustees, any payment whatsoever made thereafter by virtue or in consequence of the settlement, or any enactment relating thereto, to or for the benefit of an unmarried minor child of the settlor shall be deemed for the purposes of subsection (1) above to be a payment of income if or to the extent that there is available retained or accumulated income.
- (3) There shall be taken to be available retained or accumulated income at any time when the aggregate amount of the income which has arisen under the settlement since it was made or entered into exceeds the aggregate amount of income so arising which has been—
 - (a) treated as income of the settlor or a beneficiary, or
 - (b) paid (whether as income or capital) to or for the benefit of a beneficiary other than an unmarried minor child of the settlor, or

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- (c) applied in defraying expenses of the trustees which were properly chargeable to income (or would have been so chargeable but for any express provisions of the trust).
- (4) Where an offshore income gain (within the meaning of Chapter V of Part XVII) accrues in respect of a disposal of assets made by a trustee holding them for a person who would be absolutely entitled as against the trustee but for being a minor, the income which by virtue of section 761(1) is treated as arising by reference to that gain shall for the purposes of this section be deemed to be paid to that person.
- (5) Income paid to or for the benefit of a child of a settlor shall not be treated as provided in subsection (1) above for a year of assessment in which the aggregate amount paid to or for the benefit of that child which but for this subsection would be so treated does not exceed £100.
- (6) In this section—
 - (a) “child” includes a stepchild and an illegitimate child;
 - (b) “minor” means a person under the age of 18 years, and “minor child” shall be construed accordingly; and
 - (c) references to payments include payments in money or money’s worth.

660C Nature of charge on settlor.

- (1) Tax chargeable by virtue of this Chapter shall be charged under Case VI of Schedule D.
- (2) In computing the liability to income tax of a settlor chargeable by virtue of this Chapter the same deductions and reliefs shall be allowed as would have been allowed if the income treated as his by virtue of this Chapter had been received by him.
- (3) Subject to section 833(3), income which is treated by virtue of this Chapter as income of a settlor shall be deemed for the purposes of this section to be the highest part of his income.

660D Adjustments between settlor and trustees, &c.

- (1) Where by virtue of this Chapter income tax becomes chargeable on and is paid by a settlor, he is entitled—
 - (a) to recover from any trustee, or any other person to whom the income is payable by virtue or in consequence of the settlement, the amount of the tax so paid; and
 - (b) for that purpose to require an officer of the Board to furnish to him a certificate specifying the amount of income in respect of which he has so paid tax and the amount of tax so paid.

A certificate so furnished is conclusive evidence of the facts stated therein.

- (2) Where a person obtains, in respect of an allowance or relief, a repayment of income tax in excess of the amount of the repayment to which he would, but for this Chapter, have been entitled, an amount equal to the excess shall be paid by him to the trustee, or other person to whom the income is payable

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by virtue or in consequence of the settlement, or, where there are two or more such persons, shall be apportioned among those persons as the case may require.

If any question arises as to the amount of a payment or as to an apportionment to be made under this subsection, that question shall be decided by the General Commissioners whose decision shall be final.

- (3) Nothing in this Chapter shall be construed as excluding a charge to tax on the trustees as persons by whom any income is received.

Supplementary provisions

660E Application to settlements by two or more settlors.

- (1) In the case of a settlement where there is more than one settlor, this Chapter shall have effect in relation to each settlor as if he were the only settlor, as follows.
- (2) In this Chapter, in relation to a settlor—
- (a) references to the property comprised in a settlement include only property originating from that settlor, and
 - (b) references to income arising under the settlement include only income originating from that settlor.
- (3) For the purposes of section 660B there shall be taken into account, in relation to a settlor, as income paid to or for the benefit of a child of the settlor only—
- (a) income originating from that settlor, and
 - (b) in a case in which section 660B(2) applies, payments which are under that provision (as adapted by subsection (4) below) to be deemed to be payments of income.
- (4) In applying section 660B(2) to a settlor—
- (a) the reference to income arising under the settlement includes only income originating from that settlor; and
 - (b) the reference to any payment made by virtue or in consequence of the settlement or any enactment relating thereto includes only a payment made out of property originating from that settlor or income originating from that settlor.
- (5) References in this section to property originating from a settlor are references to—
- (a) property which that settlor has provided directly or indirectly for the purposes of the settlement; and
 - (b) property representing that property; and
 - (c) so much of any property which represents both property so provided and other property as, on a just apportionment, represents the property so provided.
- (6) References in this section to income originating from a settlor are references to—
- (a) income from property originating from that settlor; and
 - (b) income provided directly or indirectly by that settlor.

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(7) In subsections (5) and (6) above—

- (a) references to property or income which a settlor has provided directly or indirectly include references to property or income which has been provided directly or indirectly by another person in pursuance of reciprocal arrangements with that settlor, but do not include references to property or income which that settlor has provided directly or indirectly in pursuance of reciprocal arrangements with another person; and
- (b) references to property which represents other property include references to property which represents accumulated income from that other property.

660F Power to obtain information.

An officer of the Board may by notice require any party to a settlement to furnish him within such time as he may direct (not being less than 28 days) with such particulars as he thinks necessary for the purposes of this Chapter.

660G Meaning of “settlement” and related expressions.

(1) In this Chapter—

“settlement” includes any disposition, trust, covenant, agreement, arrangement or transfer of assets, and

“settlor”, in relation to a settlement, means any person by whom the settlement was made.

- (2) A person shall be deemed for the purposes of this Chapter to have made a settlement if he has made or entered into the settlement directly or indirectly, and, in particular, but without prejudice to the generality of the preceding words, if he has provided or undertaken to provide funds directly or indirectly for the purpose of the settlement, or has made with any other person a reciprocal arrangement for that other person to make or enter into the settlement.
- (3) References in this Chapter to income arising under a settlement include, subject to subsection (4) below, any income chargeable to income tax by deduction or otherwise, and any income which would have been so chargeable if it had been received in the United Kingdom by a person domiciled, resident and ordinarily resident in the United Kingdom.
- (4) Where the settlor is not domiciled, or not resident, or not ordinarily resident, in the United Kingdom in a year of assessment, references in this Chapter to income arising under a settlement do not include income arising under the settlement in that year in respect of which the settlor, if he were actually entitled thereto, would not be chargeable to income tax by deduction or otherwise by reason of his not being so domiciled, resident or ordinarily resident.

But where such income is remitted to the United Kingdom in circumstances such that, if the settlor were actually entitled to that income when remitted, he would be chargeable to income tax by reason of his residence in the United Kingdom, it shall be treated for the purposes of this Chapter as arising under the settlement in the year in which it is remitted.”

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PART II

MINOR AND CONSEQUENTIAL AMENDMENTS OF THE TAXES ACT 1988

F264²

Textual Amendments

F264 Sch. 17 para. 2 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with [Sch. 2](#))

3 In section 339(1)(a) of the Taxes Act 1988, for “section 660(3)” substitute “section 347A(7)”.

4 ^{F265}(1)

(2) In section 347A of the Taxes Act 1988, after subsection (6) add—

“(7) In subsection (2)(b) above “a covenanted payment to charity” means a payment made under a covenant made otherwise than for consideration in money or money’s worth in favour of a body of persons or trust established for charitable purposes only whereby the like annual payments (of which the payment in question is one) become payable for a period which may exceed three years and is not capable of earlier termination under any power exercisable without the consent of the persons for the time being entitled to the payments.

(8) For the purposes of subsection (7) above the bodies mentioned in section 507 shall each be treated as a body of persons established for charitable purposes only.”

Textual Amendments

F265 Sch. 17 para. 4(1) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(6) Note of the amending Act) by [1999 c. 16, s. 139, Sch. 20 Pt. III\(6\)](#) Note

F266⁵

Textual Amendments

F266 Sch. 17 para. 5 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with [Sch. 2](#))

F267⁶

Textual Amendments

F267 Sch. 17 para. 6 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with [Sch. 2](#))

7 In section 505(6) of the Taxes Act 1988, for “section 660(3)” substitute “section 347A(7)”.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

F268⁸

Textual Amendments
F268 Sch. 17 para. 8 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with [Sch. 2](#))

F269⁹

Textual Amendments
F269 Sch. 17 para. 9 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with [Sch. 2](#))

10 In section 678 of the Taxes Act 1988, omit subsection (7).

F270¹¹

Textual Amendments
F270 Sch. 17 para. 11 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with [Sch. 2](#))

12 For the heading before section 686 of the Taxes Act 1988 substitute—

“CHAPTER IC
LIABILITY OF TRUSTEES”.

F271¹³

Textual Amendments
F271 Sch. 17 para. 13 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F272¹⁴

Textual Amendments
F272 Sch. 17 para. 14 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 3 Pt. 1](#) (with [Sch. 2](#))

15 Omit section 689 of the Taxes Act 1988 (recovery from trustees of discretionary trusts of higher rate tax due from beneficiaries).

F273¹⁶

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F273 Sch. 17 para. 16 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\)](#), [Sch. 3](#) (with [Sch. 2](#))

F274 17

Textual Amendments

F274 Sch. 17 para. 17 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F275 18

Textual Amendments

F275 Sch. 17 para. 18 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\)](#), [Sch. 3](#) (with [Sch. 2](#))

F276 19

Textual Amendments

F276 Sch. 17 para. 19 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\)](#), [Sch. 3](#) (with [Sch. 2](#))

20 In section 839(3) of the Taxes Act 1988, for subsection (3) substitute—

“(3) A person, in his capacity as trustee of a settlement, is connected with—

- (a) any individual who in relation to the settlement is a settlor,
- (b) any person who is connected with such an individual, and
- (c) any body corporate which is connected with that settlement.

In this subsection “settlement” and “settlor” have the same meaning as in Chapter IA of Part XV (see section 660G(1) and (2)).

(3A) For the purpose of subsection (3) above a body corporate is connected with a settlement if—

- (a) it is a close company (or only not a close company because it is not resident in the United Kingdom) and the participators include the trustees of the settlement; or
- (b) it is controlled (within the meaning of section 840) by a company falling within paragraph (a) above.”.

PART III

CONSEQUENTIAL AMENDMENTS OF OTHER ENACTMENTS

Taxes Management Act 1970 (c.9)

F277 21

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F277 Sch. 17 para. 21 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

22 In section 31(3) of the Taxes Management Act 1970 [^{F278}(including that provision as proposed to be substituted by paragraph 7 of Schedule 19 to the ^{M164}Finance Act 1994)], for “sections 660 to 685” substitute “ sections 660A to 660G or 677 to 682A ”.

Textual Amendments

F278 Words in Sch. 17 para. 22 repealed (29.4.1996 with effect as mentioned in [Sch. 22](#) of the amending Act) by [1996 c. 8, s. 205](#), [Sch. 41 Pt. V\(12\)](#) Note

Marginal Citations

M164 [1994 c. 9](#).

^{F279}23

Textual Amendments

F279 Sch. 17 para. 23 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

Finance Act 1989 (c.26)

24 In section 59(1)(c) of the Finance Act 1989, for “section 660(3)” substitute “ section 347A(7) ”.

25 In section 60 of the Finance Act 1989, omit subsection (3) and in subsection (4) for “subsections (2) and (3)” substitute “ subsection (2) ”.

Finance Act 1990 (c.29)

26 In section 25(12)(b) of the ^{M165}Finance Act 1990, for “section 660(3)” substitute “ section 347A(7) ”.

Marginal Citations

M165 [1990 c. 29](#).

Taxation of Chargeable Gains Act 1992 (c.12)

^{F280}27

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F280 Sch. 17 paras. 27-29 omitted (with effect in accordance with Sch. 2 para. 22 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 2 para. 21(a)

F280 28

Textual Amendments

F280 Sch. 17 paras. 27-29 omitted (with effect in accordance with Sch. 2 para. 22 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 2 para. 21(a)

F280 29

Textual Amendments

F280 Sch. 17 paras. 27-29 omitted (with effect in accordance with Sch. 2 para. 22 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 2 para. 21(a)

F281 30

Textual Amendments

F281 Sch. 17 para. 30 repealed (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), Sch. 3 (with Sch. 2)

31 In section 286 of the Taxation of Chargeable Gains Act 1992, for subsection (3) substitute—

- “(3) A person, in his capacity as trustee of a settlement, is connected with—
- (a) any individual who in relation to the settlement is a settlor,
 - (b) any person who is connected with such an individual, and
 - (c) any body corporate which is connected with that settlement.

In this subsection “settlement” and “settlor” have the same meaning as in Chapter IA of Part XV of the Taxes Act (see section 660G(1) and (2) of that Act).

(3A) For the purpose of subsection (3) above a body corporate is connected with a settlement if—

- (a) it is a close company (or only not a close company because it is not resident in the United Kingdom) and the participators include the trustees of the settlement; or
- (b) it is controlled (within the meaning of section 840 of the Taxes Act) by a company falling within paragraph (a) above.”.

F282 32

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F282 Sch. 17 para. 32 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

SCHEDULE 18

Section 75.

DECEASED PERSONS' ESTATES

Introductory

1 Part XVI of the Taxes Act 1988 shall be amended as follows.

Limited interests in residue

F283
2

Textual Amendments

F283 Sch. 18 para. 2 repealed (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](#))

Absolute interests in residue

3 (1) In section 696 (absolute interests in residue), for subsection (3) there shall be substituted the following subsections—

“(3) When any sum has been paid during the administration period in respect of that absolute interest, that sum, except so far as it is excluded from the operation of this subsection, shall be deemed for all tax purposes to have been paid to that person as income for the year of assessment in which it was actually paid.

(3A) A payment shall be excluded from the operation of subsection (3) above to the extent (if any) that the aggregate of that sum and all the sums which—

(a) have been paid previously during the administration period in respect of that absolute interest, and

(b) fall under this section to be treated as paid to that person as income, exceeds the aggregated income entitlement of that person for the year of assessment in which the sum is paid.

(3B) For the purposes of this section the aggregated income entitlement of that person for any year of assessment is the amount which would be the aggregate of the amounts received for that year of assessment and all previous years of assessment in respect of the interest if that person had a right in each year to receive, and had received—

(a) in the case of a United Kingdom estate, his residuary income for that year less income tax at the applicable rate for that year; and

(b) in the case of a foreign estate, his residuary income for that year.”

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

“(5) Where, on the completion of the administration of the estate, the aggregate of all the sums which, apart from this subsection—

- (a) have been paid during the administration period in respect of that absolute interest, and
- (b) fall under this section to be treated as paid to that person as income,

is exceeded by the aggregated income entitlement of that person for the year of assessment in which the administration of the estate is completed, then an amount equal to the amount of the excess shall be treated for the purposes of subsections (3) to (4) above as having been actually paid, immediately before the end of the administration period, in respect of that interest.”

(3) Sub-paragraph (1) above has effect, subject to sub-paragraph (4) below, in relation to any payment made on or after 6th April 1995; and sub-paragraph (2) above shall have effect in relation to any estate the administration of which is completed on or after 6th April 1995.

(4) Where any sum is deemed by virtue of subsection (3) of section 696 of the Taxes Act 1988 (as it has effect apart from this Schedule) [^{F284}and sections 652, 660 and 665 of the Income Tax (Trading and Other Income) Act 2005] to have been paid to any person as income for the year 1994-95 or any previous year of assessment, that sum shall be treated for the purposes of subsections (3A) and (5) of that section (as they have effect by virtue of this Schedule) as a sum actually paid in respect of that person's absolute interest in that year of assessment.

Textual Amendments

F284 Words in Sch. 18 para. 3(4) inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005](#) (c. 5), s. 883(1), [Sch. 1 para. 483](#) (with Sch. 2)

Supplemental provisions relating to section 696

4 (1) After subsection (1) of section 697 (calculation of residuary income) there shall be inserted the following subsection—

“(1A) For the purpose of ascertaining under subsection (1) above the residuary income of an estate for any year, where the amount of the deductions falling to be made from the aggregate income of the estate for that year (including any falling to be made by virtue of this subsection) exceeds the amount of that income, the excess shall be carried forward and treated for that purpose as an amount falling to be deducted from the aggregate income of the estate for the following year.”

(2) In subsection (2) of that section (reduction of residuary income where benefits received are less than aggregate of residuary income), for the words from “his residuary income for” onwards there shall be substituted “ section 696 shall have effect as if the amount of the deficiency were to be applied in reducing the amount taken to be his residuary income for the year in which the administration of the estate is completed and, in so far as the deficiency exceeds that income, in reducing the amount taken to be his residuary income for the previous year, and so on. ”

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- (3) Sub-paragraph (1) above has effect for ascertaining the residuary income of an estate for the year 1995-96 or any subsequent year of assessment; and sub-paragraph (2) above has effect in relation to any estate the administration of which is completed on or after 6th April 1995.

Special provisions as to successive interests in residue

- 5 (1) For subsection (2) of section 698 (special provisions as to successive interests in residue) there shall be substituted the following subsections—

“(1A) Subsection (1B) below applies where—

- (a) successively during the administration period there are different persons with interests in the residue of the estate of a deceased person or in parts of such a residue;
- (b) the later interest or, as the case may be, each of the later interests arises or is created on the cessation otherwise than by death of the interest that precedes it; and
- (c) the earlier or, as the case may be, earliest interest is a limited interest.

(1B) Where this subsection applies, this Part shall have effect in relation to any payment made in respect of any of the interests referred to in subsection (1A) above—

- (a) as if all those interests were the same interest so that none of them is to be treated as having ceased on being succeeded by any of the others;
- (b) as if (subject to paragraph (c) below) the interest which is deemed to exist by virtue of paragraph (a) above (“the deemed single interest”) were an interest of—
 - (i) except in a case to which sub-paragraph (ii) below applies, the person in respect of whose interest or previous interest the payment is made;
 - (ii) in a case where the person entitled to receive the payment is any other person who has or has had an interest which is deemed to be comprised in the deemed single interest, that other person;

and

- (c) in so far as any of the later interests is an absolute interest as if, for the purposes of section 696(3A) to (5)—
 - (i) the earlier interest or interests had never existed and the absolute interest had always existed;
 - (ii) the sums (if any) which were deemed in relation to the earlier interest or interests to have been paid as income for any year of assessment to any of the persons entitled thereto were sums previously paid during the administration period in respect of the absolute interest; and
 - (iii) those sums were sums falling to be treated as sums paid as income to the person entitled to the absolute interest.

- (2) Where successively during the administration period there are different persons with absolute interests in the residue of the estate of a deceased person or in parts of such a residue, the aggregate payments and aggregated

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income entitlement referred to in subsections (3A) and (3B) of section 696 shall be computed for the purposes of that section in relation to an absolute interest subsisting at any time (“the subsequent interest”)—

- (a) as if the subsequent interest and any previous absolute interest corresponding to the subsequent interest, or relating to any part of the residue to which the subsequent interest relates, were the same interest; and
 - (b) as if the residuary income for any year of the person entitled to the previous interest were residuary income of the person entitled to the subsequent interest and any amount deemed to be paid as income to the person entitled to the previous interest were an amount deemed to have been paid to the person entitled to the subsequent interest.”
- (2) This paragraph has effect in relation to any payment made on or after 6th April 1995 and, so far as it relates to the operation of section 695(3) or 696(5) of the Taxes Act 1988, in relation to any estate the administration of which is completed on or after that date.

Adjustments and information

6 After subsection (4) of section 700 (adjustments and information) there shall be inserted the following subsections—

“(5) It shall be the duty of a personal representative of a deceased person, if a request to do so is made in writing by a person who has, or has had, an absolute or limited interest in the residue of the estate of the deceased or by a person to whom any of the income of the residue of that estate has been paid in the exercise of any discretion, to furnish the person making the request with a statement in writing setting out—

- (a) in respect of every amount which has been, or is treated as having been, actually paid to that person in respect of that interest or in the exercise of that discretion, the amount (if any) deemed under this Part to have been paid to him as income for a year of assessment; and
- (b) the amount of any tax at the applicable rate which any amount falling within paragraph (a) above is deemed to have borne;

and, where an amount deemed to have been paid as income to any person for any year of assessment is deemed for any of the purposes of this Part to have borne tax on different parts of it at different applicable rates, the matters to be set out in pursuance of paragraphs (a) and (b) above shall be set out separately as respects each part of that amount.

- (6) The duty imposed by subsection (5) above shall be enforceable at the suit or instance of the person making the request.”

Interpretation

7 Subsection (14) of section 701 (cases where residuary income has borne income tax at the additional rate) shall cease to have effect.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

F285 SCHEDULE 19

Textual Amendments

F285 Sch. 19 repealed (19.3.1997 with effect as mentioned in [Sch. 10 para. 7\(1\)](#) of the amending Act) by 1997 c. 16, ss. 76, 113, [Sch. 18 Pt. VI\(10\)](#) Note 1; S.I. 1997/991, [art. 2](#)

SCHEDULE 20

Section 107(11).

CLAIMS ETC. NOT INCLUDED IN RETURNS

Making of claims

1 In Schedule 1A to the Management Act (claims etc. not included in returns), in subparagraph (5) of paragraph 2 (making of claims), for paragraph (b) there shall be substituted the following paragraphs—

- “(b) such information as is reasonably required for the purpose of determining whether and, if so, the extent to which the claim is correct;
- (bb) the delivery with the claim of such accounts, statements and documents, relating to information contained in the claim, as are reasonably required for the purpose mentioned in paragraph (b) above;”.

Keeping and preserving of records

2 After paragraph 2 of that Schedule there shall be inserted the following paragraph—

“ Keeping and preserving of records

- 2A (1) Any person who may wish to make a claim in relation to a year of assessment or other period shall—
- (a) keep all such records as may be requisite for the purpose of enabling him to make a correct and complete claim; and
 - (b) shall preserve those records until the end of the relevant day.
- (2) In relation to a claim, the relevant day for the purposes of subparagraph (1) above is whichever of the following is the latest, namely—
- (a) where enquiries into the claim or any amendment of the claim are made by an officer of the Board, the day on which, by virtue of paragraph 7(4) below, those enquiries are treated as completed; and
 - (b) where no enquiries into the claim or any amendment of the claim are so made, the day on which such an officer no longer has power to make such enquiries.
- (3) The duty under subparagraph (1) above to preserve records may be discharged by the preservation of the information contained in them; and

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

where the information is so preserved a copy of any document forming part of the records shall be admissible in evidence in any proceedings before the Commissioners to the same extent as the records themselves.

- (4) Any person who fails to comply with sub-paragraph (1) above in relation to any claim which is made for a year of assessment or accounting period shall be liable to a penalty not exceeding £3,000.”

Amendments of claims

- 3 In paragraph 3 of that Schedule (amendments of claims), in sub-paragraph (1)(a), for the word “return” there shall be substituted the word “claim”.

Giving effect to claims and amendments

- 4 (1) At the beginning of sub-paragraph (1) of paragraph 4 of that Schedule (giving effect to claims and amendments) there shall be inserted the words “ Subject to sub-paragraphs (1A) and (3) below and to any other provision in the Taxes Acts which otherwise provides, ”.

- (2) After that sub-paragraph there shall be inserted the following sub-paragraph—

“(1A) In relation to a claim which would otherwise fall to be taken into account in the making of deductions or repayments of tax under section 203 of the principal Act, sub-paragraph (1) above shall apply as if for the word “shall” there were substituted the word “may”.”

- (3) At the beginning of sub-paragraph (2) of that paragraph there shall be inserted the words “ Subject to sub-paragraph (3) below, ”.

- (4) After the said sub-paragraph (2) there shall be inserted the following sub-paragraph—

“(3) Where any such claim or amendment as is mentioned in sub-paragraph (1) or (2) above is enquired into by an officer of the Board—

- (a) that sub-paragraph shall not apply until the day on which, by virtue of paragraph 7(4) below, the officer’s enquiries are treated as completed; but
- (b) the officer may at any time before that day give effect to the claim or amendment, on a provisional basis, to such extent as he thinks fit.”

Power to enquire into claims

- 5 In paragraph 5 of that Schedule (power to enquire into claims), for sub-paragraphs (2) and (3) there shall be substituted the following sub-paragraphs—

“(2) The period referred to in sub-paragraph (1) above is whichever of the following ends the latest, namely—

- (a) the period ending with the quarter day next following the first anniversary of the day on which the claim or amendment was made;
- (b) where the claim or amendment relates to a year of assessment, the period ending with the first anniversary of the 31st January next following that year; and

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (c) where the claim or amendment relates to a period other than a year of assessment, the period ending with the first anniversary of the end of that period;
- and the quarter days for the purposes of this sub-paragraph are 31st January, 30th April, 31st July and 31st October.
- (3) A claim or amendment which has been enquired into under sub-paragraph (1) above shall not be the subject of—
- (a) a further notice under that sub-paragraph; or
 - (b) if it is subsequently included in a return, a notice under section 9A(1), 11AB(1) or 12AC(1) of this Act.”

SCHEDULE 21

Section 116(1).

SELF-ASSESSMENT ETC: TRANSITIONAL PROVISIONS

Notice of liability

- 1 Section 7 of the Management Act (notice of liability) shall have effect as respects the year 1995-96 as if the reference in subsection (7) to a self-assessment made under section 9 of that Act in respect of that year were a reference to assessments made more than six months after the end of that year.

Payments on account of income tax

- 2 (1) Section 59A of that Act (payments on account of income tax) shall have effect as respects the year 1996-97 with the modifications made by sub-paragraphs (2) to (7) below.
- (2) The references in subsections (1)(a) and (4A) to a person being assessed to income tax under section 9 of that Act shall be construed as references to his being assessed to income tax under section 29 of that Act.
- (3) The reference in subsection (1)(b) to the assessed amount shall be construed as a reference to the difference between that amount and the aggregate of the following, namely—
- (a) so much of any income tax charged at a higher rate on any income—
 - (i) from which tax has been deducted otherwise than under section 203 of the Taxes Act 1988, or
 - (ii) from or on which income tax is treated as having been deducted or paid,
 as is attributable to the difference between that rate and the basic rate; and
 - (b) so much of any income tax charged at a higher rate on any income chargeable under Schedule F as is attributable to the difference between that rate and the lower rate.
- (4) The reference in subsection (1)(c) to the relevant amount shall be construed as a reference to the difference between that amount and the amount of any income tax charged under Schedule E which—
- (a) has not been deducted under section 203 of the Taxes Act 1988; and

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (b) is not charged by an assessment made under regulation 103 of the ^{M166}Income Tax (Employments) Regulations 1993.
- (5) Subsection (2) shall have effect as if it required—
- (a) the first payment on account to be of an amount equal to the aggregate of—
- (i) such part of the relevant amount as represents tax charged under Schedule A or any of Cases III to VI of Schedule D; and
- (ii) 50 per cent. of the remaining part of the relevant amount, and
- (b) the second payment on account to be of an amount equal to 50 per cent. of that remaining part.
- (6) Subsection (4) shall have effect as if it provided that, in the circumstances there mentioned—
- (a) the amount of the first payment on account should be, and should be deemed always to have been, equal to the aggregate of—
- (i) such part of the stated amount as represents tax charged under Schedule A or any of Cases III to VI of Schedule D; and
- (ii) 50 per cent. of the remaining part of the stated amount, and
- (b) the amount of the second payment on account should be, and should be deemed always to have been, equal to 50 per cent. of that remaining part.
- (7) Subsection (4A) shall have effect as if it provided that, in the circumstances and subject as there mentioned—
- (a) the amount of the first payment on account should be, and should be deemed always to have been, equal to the aggregate of—
- (i) such part of the relevant amount (as determined on the basis of the assessment or, as the case may be, the assessment as amended) as represents tax charged under Schedule A or any of Cases III to VI of Schedule D; and
- (ii) 50 per cent. of the remaining part of the relevant amount, as so determined, and
- (b) the amount of the second payment on account should be, and should be deemed always to have been, equal to 50 per cent. of that remaining part.
- (8) In this paragraph “higher rate” means a rate other than the basic rate or the lower rate.

Marginal Citations
M166 S.I. 1993/744.

Partnerships

- 3 (1) This paragraph applies in the case of a partnership whose trade, profession or business is set up and commenced before 6th April 1994.
- (2) Section 32 of the Management Act (relief for double assessments to tax) shall have effect, as respects each partner and the year 1996-97, as if the partnership had not been assessed to income tax for that year.
- (3) Section 59B of that Act (payment of income tax and capital gains tax) shall have effect, as respects each partner and that year, as if his share of any income tax to

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which the partnership is assessed for that year were income tax which in respect of that year had been deducted at source.

SCHEDULE 22

Section 123.

PREVENTION OF EXPLOITATION OF [F286 SCHEDULE 2 TO ITTOIA 2005 (SO FAR AS RELATING TO OVERLAP PROFIT)]

Textual Amendments

F286 Words in Sch. 22 heading substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(12\)](#) (with Sch. 2)

PART I

CASES I AND II OF SCHEDULE D

Increase of profits or gains of transitional period

- 1 (1) This paragraph applies where, in the case of a trade, profession or vocation carried on by any person—
- (a) paragraph 2(2) of Schedule 20 to the ^{M167}Finance Act 1994 applies without the modification made by paragraph 2(3) of that Schedule; and
 - (b) any amount which is included in the profits or gains of the transitional period would not have been so included if—
 - (i) any relevant change made by that person had not been made; or
 - (ii) any relevant transaction entered into by that person had not been entered into.
- (2) Subject to sub-paragraph (3) below, the said paragraph 2(2) shall have effect as if the reference to the appropriate percentage of the aggregate of the amounts there mentioned were a reference to the aggregate of—
- (a) that percentage of each of those amounts; and
 - (b) 1.25 times the complementary percentage of each of the amounts falling within sub-paragraph (1)(b) above.
- (3) Sub-paragraph (2) above does not apply where—
- (a) the aggregate of the amounts falling within sub-paragraph (1)(b) above is less than such amount as may be prescribed by regulations made by the Board;
 - (b) the proportion which the aggregate of those amounts bears to the aggregate of the amounts mentioned in the said paragraph 2(2) is less than such proportion as may be so prescribed; or
 - (c) the appropriate percentage of the turnover for the transitional period is less than such amount as may be so prescribed;
- and regulations under this sub-paragraph may make as respects trades or professions carried on by persons in partnership provision different from that made as respects trades, professions or vocations carried on by individuals.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

(4) In this paragraph—

“the appropriate percentage” means the following expressed as a percentage, that is, 365 divided by the number of days in the transitional period;

“the complementary percentage” means the difference between 100 per cent. and the appropriate percentage;

“the transitional period” means the basis period for the year 1996-97 and the relevant period (within the meaning of paragraph 2 of Schedule 20 to the ^{M168}Finance Act 1994) taken together.

Marginal Citations

M167 1994 c. 9.

M168 1994 c. 9.

F287²

Textual Amendments

F287 Sch. 22 para. 2 repealed (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), Sch. 1 para. 484(2), Sch. 3 (with Sch. 2)

Increase of profits or gains of transitional overlap period

3 (1) This paragraph applies where, in the case of a trade, profession or vocation carried on by any person—

(a) [^{F288}paragraph 52 of Schedule 2 to the Income Tax (Trading and Other Income) Act 2005 (“ITTOIA 2005”)] applies; and

(b) any amount which is included in the transitional overlap profit would not have been so included if—

(i) any relevant change made by that person had not been made; or

(ii) any relevant transaction entered into by that person had not been entered into.

(2) Subject to sub-paragraph (3) below, [^{F289}paragraph 52 of that Schedule] shall have effect as if the reference to the transitional overlap profit were a reference to the amount (if any) by which that profit exceeds 1.25 times the aggregate of the amounts falling within sub-paragraph (1)(b) above.

(3) Sub-paragraph (3) of paragraph 1 above shall apply for the purposes of this paragraph as it applies for the purposes of that paragraph but subject to the following modifications, namely—

(a) the reference to the aggregate of the amounts mentioned in the said paragraph 2(2) shall have effect as a reference to the transitional overlap profit; and

(b) the reference to the appropriate percentage of the turnover for the transitional period shall have effect as a reference to the appropriate percentage of the turnover for the transitional overlap period.

(4) In this paragraph—

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

“the appropriate percentage” means the following expressed as a percentage, that is, 365 divided by the number of days in the transitional overlap period;

“the transitional overlap period” means the period beginning immediately after the end of—

- (a) the basis period for the year 1996-97 [^{F290}(determined in accordance with paragraph 1 of Schedule 20 to the Finance Act 1994 despite the repeal by ITTOIA 2005 of that paragraph)]; or
- (b) in the case of a trade or profession carried on by any person in partnership with other persons, the basis period of the partnership for that year [^{F290}(as so determined)],

and (in either case) ending with 5th April 1997;

“the transitional overlap profit” means the amount mentioned in [^{F291}paragraph 52(2) of Schedule 2 to ITTOIA 2005].

Textual Amendments

F288 Words in Sch. 22 para. 3(1)(a) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(3\)\(a\)](#) (with Sch. 2)

F289 Words in Sch. 22 para. 3(2) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(3\)\(b\)](#) (with Sch. 2)

F290 Words in Sch. 22 para. 3(4) inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(3\)\(c\)](#) (with Sch. 2)

F291 Words in Sch. 22 para. 3(4) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(3\)\(d\)](#) (with Sch. 2)

^{F292}4

Textual Amendments

F292 Sch. 22 para. 4 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(4\), Sch. 3](#) (with Sch. 2)

- 5 (1) This paragraph applies where, in the case of a trade or profession carried on by any person in partnership with other persons—
- (a) [^{F293}paragraph 52 of Schedule 2 to ITTOIA 2005] applies with or without the modification made by paragraph 3(2) above;
 - (b) a claim is made under [^{F294}section 383 of the Income Tax Act 2007 (relief for interest payments)] in respect of interest on a loan to defray money contributed or advanced by him (“the partner”) to the partnership; and
 - (c) sub-paragraph (2) below applies to any of the money so contributed or advanced.
- (2) This sub-paragraph applies to money so contributed or advanced unless it was contributed or advanced wholly or mainly—
- (a) for bona fide commercial reasons; or
 - (b) for a purpose other than the reduction of the partnership’s borrowings for a relevant period.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (3) Subject to sub-paragraph (4) below, [^{F295}paragraph 52 of Schedule 2 to ITTOIA 2005] shall have effect as if the reference to the transitional overlap profit were a reference to the difference between that profit and the amount of interest paid by the partner in respect of the transitional overlap period on money to which sub-paragraph (2) above applies.
- (4) Sub-paragraph (3) above does not apply where—
- (a) the loan was made before 1st April 1994; or
 - (b) the aggregate amount of interest paid as mentioned in that sub-paragraph is less than such amount as may be prescribed by regulations made by the Board.
- (5) In this paragraph—
- “relevant period” means a period the whole or part of which falls within the transitional overlap period;
 - “the transitional overlap period” has the same meaning as in paragraph 3 above;
 - “the transitional overlap profit” means the amount mentioned in [^{F296}paragraph 52(2) of Schedule 2 to ITTOIA 2005] (whether having effect with or without the modification made by paragraph 3(2) above).

Textual Amendments

- F293** Words in Sch. 22 para. 5(1) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(5\)\(a\)](#) (with Sch. 2)
- F294** Words in Sch. 22 para. 5(1)(b) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 370\(2\)](#) (with Sch. 2)
- F295** Words in Sch. 22 para. 5(3) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(5\)\(b\)](#) (with Sch. 2)
- F296** Words in Sch. 22 para. 5(5) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(5\)\(c\)](#) (with Sch. 2)

PART II

CASES III, IV AND V OF SCHEDULE D

Increase of trade etc. profits or gains arising in 1995-96 and 1996-97

^{F297}6

Textual Amendments

- F297** Sch. 22 para. 6 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(6\), Sch. 3](#) (with Sch. 2)

Increase of trade etc. profits or gains arising in transitional overlap period

- 7 (1) This paragraph applies where, in the case of any income derived by any person from the carrying on by him of a trade, profession or vocation—

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (a) [^{F298}paragraph 53 of Schedule 2 to ITTOIA 2005] applies; and
- (b) any amount which is included in the transitional overlap profit would not have been so included if—
- (i) any relevant change made by that person had not been made; or
 - (ii) any relevant transaction entered into by that person had not been entered into.
- (2) Subject to sub-paragraph (3) below, [^{F299}paragraph 53 of that Schedule] shall have effect as if the reference to the transitional overlap profit were a reference to the amount (if any) by which that profit exceeds 1.25 times the aggregate of the amounts falling within sub-paragraph (1)(b) above.
- (3) Sub-paragraph (3) of paragraph 1 above shall apply for the purposes of this paragraph as it applies for the purposes of that paragraph but subject to the following modifications, namely—
- (a) the reference to the aggregate of the amounts mentioned in the said paragraph 2(2) shall have effect as a reference to the transitional overlap profit; and
 - (b) the reference to the appropriate percentage of the turnover for the transitional period shall have effect as a reference to the appropriate percentage of the turnover for the transitional overlap period.
- (4) In this paragraph—
- “the appropriate percentage” means the following expressed as a percentage, that is, 365 divided by the number of days in the transitional overlap period;
- “the transitional overlap period” means the period beginning immediately after the end of—
- (a) the basis period for the year 1996-97 [^{F300}(determined in accordance with paragraph 1 of Schedule 20 to the Finance Act 1994 despite the repeal by ITTOIA 2005 of that paragraph)]; or
 - (b) in the case of any income derived by any person from the carrying on by him of a trade or profession in partnership with other persons, the basis period of the partnership for that year [^{F300}(as so determined)],
- and (in either case) ending with 5th April 1997;
- “the transitional overlap profit” means the amount mentioned in [^{F301}paragraph 53(3) of Schedule 2 to ITTOIA 2005].

Textual Amendments

- F298** Words in Sch. 22 para. 7(1) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(7\)\(a\)](#) (with Sch. 2)
- F299** Words in Sch. 22 para. 7(2) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(7\)\(b\)](#) (with Sch. 2)
- F300** Words in Sch. 22 para. 7(4) inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(7\)\(c\)](#) (with Sch. 2)
- F301** Words in Sch. 22 para. 7(4) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(7\)\(d\)](#) (with Sch. 2)

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F302 Sch. 22 paras. 8-10 repealed (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), Sch. 1 para. 484(8), **Sch. 3** (with Sch. 2)

Increase of interest arising in 1995-96 and 1996-97

F302₉

Textual Amendments

F302 Sch. 22 paras. 8-10 repealed (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), Sch. 1 para. 484(8), **Sch. 3** (with Sch. 2)

Increase of other income arising in 1995-96 and 1996-97

F302₁₀

Textual Amendments

F302 Sch. 22 paras. 8-10 repealed (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), Sch. 1 para. 484(8), **Sch. 3** (with Sch. 2)

PART III

PROCEDURAL AND OTHER PROVISIONS

Time limits for purposes of paragraphs 1, 2, 4, 6 and 8 to 10

- 11 (1) Nothing in subsection (2) or (3) of section 29 of the Management Act (as substituted by section 191 of the ^{M169}Finance Act 1994) shall prevent an assessment being made under subsection (1) of that section in any case where—
- (a) the loss of tax there mentioned is attributable to any failure to give effect to any of paragraphs 1, 2, 4, 6 and 8 to 10 above; and
 - (b) at the time when the assessment is made, the condition mentioned in sub-paragraph (3) below is fulfilled.
- (2) Nothing in subsection (3) or (4) of section 30B of the Management Act (amendment of [^{F303}partnership return] where loss of tax discovered) shall prevent an amendment being made under subsection (1) of that section in any case where—
- (a) the omission, deficiency or excess there mentioned is attributable to any failure to give effect to any of paragraphs 1, 2, 4, 6 and 8 to 10 above; and
 - (b) at the time when the amendment is made, the condition mentioned in sub-paragraph (3) below is fulfilled.
- (3) The condition referred to in sub-paragraphs (1) and (2) above is that either—
- (a) [^{F304}a return under section 8 or 8A of the Management Act (personal or trustee return)] or, as the case may require, a [^{F305}partnership return] has

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been made for the year 1997-98 and that [^{F306}return] is still capable of being amended; or
 [^{F307}(b) no such return has been so made.]

Textual Amendments

- F303** Words in Sch. 22 para. 11(2) substituted (11.5.2001) by 2001 c. 9, s. 88, **Sch. 29 para. 37(1)(2)**
F304 Words in Sch. 22 para. 11(3)(a) substituted (11.5.2001) by 2001 c. 9, s. 88, **Sch. 29 para. 37(1)(3)(a)(i)**
F305 Words in Sch. 22 para. 11(3)(a) substituted (11.5.2001) by 2001 c. 9, s. 88, **Sch. 29 para. 37(1)(3)(a)(ii)**
F306 Words in Sch. 22 para. 11(3)(a) substituted (11.5.2001) by 2001 c. 9, s. 88, **Sch. 29 para. 37(1)(3)(a)(iii)**
F307 Sch. 22 para. 11(3)(b) substituted (11.5.2001) by 2001 c. 9, s. 88, **Sch. 29 para. 37(1)(3)(b)**

Marginal Citations

M169 1994 c. 9.

Advance notice for purposes of paragraphs 3, 5 and 7

- 12 (1) An officer of the Board shall not so amend [^{F308}a return under section 8 or 8A of the Management Act (personal or trustee return)] as to give effect to paragraph 3, 5 or 7 above unless a notice stating—
- (a) in the case of paragraph 3 or 7 above, the aggregate of the amounts falling within sub-paragraph (1)(b) of that paragraph; and
 - (b) in the case of paragraph 5 above, the aggregate amount of interest paid as mentioned in sub-paragraph (3) of that paragraph,
- is given by such an officer at a time when the condition mentioned in sub-paragraph (2) below is fulfilled.
- (2) The condition referred to in sub-paragraph (1) above is that either—
- (a) [^{F309}a return under section 8 or 8A of the Management Act (personal or trustee return)] has been made for the year 1998-99 and [^{F310}that return] is still capable of being amended; or
 - [^{F311}(b) no such return has been so made.]
- (3) Subject to sub-paragraph (4) below, a notice under sub-paragraph (1) above shall be conclusive of the matters stated in it.
- (4) An appeal may be brought against a notice under sub-paragraph (1) above at any time within the period of 30 days beginning with the date on which the notice is given.
- (5) Subject to sub-paragraph (6) below, the provisions of the Management Act relating to appeals shall have effect in relation to an appeal under sub-paragraph (4) above as they have effect in relation to an appeal against an assessment to tax.
- (6) On an appeal under sub-paragraph (4) above, section 50(6) to (8) of the Management Act (procedure on appeals) shall not apply but the Commissioners may—
- (a) if it appears to them that the matters stated in the notice under sub-paragraph (1) above are correct, confirm the notice; or
 - (b) if it does not so appear to them, set aside or modify the notice accordingly.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

- F308** Words in Sch. 22 para. 12(1) substituted (11.5.2001) by 2001 c. 9, s. 88, **Sch. 29 para. 37(4)**
F309 Words in Sch. 22 para. 12(2)(a) substituted (11.5.2001) by 2001 c. 9, s. 88, **Sch. 29 para. 37(5)(a)(i)**
F310 Words in Sch. 22 para. 12(2)(a) substituted (11.5.2001) by 2001 c. 9, s. 88, **Sch. 29 para. 37(5)(a)(ii)**
F311 Sch. 22 para. 12(2)(b) substituted (11.5.2001) by 2001 c. 9, s. 88, **Sch. 29 para. 37(5)(b)**

Penalties not to apply in certain cases

- 13 (1) Where a relevant return (as originally made) states—
- (a) that paragraph 1, 3 or 4 above applies in the case of a trade, profession or vocation carried on by any person; or
 - (b) that paragraph 7 or 8 above applies in the case of any income derived by any person from the carrying on by him of a trade, profession or vocation,
- sub-paragraph (2) of that paragraph shall have effect, in its application to any amounts stated in the return (as so made) to fall within sub-paragraph (1)(b) of that paragraph or, in the case of paragraph 4 or 8 above, to be amounts which would have fallen within sub-paragraph (1)(b) of the preceding paragraph, as if the words “1.25 times” were omitted.
- (2) Where a relevant return (as originally made) states—
- (a) that paragraph 6 above applies in the case of any income derived by any person from the carrying on by him of a trade, profession or vocation; or
 - (b) that paragraph 9 or 10 above applies in the case of any income arising to any person from any source,
- sub-paragraph (2) of that paragraph shall have effect, in its application to any amounts stated in the return (as so made) to fall within sub-paragraph (1)(b) of that paragraph, as if for the words “62.5 per cent.” there were substituted the words “50 per cent”.
- (3) In this paragraph—
- “relevant return” means a return which, for the relevant year, is made under section 8, 8A or 12AA of the Management Act in respect of the trade, profession or vocation or, as the case may be, the source of the income;
- “the relevant year” means—
- (a) in relation to paragraph 1, 6, 9 or 10 above, the year 1996–97;
 - (b) in relation to paragraph 3, 4, 7 or 8 above, the year 1997–98.

PART IV

INTERPRETATION

Relevant changes for purposes of paragraphs 1, 3, 6 and 7

- 14 (1) Any accounting change or change of business practice is a relevant change for the purposes of [F³¹² paragraphs 1, 3 and 7] above unless—
- (a) the change is made exclusively for bona fide commercial reasons; or
 - (b) the obtaining of a tax advantage is not the main benefit that could reasonably be expected to arise from the making of the change.

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- (2) In this paragraph “accounting change”—
- (a) does not include any change of accounting date which brings the end of the basis period for the year 1996-97 closer to 5th April 1997; but
 - (b) subject to that, means any change of accounting date or other modification of an accounting policy or any substitution of one such policy for another.
- (3) In this paragraph “change of business practice” means any change in an established practice of trade, profession or vocation carried on by any person—
- (a) as to the timing of any of the following, namely—
 - (i) the supply of goods or services, the invoicing of customers or clients and the collection of outstanding debts; and
 - (ii) the obtaining of goods or services, the incurring of business expenses and the settlement of outstanding debts; or
 - (b) as to the obtaining or making of payments in advance or payments on account.

Textual Amendments

F312 Words in Sch. 22 para. 14(1) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(9\)](#) (with Sch. 2)

Relevant transactions for purposes of paragraphs 1, 3, 6 and 7

- 15 Any self-cancelling transaction or transaction with a connected person is a relevant transaction for the purposes of [^{F313}paragraphs 1, 3 and 7] above unless—
- (a) the transaction is entered into exclusively for bona fide commercial reasons; or
 - (b) the obtaining of a tax advantage is not the main benefit that could reasonably be expected to arise from the entering into of the transaction.

Textual Amendments

F313 Words in Sch. 22 para. 15(1) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(10\)](#) (with Sch. 2)

- 16 (1) An agreement by which the person by whom a trade, profession or vocation is carried on agrees to sell or transfer trading stock or work in progress is a self-cancelling transaction for the purposes of paragraph 15 above if by the same or any collateral agreement that person—
- (a) agrees to buy back or re-acquire the trading stock or work in progress; or
 - (b) acquires or grants an option, which is subsequently exercised, for him to buy back or re-acquire the trading stock or work in progress.
- (2) In sub-paragraph (1) above—
- “trading stock” has the same meaning as in section 100 of the Taxes Act 1988;
- “work in progress”, in relation to a profession or vocation, means—
- (a) any services performed in the ordinary course of the profession or vocation, the performance of which is wholly or partly completed at

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the time of the sale or transfer and for which it would be reasonable to expect that a charge would have been made on their completion if the sale or transfer had not been effected; and

(b) any article produced, and any such material as is used, in the performance of any such services,

and references in that sub-paragraph to the sale or transfer of work in progress shall include references to the sale or transfer of any benefits and rights which accrue, or might reasonably be expected to accrue, from the carrying out of the work.

- 17 (1) For the purposes of paragraph 15 above, any question whether the person by whom a trade, profession or vocation is carried on is connected with another person shall be determined in accordance with sub-paragraphs (2) to (5) below.
- (2) An individual carrying on a trade, profession or vocation is connected with another person if they are connected with each other within the meaning of [^{F314}section 993 of the Income Tax Act 2007 (but as if, in subsection (4) of that section, the words from “But this subsection” to the end were omitted).]
- (3) Persons carrying on a trade or profession in partnership are connected with an individual if he controls the partnership.
- (4) Persons carrying on a trade or profession in partnership are connected with a company if the company controls the partnership or the same person controls both the company and the partnership.
- (5) Persons carrying on a trade or profession in partnership are connected with persons carrying on another trade or profession in partnership if the same person controls both partnerships.
- (6) In this paragraph—
- (a) “control” shall be construed—
- (i) in relation to a company, in accordance with section 416 of the Taxes Act 1988;
- (ii) in relation to a partnership, in accordance with [^{F315}section 995 of the Income Tax Act 2007]; and
- (b) any reference to a person controlling a company or partnership is a reference to his doing so either alone or with one or more persons connected with him.

Textual Amendments

F314 Words in Sch. 22 para. 17(2) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 370\(3\)\(a\)](#) (with [Sch. 2](#))

F315 Words in Sch. 22 para. 17(6)(a)(ii) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 370\(3\)\(b\)](#) (with [Sch. 2](#))

Relevant arrangements for purposes of paragraph 9

^{F316}18

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F316 Sch. 22 paras. 18-20 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), Sch. 1 para. 484(11), **Sch. 3** (with Sch. 2)

Relevant arrangements for purposes of paragraph 10

F316¹⁹

Textual Amendments

F316 Sch. 22 paras. 18-20 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), Sch. 1 para. 484(11), **Sch. 3** (with Sch. 2)

Relevant transactions for purposes of paragraph 10

F316²⁰

Textual Amendments

F316 Sch. 22 paras. 18-20 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), Sch. 1 para. 484(11), **Sch. 3** (with Sch. 2)

General

- 21 (1) In this Schedule “turnover”, in relation to a trade, profession or vocation, means the amounts derived from the provision of goods or services falling within its ordinary activities, after deduction of trade discounts and value added tax.
- (2) Obtaining a tax advantage shall not be regarded as a bona fide commercial reason for the purposes of this Schedule.

SCHEDULE 23

Section 126.

OBLIGATIONS ETC. IMPOSED ON UK REPRESENTATIVES

General imposition of obligations etc.

- 1 (1) Subject to the following provisions of this Schedule, the provisions of the Tax Acts, of the ^{M170}Taxation of Chargeable Gains Act 1992 and of any subordinate legislation made under the Tax Acts or that Act of 1992, so far as they—
- (a) make provision for or in connection with the assessment, collection and recovery of tax, or of interest on any tax, and
 - (b) apply in any case for purposes connected with the taxation of any amounts in relation to which the non-resident has a UK representative,

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shall have effect in that case with respect to tax chargeable on, and interest payable by, the non-resident as if the obligations and liabilities of the non-resident by virtue of those provisions were also obligations and liabilities of the UK representative.

- (2) In this paragraph “subordinate legislation” has the same meaning as in the ^{M171}Interpretation Act 1978.

Marginal Citations

M170 1992 c. 12.

M171 1978 c. 30.

Discharge of obligations and liabilities

- 2 Subject to the following provisions of this Schedule—
- (a) the discharge by the non-resident’s UK representative or by the non-resident himself of an obligation or liability which is or corresponds to one to which that representative is subject under this Schedule shall be treated as discharging the corresponding obligation or liability to which the other is subject; and
 - (b) the non-resident shall be bound, as if they were his own, by any acts or omissions of his UK representative in the discharge of the obligations and liabilities imposed on that representative by this Schedule.

Obligations and liabilities requiring notice

- 3 Where any obligation or liability such as is mentioned in paragraph 2 above arises only if the person on whom it is imposed has been given or served with a notice or other document or has received a request or demand, that obligation or liability shall not by virtue of this Schedule be treated as having been imposed on the non-resident’s UK representative unless the notice or document, or a copy of it, was given to or served on that representative, or he was notified of the request or demand.

Information requirements

- 4 (1) The obligations relating to the furnishing of information which are imposed by this Schedule on the non-resident’s UK representative in a case where that representative is his independent agent shall not require that representative to do anything except so far as it is practicable for the representative to do so by acting to the best of his knowledge and belief after having taken all reasonable steps to obtain the necessary information.
- (2) Paragraph 2 above shall not have the effect—
- (a) of discharging the non-resident from any obligation to furnish information in a case where that obligation has been discharged by his UK representative by virtue only of sub-paragraph (1) above; or
 - (b) of requiring the non-resident to be bound by any error or mistake contained, otherwise than as a result of—
 - (i) any act or omission of the non-resident himself, or
 - (ii) any act or omission to which he consented or in which he connived,

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in information furnished by his UK representative in compliance, so far as required by sub-paragraph (1) above, with any obligation imposed by virtue of this Schedule on that representative.

- (3) In this paragraph “information” includes anything contained in any return, self-assessment, account, statement or report that is required to be provided to the Board or any officer of the Board, and references to furnishing information shall be construed accordingly.

Criminal offences and penalties etc

- 5 (1) A person shall not by virtue of this Schedule be guilty of a criminal offence except where he committed the offence himself or consented to, or connived in, its commission.
- (2) An independent agent of the non-resident shall not by virtue of this Schedule be liable, in respect of any act or omission, to any civil penalty or surcharge if—
- (a) the act or omission is neither an act or omission of the agent himself nor an act or omission to which he consented or in which he connived, and
 - (b) he is able to show that he will not, after being indemnified for his other liabilities by virtue of this Schedule, be able to recover the amount of the penalty or surcharge out of any such sums as are mentioned in paragraph 6 below.

Indemnities

- 6 An independent agent of the non-resident shall be entitled—
- (a) to be indemnified in respect of the amount of any liability of the non-resident which is discharged by that agent by virtue of paragraph 2 above; and
 - (b) to retain, out of any sums otherwise due from that agent to the non-resident, or received by that agent on behalf of the non-resident, amounts sufficient for meeting any liabilities by virtue of that paragraph which have been discharged by the agent, or to which he is subject.

Meaning of “independent agent”

- 7 (1) In this Schedule “independent agent”, in relation to the non-resident, means any person who is the non-resident’s UK representative in respect of any agency from the non-resident in which he was acting on the non-resident’s behalf in an independent capacity.
- (2) For the purposes of this paragraph a person shall not be regarded as acting in an independent capacity on behalf of the non-resident unless, having regard to its legal, financial and commercial characteristics, the relationship between them is a relationship between persons carrying on independent businesses that deal with each other at arm’s length.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

SCHEDULE 24

Section 130.

EXCHANGE GAINS AND LOSSES

PART I

AMENDMENTS OF FINANCE ACT 1993

Introduction

1 F317

Textual Amendments

F317 Sch. 24 para. 1 repealed (with effect as mentioned in Sch. 40 Pt. 3(10) Note 2 of the amending Act) by Finance Act (c. 23), s. 141, {Sch. 40 Pt. 3(10)} Note 2

Trading gains and losses

2 F318

Textual Amendments

F318 Sch. 24 para. 2 repealed (with effect as mentioned in Sch. 40 Pt. 3(10) Note 2 of the amending Act) by Finance Act (c. 23), s. 141, {Sch. 40 Pt. 3(10)} Note 2

Non-trading gains and losses

3 F319

Textual Amendments

F319 Sch. 24 para. 3 repealed (with effect as mentioned in Sch. 40 Pt. 3(10) Note 2 of the amending Act) by Finance Act (c. 23), s. 141, {Sch. 40 Pt. 3(10)} Note 2

Assets and liabilities

F320⁴

Textual Amendments

F320 Sch. 24 para. 4 repealed (29.4.1996 with effect as mentioned in ss. 80-105 of the amending Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

Chargeable gains

F321⁵

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Textual Amendments

F321 Sch. 24 para. 5 repealed (29.4.1996 with effect as mentioned in [ss. 80-105](#) of the amending Act) by 1996 c. 8, s. 205, [Sch. 41 Pt. V\(3\)](#) Note

F322⁶

Textual Amendments

F322 Sch. 24 para. 6 repealed (29.4.1996 with effect as mentioned in [ss. 80-105](#) of the amending Act) by 1996 c. 8, s. 205, [Sch. 41 Pt. V\(3\)](#) Note

PART II

AMENDMENTS OF OTHER PROVISIONS

Introduction

7 Paragraphs 8 to 12 below shall be deemed to have come into force on [^{F323}23rd March 1995]

Textual Amendments

F323 Words substituted (with effect as mentioned in [s. 79\(3\)](#) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [s. 79](#), [Sch. 23 para. 22\(3\)](#) (with [Sch. 23 para. 25](#))

Interest on overdue tax

8 In section 87A of the Taxes Management Act 1970 (interest on overdue tax) in subsection (4A) (claims under section 131(5) or (6) of the ^{M172}Finance Act 1993)—

(a) for paragraph (c) there shall be substituted—

“(c) if the claim had not been made, there would be an amount or, as the case may be, an additional amount of corporation tax for the earlier period which would carry interest in accordance with this section,” and

(b) for the words from “then” to the end there shall be substituted “ then, for the purposes of the determination at any time of whether any interest is payable under this section or of the amount of interest so payable, the amount mentioned in paragraph (c) above shall be taken to be an amount of unpaid corporation tax for the earlier period except so far as concerns interest for any time after the date on which any corporation tax for the later period became (or, as the case may be, would have become) due and payable as mentioned in subsection (1) above. ”

Marginal Citations

M172 1970 c. 9.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

F324⁹

Textual Amendments

F324 Sch. 24 para. 9 repealed (31.7.1998 with effect as mentioned in [Sch. 3](#) of the amending Act) by 1998 c. 36, s. 165, [Sch. 27 Pt. III\(2\)](#) Note

10 In section 91 of the ^{M173}Taxes Management Act 1970 (effect on interest of reliefs) in subsection (1B) (provisions to which section 91(1A) is subject) after the words “section 87A(4)” there shall be inserted “, (4A), (4B), ”.

Marginal Citations

M173 1970 c. 9.

Interest on tax overpaid

11 In section 826 of the Taxes Act 1988 (interest on tax overpaid) in subsection (7C) (claims under section 131(5) or (6) of the ^{M174}Finance Act 1993)—

- (a) at the end of paragraph (c) there shall be inserted “ or of income tax in respect of a payment received by the company in that accounting period ”, and
- (b) for the words from “repayment of corporation tax” to “resulting from” there shall be substituted “ repayment referred to in paragraph (c) above, no account shall be taken of so much of the amount of the repayment as falls to be made as a result of ”.

Marginal Citations

M174 1993 c. 34.

12 ^{F325}(1)

^{F325}(2)

(3) In section 102 of the Finance Act 1989 (surrender of company tax refund etc. within group) in subsection (4A) (cases where any of subsections (7) to (7C) of section 826 of the ^{M175}Taxes Act 1988 applies) for “(7C)” there shall be substituted “ (7CA) ”.

^{F325}(4)

^{F325}(5)

Textual Amendments

F325 Sch. 24 para. 12(1)(2)(4)(5) repealed (31.7.1998 with effect as mentioned in [Sch. 3](#) of the amending Act) by 1998 c. 36, s. 165, [Sch. 27 Pt. III\(2\)](#) Note

Marginal Citations

M175 1989 c. 26.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

SCHEDULE 25

Section 133.

CONTROLLED FOREIGN COMPANIES

Introduction

- 1 In this Schedule—
 - (a) paragraph 2 contains an amendment designed to secure that in certain cases the chargeable profits of a company resident outside the United Kingdom are to be computed and expressed in the currency used in its accounts;
 - (b) the other paragraphs contain amendments connected with that amendment.

The principal amendment

F326₂

Textual Amendments

F326 Sch. 25 paras. 2-5 repealed (7.4.2005) by Finance Act 2005 (c. 7), Sch. 11 Pt. 2(6)

Connected amendments

F326₃

Textual Amendments

F326 Sch. 25 paras. 2-5 repealed (7.4.2005) by Finance Act 2005 (c. 7), Sch. 11 Pt. 2(6)

F326₄

Textual Amendments

F326 Sch. 25 paras. 2-5 repealed (7.4.2005) by Finance Act 2005 (c. 7), Sch. 11 Pt. 2(6)

F326₅

Textual Amendments

F326 Sch. 25 paras. 2-5 repealed (7.4.2005) by Finance Act 2005 (c. 7), Sch. 11 Pt. 2(6)

- 6 (1) Schedule 24 to the Taxes Act 1988 (assumptions for calculating chargeable profits etc.) shall be amended as mentioned in sub-paragraphs (2) to (5) below; and—
 - (a) the amendment made by sub-paragraph (2) below shall be deemed always to have had effect, and
 - (b) paragraph 1(4) of Schedule 16 to the ^{M176}Finance Act 1984 shall be deemed always to have had effect subject to the same amendment.
- (2) In paragraph 1 (general assumptions for calculating chargeable profits etc.) in sub-paragraph (4) (assumption for certain purposes that a direction has been given) before

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the words “it shall be assumed” there shall be inserted “in determining the chargeable profits of the company for the accounting period mentioned in paragraph (a) above”.

(3) Paragraph 4A (computation of basic profits or losses of a trade) shall be deemed never to have been inserted.

F327 (4)

(5) F328

Textual Amendments

F327 Sch. 25 para. 6(4) repealed (7.4.2005) by Finance Act 2005 (c. 7), Sch. 11 Pt. 2(6)

F328 Sch. 25 para. 6(5) repealed (with effect as mentioned in Sch. 40 Pt. 3(10) Note 2) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt 3(10) Note 2

Marginal Citations

M176 1984 c. 43.

7 F329

Textual Amendments

F329 Sch. 25 para. 7 repealed (with effect as mentioned in Sch. 40 Pt. 3(10) Note 2 of the amending Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt 3(10) Note 2

SCHEDULE 26

Section 135.

CHANGE IN OWNERSHIP OF INVESTMENT COMPANY: DEDUCTIONS

Introductory

1 The Taxes Act 1988 shall have effect subject to the amendments in paragraphs 2 to 4 below.

Main provisions

2 After section 768A there shall be inserted the following sections—

“768B Change in ownership of investment company: deductions generally.

(1) This section applies where there is a change in the ownership of an investment company and—

- (a) after the change there is a significant increase in the amount of the company’s capital; or
- (b) within the period of six years beginning three years before the change there is a major change in the nature or conduct of the business carried on by the company; or
- (c) the change in the ownership occurs at any time after the scale of the activities in the business carried on by the company has

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become small or negligible and before any considerable revival of the business.

- (2) For the purposes of subsection (1)(a) above, whether there is a significant increase in the amount of a company's capital after a change in the ownership of the company shall be determined in accordance with the provisions of Part I of Schedule 28A.
- (3) In paragraph (b) of subsection (1) above "major change in the nature or conduct of a business" includes a major change in the nature of the investments held by the company, even if the change is the result of a gradual process which began before the period of six years mentioned in that paragraph.
- (4) For the purposes of this section—
 - (a) the accounting period of the company in which the change in the ownership occurs shall be divided into two parts, the first the part ending with the change, the second the part after;
 - (b) those parts shall be treated as two separate accounting periods; and
 - (c) the amounts in issue for the accounting period being divided shall be apportioned to those parts.
- (5) In Schedule 28A—
 - (a) Part II shall have effect for identifying the amounts in issue for the accounting period being divided; and
 - (b) Part III shall have effect for the purpose of apportioning those amounts to the parts of that accounting period.
- (6) Any sums which—
 - (a) are disbursed or treated as disbursed as expenses of management in the accounting period being divided, and
 - (b) under Part III of Schedule 28A are apportioned to either part of that period,
 shall be treated for the purposes of section 75 as disbursed in that part.
- (7) Any charges which under Part III of Schedule 28A are apportioned to either part of the accounting period being divided shall be treated for the purposes of sections 338 and 75 as paid in that part.
- (8) Any allowances which under Part III of Schedule 28A are apportioned to either part of the accounting period being divided shall be treated for the purposes of section 28 of the 1990 Act and section 75(4) as falling to be made in that part.
- (9) In computing the total profits of the company for an accounting period ending after the change in the ownership, no deduction shall be made under section 75 by reference to—
 - (a) sums disbursed or allowances falling to be made for an accounting period beginning before the change; or
 - (b) charges paid in such an accounting period.
- (10) To the extent that a payment of interest made by the company represents excess overdue interest, the payment shall not be deductible under

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section 338(1) from the total profits for the accounting period in which it is made.

- (11) Whether a payment of interest made by the company represents excess overdue interest, and if so to what extent, shall be determined in accordance with the provisions of Part IV of Schedule 28A.
- (12) Subject to the modification in subsection (13) below, subsections (6) to (9) of section 768 shall apply for the purposes of this section as they apply for the purposes of that section.
- (13) The modification is that in subsection (6) of section 768 for the words “relief in respect of a company’s losses has been restricted” there shall be substituted “deductions from a company’s total profits have been restricted”.
- (14) In this section “investment company” has the same meaning as in Part IV.

768C Deductions: asset transferred within group.

- (1) This section applies where—
 - (a) there is a change in the ownership of an investment company (“the relevant company”);
 - (b) none of paragraphs (a) to (c) of section 768B(1) applies;
 - (c) after the change in the ownership the relevant company acquires an asset from another company in circumstances such that section 171(1) of the 1992 Act applies to the acquisition; and
 - (d) a chargeable gain (“a relevant gain”) accrues to the relevant company on a disposal of the asset within the period of three years beginning with the change in the ownership.
- (2) For the purposes of subsection (1)(d) above an asset acquired by the relevant company as mentioned in subsection (1)(c) above shall be treated as the same as an asset owned at a later time by that company if the value of the second asset is derived in whole or in part from the first asset, and in particular where the second asset is a freehold and the first asset was a leasehold and the lessee has acquired the reversion.
- (3) For the purposes of this section—
 - (a) the accounting period of the relevant company in which the change in the ownership occurs shall be divided into two parts, the first the part ending with the change, the second the part after;
 - (b) those parts shall be treated as two separate accounting periods; and
 - (c) the amounts in issue for the accounting period being divided shall be apportioned to those parts.
- (4) In Schedule 28A—
 - (a) Part V shall have effect for identifying the amounts in issue for the accounting period being divided; and
 - (b) Part VI shall have effect for the purpose of apportioning those amounts to the parts of that accounting period.
- (5) Subsections (6) to (8) of section 768B shall apply in relation to the relevant company as they apply in relation to the company mentioned in subsection (1) of that section except that any reference in those subsections

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to Part III of Schedule 28A shall be read as a reference to Part VI of that Schedule.

- (6) Subsections (7) and (9) below apply only where, in accordance with the relevant provisions of the 1992 Act and Part VI of Schedule 28A, an amount is included in respect of chargeable gains in the total profits for the accounting period of the relevant company in which the relevant gain accrues.
- (7) In computing the total profits of the relevant company for the accounting period in which the relevant gain accrues, no deduction shall be made under section 75 by reference to—
- (a) sums disbursed or allowances falling to be made for an accounting period of the relevant company beginning before the change in ownership, or
 - (b) charges paid in such an accounting period,
- from an amount of the total profits equal to the amount which represents the relevant gain.
- (8) For the purposes of this section, the amount of the total profits for an accounting period which represents the relevant gain is—
- (a) where the amount of the relevant gain does not exceed the amount which is included in respect of chargeable gains for that period, an amount equal to the amount of the relevant gain;
 - (b) where the amount of the relevant gain exceeds the amount which is included in respect of chargeable gains for that period, the amount so included.
- (9) To the extent that a payment of interest made by the relevant company in the accounting period in which the relevant gain accrues represents excess overdue interest, the payment shall not be deductible under section 338(1) from such part of the total profits for that accounting period as represents the relevant gain.
- (10) Whether a payment of interest made by the relevant company represents excess overdue interest, and if so to what extent, shall be determined in accordance with the provisions of Part IV of Schedule 28A.
- (11) Subsections (8) and (9) of section 768 shall apply for the purposes of this section as they apply for the purposes of that section.
- (12) In this section—
- “the relevant provisions of the 1992 Act” means section 8(1) of and Schedule 7A to that Act; and
 - “investment company” has the same meaning as in Part IV.”

Supplementary provisions

3 After Schedule 28 there shall be inserted—

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

“SCHEDULE 28A

CHANGE IN OWNERSHIP OF INVESTMENT COMPANY: DEDUCTIONS

PART I

SIGNIFICANT INCREASE IN COMPANY CAPITAL

General

- 1 The provisions referred to in section 768B(2) for determining whether there is a significant increase in the amount of a company’s capital after a change in the ownership of the company are as follows.

The basic rule

- 2 There is a significant increase in the amount of a company’s capital if amount B—
- (a) exceeds amount A by at least £1 million; or
 - (b) is at least twice amount A.

Amount A

- 3 (1) Amount A is the lower of—
- (a) the amount of the company’s capital immediately before the change in the ownership; and
 - (b) the highest 60 day minimum amount for the pre-change year, found in accordance with sub-paragraphs (2) to (6) below.
- (2) Find the daily amounts of the company’s capital over the pre-change year.
- (3) Take the highest of the daily amounts.
- (4) Find out whether there was in the pre-change year a period of 60 days or more in which there was no daily amount lower than the amount taken.
- (5) If there was, the amount taken is the highest 60 day minimum amount for the pre-change year.
- (6) If there was not, take the next highest of the daily amounts and repeat the process in sub-paragraph (4) above; and so on, until the highest 60 day minimum amount for the pre-change year is found.
- (7) In this Part of this Schedule “the pre-change year” means the period of one year ending immediately before the change in the ownership of the company in question.

Amount B

- 4 (1) Amount B is the highest 60 day minimum amount for the post-change period (finding that amount for that period in the same way as the highest 60 day minimum amount for the pre-change year is found).

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (2) In this paragraph “the post-change period” means the period of three years beginning with the change in the ownership of the company in question.

Capital and amounts of capital

- 5 (1) The capital of a company consists of the aggregate of—
- (a) the amount of the paid up share capital of the company;
 - (b) the amount outstanding of any debts incurred by the company which are of a description mentioned in any of paragraphs (a) to (c) of section 417(7); and
 - (c) the amount outstanding of any redeemable loan capital issued by the company.
- (2) For the purposes of sub-paragraph (1) above—
- (a) the amount of the paid up share capital includes any amount in the share premium account of the company (construing “share premium account” in the same way as in section 130 of the ^{M177}Companies Act 1985); and
 - (b) the amount outstanding of any debts includes any interest due on the debts.
- (3) Amounts of capital shall be expressed in sterling and rounded up to the nearest pound.

PART II

AMOUNTS IN ISSUE FOR PURPOSES OF SECTION 768B

- 6 The amounts in issue referred to in section 768B(4)(c) are—
- (a) the amount of any sums (including commissions) actually disbursed as expenses of management for the accounting period being divided, except any such expenses as would (apart from section 768B) be deductible in computing profits otherwise than under section 75;
 - (b) the amount of any charges which are paid in that accounting period wholly and exclusively for the purposes of the company’s business;
 - (c) the amount of any excess carried forward under section 75(3) to the accounting period being divided;
 - (d) the amount of any allowances falling to be made for that accounting period by virtue of section 28 of the 1990 Act which would (apart from section 768B) be added to the expenses of management for that accounting period by virtue of section 75(4);
 - (e) any other amounts by reference to which the profits or losses of that accounting period would (apart from section 768B) be calculated.

PART III

APPORTIONMENT FOR PURPOSES OF SECTION 768B

- 7 (1) Subject to paragraph 8 below, the apportionment required by section 768B(4)(c) shall be made—

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (a) in the case of the sums and charges mentioned in paragraph 6(a) and (b) above, by reference to the time when the sum or charge is due to be paid;
 - (b) in the case of the excess mentioned in paragraph 6(c) above, by apportioning the whole amount of the excess to the first part of the accounting period being divided;
 - (c) in the case of the amounts mentioned in paragraph 6(d) and (e) above, by reference to the respective lengths of the parts of the accounting period being divided.
- (2) For the purposes of sub-paragraph (1)(a) above, in the case of any charge consisting of interest, the interest shall be assumed to become due on a day to day basis as it arises.
- 8 If it appears that any method of apportionment given by paragraph 7 above would work unreasonably or unjustly for any case for which it is given, such other method shall be used for that case as appears just and reasonable.

PART IV

EXCESS OVERDUE INTEREST

Introductory

- 9 (1) The provisions referred to in sections 768B(11) and 768C(10) for determining whether a payment of interest made by the company or, as the case may be, the relevant company represents excess overdue interest, and if so to what extent, are set out in paragraphs 10 to 12 below.
- (2) In those paragraphs—
- (a) “overdue interest” means interest due to be paid by the company or, as the case may be, the relevant company before the change in the ownership and still unpaid at the end of the actual accounting period in which the change occurs;
 - (b) “amount C” means the amount of all the overdue interest; and
 - (c) “amount P” means the amount of the profits for the accounting period ending with the change in the ownership.
- (3) For the purposes of sub-paragraph (2) above—
- (a) interest shall be assumed to become due on a day to day basis as it arises;
 - (b) the reference to the profits is a reference to the profits after making all deductions and giving all reliefs that for the purposes of corporation tax are made or given against the profits, including deductions and reliefs which under any provision are treated as reducing them for those purposes.

The rules

- 10 (1) A payment of interest does not represent excess overdue interest except to the extent that it discharges a liability to pay overdue interest.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

- (2) For the purposes of this Part of this Schedule, a payment of interest on a debt shall be treated as discharging any liability to pay overdue interest before it is treated to any extent as discharging a liability to pay interest which is not overdue interest.
- 11 Where amount C does not exceed amount P, no payment of interest represents excess overdue interest.
- 12 (1) Where amount C exceeds amount P—
- (a) find the amount by which amount C exceeds amount P (amount X);
 - (b) take all the payments and parts of payments which discharge any liability to pay overdue interest;
 - (c) treat those payments and parts of payments as cancelling out amount X before any other part of amount C.
- (2) A payment of interest represents excess overdue interest to the extent that, in accordance with sub-paragraph (1) above, it is treated as cancelling out amount X.

PART V

AMOUNTS IN ISSUE FOR PURPOSES OF SECTION 768C

- 13 (1) The amounts in issue referred to in section 768C(3)(c) are—
- (a) the amount which would in accordance with the relevant provisions of the 1992 Act (and apart from section 768C) be included in respect of chargeable gains in the total profits for the accounting period being divided;
 - (b) the amount of any sums (including commissions) actually disbursed as expenses of management for the accounting period being divided except any such expenses as would (apart from section 768C) be deductible in computing total profits otherwise than under section 75;
 - (c) the amount of any charges which are paid in that accounting period wholly and exclusively for the purposes of the company's business;
 - (d) the amount of any excess carried forward under section 75(3) to the accounting period being divided;
 - (e) the amount of any allowances falling to be made for that accounting period by virtue of section 28 of the 1990 Act which would (apart from section 768C) be added to the expenses of management for that accounting period by virtue of section 75(4); and
 - (f) any other amounts by reference to which the profits or losses of the accounting period being divided would (apart from section 768C) be calculated.
- (2) In sub-paragraph (1)(a) above “the relevant provisions of the 1992 Act” means section 8(1) of and Schedule 7A to that Act.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

PART VI

APPORTIONMENT FOR PURPOSES OF SECTION 768C

- 14 The apportionment required by section 768C(3)(c) shall be made as follows.
- 15 In the case of the amount mentioned in paragraph 13(1)(a) above—
- (a) if it does not exceed the amount of the relevant gain, the whole of it shall be apportioned to the second part of the accounting period being divided;
 - (b) if it exceeds the amount of the relevant gain, the excess shall be apportioned to the first part of the accounting period being divided and the relevant gain shall be apportioned to the second part.
- 16 (1) Subject to paragraph 17 below, the apportionment shall be made—
- (a) in the case of the sums and charges mentioned in paragraph 13(1)(b) and (c) above, by reference to the time when the sum or charge is due to be paid;
 - (b) in the case of the excess mentioned in paragraph 13(1)(d) above, by apportioning the whole amount of the excess to the first part of the accounting period being divided;
 - (c) in the case of the amounts mentioned in paragraph 13(1)(e) and (f) above, by reference to the respective lengths of the parts of the accounting period being divided.
- (2) For the purposes of sub-paragraph (1)(a) above, in the case of any charge consisting of interest, the interest shall be assumed to become due on a day to day basis as it arises.
- 17 If it appears that any method of apportionment given by paragraph 16 above would work unreasonably or unjustly for any case for which it is given, such other method shall be used for that case as appears just and reasonable.”

Marginal Citations

M177 1985 c. 6.

Consequential amendments

- 4 (1) Section 769 (rules for ascertaining change in ownership of company) shall be amended in accordance with sub-paragraphs (2) to (4) below.
- (2) In subsections (1), (2)(d) and (5) for “sections 767A, 768 and 768A” there shall in each case be substituted “ sections 767A, 768, 768A, 768B and 768C ”.
- (3) After subsection (3) there shall be inserted—
- “(3A) Subsection (3) above shall apply for the purposes of sections 768B and 768C as if the reference to the benefit of losses were a reference to the benefit of deductions.”
- (4) In subsection (4) for “section 768 or 768A” there shall be substituted “ section 768, 768A, 768B or 768C ”.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

Application of Schedule

- 5 This Schedule shall apply in relation to a change in ownership occurring on or after 29th November 1994 other than a change occurring in pursuance of a contract entered into before that date.

^{F330}SCHEDULE 27

Section 139.

Textual Amendments

F330 Sch. 27 repealed (with effect in accordance with s. 77 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(7\)](#)

^{F331}SCHEDULE 28

Textual Amendments

F331 Sch. 28 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. VII Notes 1, 2 of the amending Act) by [1999 c. 16, s. 139](#), [Sch. 20 Pt. VII](#) Notes 1, 2

SCHEDULE 29

Section 162.

REPEALS

PART I

ALCOHOLIC LIQUOR

(1) LOW-STRENGTH LIQUOR

Chapter	Short title	Extent of repeal
1979 c. 4.	The Alcoholic Liquor Duties Act 1979.	In section 55A(1), the words “exceeding 1.2 per cent, but”. Section 60(1A). Section 63(2).
1988 c. 39.	The Finance Act 1988.	In Schedule 1, in Part II, paragraph 8 and in paragraph 9 the words from “and after” to the end.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

These repeals have effect in accordance with section 1 of this Act.

(2) ALCOHOLIC INGREDIENTS RELIEF

Chapter or Number	Citation	Extent of repeal
1979 c. 4.	The Alcoholic Liquor Duties Act 1979.	Section 6A. Section 45. Section 60(1) and (2). Section 63(1).
1988 c. 39.	The Finance Act 1988.	In Schedule 1, paragraph 2.
1991 c. 31.	The Finance Act 1991.	In Schedule 2, paragraph 12.
SI 1992/3158.	The Excise Duty (Amendment of the Alcoholic Liquor Duties Act 1979 and the Hydrocarbon Oil Duties Act 1979) Regulations 1992.	Regulation 2(4).

(3) DENATURED ALCOHOL

Chapter	Short title	Extent of repeal
1979 c. 4.	The Alcoholic Liquor Duties Act 1979.	In section 1(2), the words “but does not include methylated spirits”. In section 2— (a) in subsection (1), the words “methylated spirits”; (b) in subsection (7), the words “or in any methylated spirits” and the words “or methylated spirits”; and (c) in subsection (8), the words “or methylated spirits”. In section 4(1), the definition of “methylated spirits”. Section 9. Section 77(1)(b).
1979 c. 5.	The Hydrocarbon Oil Duties Act 1979.	In section 27(3), in the Table, the words ““methylated spirits””.
1990 c. 29.	The Finance Act 1990.	Section 8.
1993 c. 34.	The Finance Act 1993.	Section 8.
1994 c. 9.	The Finance Act 1994.	In Schedule 4, paragraph 47. In Schedule 5, in paragraph 3— (a) in sub-paragraph (1)(o), the words “methylated spirits and”; and

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

(b) in sub-paragraph (2), the words “methylated spirits”.

Commencement Information

I20 Sch. 29 Pt. 1(3) has effect as specified by The Finance Act 1995 (Denatured Alcohol) (Appointed Day and Savings) Order 2005 (S.I. 2005/1523), art. 2(b)

The powers in section 5(6) and (7) of this Act shall apply in relation to these repeals as they apply in relation to the provisions of that section and Schedule 2 to this Act.

PART II

ROAD FUEL GAS

Chapter	Short title	Extent of repeal
1979 c. 5.	The Hydrocarbon Oil Duties Act 1979.	Section 8(7).

PART III

BETTING AND GAMING ETC.

Chapter	Short title	Extent of repeal
1981 c. 63.	The Betting and Gaming Duties Act 1981.	Sections 28(4) and 29(4). In section 33(1), in the definition of “gaming”, the words “(except where it refers to a machine provided for gaming)”. In Schedule 4, paragraph 13.
1993 c. 34.	The Finance Act 1993.	Section 16(8).
1994 c. 9.	The Finance Act 1994.	In Schedule 3, paragraph 3(8).

1. These repeals, except the repeals of sections 28(4) and 29(4) of the Betting and Gaming Duties Act 1981, have effect in accordance with section 14 of this Act.

2. The repeals of sections 28(4) and 29(4) of that Act come into force with the passing of this Act.

PART IV

AIR PASSENGER DUTY

Chapter	Short title	Extent of repeal
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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

1994 c. 9.	The Finance Act 1994.	In Schedule 5, in paragraph 9, the word “and” immediately preceding sub-paragraph (d).
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This repeal has effect in accordance with section 16 of this Act.

PART V

VEHICLE EXCISE AND REGISTRATION

Commencement Information

I21 Sch. 29, Pt. V(1) in force on 1.7.1995.

(1) EXEMPTIONS

Chapter	Short title	Extent of repeal
1994 c. 22.	The Vehicle Excise and Registration Act 1994.	In Schedule 2, paragraphs 1, 12, 13, 14, 15, 16, 17 and 21.
1968 c. xxxii.	The Port of London Act 1968.	In section 199, paragraph (a) of the proviso to each of subsections (3) and (5).

These repeals come into force on 1st July 1995.

(2) RATES

Chapter	Short title	Extent of repeal
1994 c. 22.	The Vehicle Excise and Registration Act 1994.	Section 17(3) to (7). In section 61, in subsection (3), paragraph (c) and the word “and” immediately preceding it, and subsections (4), (5) and (7). In section 62(1) the definitions of “built-in road construction machinery”, “farmer’s goods vehicle”, “road construction machinery” and “road construction vehicle” In Schedule 1— (a) paragraph 4(2)(a), (b) and (f) and (3); (b) paragraph 8; (c) in paragraph 10, in each of sub-paragraphs (2) and (3), the words “(or relevant

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

maximum weight)”, and sub-paragraph (4);
(d) paragraphs 12, 14(b) and (c) and 17(1)(c) to (e) and (2).

These repeals have effect in accordance with Parts III, IV and IX of Schedule 4 to this Act.

(3) OTHER REPEALS

Chapter	Short title	Extent of repeal
1994 c. 22.	The Vehicle Excise and Registration Act 1994.	In section 31(5)(b) the words “(or an amount equal to the duty due)”. In section 37(2) the words “(or, in Scotland, on indictment or on summary conviction)” and “(or, in Scotland, the statutory maximum)”. In section 41(1)(b) the words “182 or” and “183 or”.

1. The repeal in section 31(5)(b) applies in relation to offences committed after the day on which this Act is passed.

2. The repeals in sections 37(2) and 41(1)(b) apply in relation to proceedings begun after the day on which this Act is passed.

PART VI

VALUE ADDED TAX

(1) FUEL AND POWER

Chapter	Short title	Extent of repeal
1994 c. 23.	The Value Added Tax Act 1994.	In Schedule 13, paragraph 7.

This repeal has effect in accordance with section 21 of this Act.

(2) AGENTS

Chapter	Short title	Extent of repeal
1994 c. 23.	The Value Added Tax Act 1994.	In section 47(3), the words “goods or”.

This repeal has effect in accordance with section 23(4)(b) of this Act.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

(3) MARGIN SCHEMES

Chapter	Short title	Extent of repeal
1994 c. 23.	The Value Added Tax Act 1994.	Section 32.

This repeal comes into force on the day appointed by an order under section 24(2) of this Act.

(4) APPEALS

Chapter	Short title	Extent of repeal
1994 c. 23.	The Value Added Tax Act 1994.	In section 84(2) the words “, except in the case of an appeal against a decision with respect to the matter mentioned in section 83(1),”.

This repeal has effect in accordance with section 31 of this Act.

PART VII

INSURANCE PREMIUM TAX

Chapter	Short title	Extent of repeal
1994 c. 9.	The Finance Act 1994.	In section 53(5), paragraph (c) and the word “and” immediately preceding it.

This repeal has effect in accordance with paragraph 2 of Schedule 5 to this Act.

PART VIII

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

(1) SCHEDULE A

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Sections 22 and 23. Section 34(9). In section 354(2)(a), the words “or any of the other payments mentioned in section 25(1)”. In section 779(13)(a), the words “allowable by virtue of

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		sections 25, 26 and 28 to 31 and Schedule 1”.
1989 c. 26.	The Finance Act 1989.	Section 170(1).
1990 c. 1.	The Capital Allowances Act 1990.	In section 9(6), paragraph (a) and, in paragraph (b), the words “if it is a charge to corporation tax”. In section 92(2), paragraph (a) and, in paragraph (b), the words “if it is a charge to corporation tax”. In section 132(4), paragraph (a) and, in paragraph (b), the words “if it is a charge to corporation tax”.
1991 c. 31.	The Finance Act 1991.	In Schedule 15, paragraph 18.

These repeals come into force in accordance with section 39(4) and (5) of this Act.

(2) INTEREST RELIEF FOR COMMERCIALY LET PROPERTY

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 353— (a) in subsection (1A), paragraph (b) and the word “and” immediately preceding that paragraph; (b) in subsection (1B), paragraph (b) and the word “or” immediately preceding that paragraph; (c) subsections (1C) and (1D); and (d) in subsection (1E), the words “the following factors, that is to say”, and paragraph (b) and the word “and” immediately preceding that paragraph. Section 354(4). In section 355— (a) in subsection (1), the words from “or” at the end of paragraph (a) to the end of the subsection; and (b) subsection (4).

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

		In section 356A(3), the words “or but for section 353(1C)(a) would be”.
		In section 356D(1), the words from “in a case” to “358”.
		In section 357(1), the words from “in a case” to “358”.
		Section 358(4A).
		In section 366(1)(c), the words “355(4) or”.
		In section 370—
		(a) in subsection (6), in paragraph (a), the words “in paragraph (a)”, and paragraph (b) and the word “and” immediately preceding it;
		(b) subsection (6A); and
		(c) in subsection (7), in paragraph (a), the words from “and paragraph (b)” to “omitted”, and in paragraph (aa), subparagraph (ii).
1994 c. 9.	The Finance Act 1994.	In Schedule 9, paragraphs 4 to 6, 7(2) to (4) and 8.

These repeals come into force in accordance with section 42(3) to (5) of this Act.

(3) BENEFICIAL LOANS: REPLACEMENT LOANS

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 160(5)(b).

This repeal has effect in accordance with section 45(5) of this Act.

(4) ROLL-OVER RELIEF: GROUPS

Chapter	Short title	Extent of repeal
1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	In section 175(1), the words from “(unless” to the end.

This repeal has effect where the acquisition of, or of the interest in, the new assets is on or after 29th November 1994.

(5) LIFE ASSURANCE BUSINESS

Chapter	Short title	Extent of repeal
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Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

1988 c. 1.	The Income and Corporation Taxes Act 1988.	<p>In section 75(4), the words “and insurance”.</p> <p>In section 241(5), the words from “(that is to say,” to “otherwise be liable)”.</p> <p>In section 242(1)(b), the words “for purposes of section 241(3)”.</p> <p>In section 242(9), the words “by virtue of section 241(5)”.</p> <p>In section 431(2), the definitions of “general annuity business” and “pension business”, “annuity fund”, “basic life assurance business”, “basic life assurance and general annuity business”, “offshore income gain” and “overseas life assurance business”, the word “and” following the definition of “overseas life insurance company” and the definition of “UK distribution income”.</p> <p>Section 431(2A) to (6).</p> <p>Section 431AA.</p> <p>Section 432C(5)(a).</p> <p>Section 434(2) and (7).</p> <p>In section 436(3)(d), from the word “and” following subparagraph (i) to the end of the paragraph.</p> <p>Section 437(6).</p> <p>In section 441, in subsection (1), the words “resident in the United Kingdom” and subsection (7).</p> <p>Sections 444C to 444E.</p> <p>In section 474(1), paragraph (b) and the word “and” immediately preceding it.</p> <p>In section 475(2)(a), the words from “or,” to “life assurance business”.</p> <p>In Schedule 19AC, paragraphs 2(2), 3(4), 4(2), 5(2), 6(3), (4) and (6), 7(3), 8(4), 9(2) and (3), 10(3), 11(2) and (6), 12(2), 13(3), 14(3) and 15(2).</p>
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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

		In Schedule 28, in Part I, paragraph 3(4).
1989 c. 26.	The Finance Act 1989.	In Schedule 6, paragraph 2. In Schedule 8, paragraph 4. In Schedule 8A, paragraph 2(11).
1990 c. 29.	The Finance Act 1990.	Section 45(8). In Schedule 6— (a) paragraph 1(2)(a); (b) in paragraph 1(2)(b), the definitions of “basic life assurance business”, “linked assets” and “overseas life assurance business”; and (c) paragraph 1(3) and (4). In Schedule 7, paragraph 7.
1991 c. 31.	The Finance Act 1991.	In Schedule 7, paragraphs 2, 3, 6 and 10.
1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	In Schedule 10, paragraph 14(63)(b)(iv).
1993 c. 34.	The Finance Act 1993.	Section 99. Section 100(1) and (2)(a).
1994 c. 9.	The Finance Act 1994.	Section 143. Section 176(1). In Schedule 16, paragraph 5(2) and (3). In Schedule 17, paragraph 4.

1. The following repeals have effect in accordance with paragraph 55 of Schedule 8 to this Act—
- the repeal of the definitions of “offshore income gain” and “overseas life assurance business” in section 431(2) of the Taxes Act 1988,
 - the repeal in section 441(1) of that Act,
 - the repeal of section 444C of that Act so far as it relates to subsection (2)(a) of that section,
 - the repeals in sections 474 and 475 of that Act,
 - the repeals of paragraphs 6(3) and (4) and 11(2) of Schedule 19AC to that Act,
 - the repeal in Schedule 28 to that Act,
 - the repeal of the definition of “overseas life assurance business” in paragraph 1(2)(b) of Schedule 6 to the Finance Act 1990 and the repeal in Schedule 7 to that Act,
 - the repeal of paragraph 10 of Schedule 7 to the Finance Act 1991, and
 - the repeal in the Taxation of Chargeable Gains Act 1992.
2. The repeals other than those listed above have effect in accordance with paragraph 57 of Schedule 8 to this Act.

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

3. The repeal of the definitions of “general annuity business” and “basic life assurance business” in Chapter I of Part XII of the Taxes Act 1988 does not affect the meaning of those expressions in paragraph 16 or 17 of Schedule 7 to the Finance Act 1991 or section 214 of the Taxation of Chargeable Gains Act 1992 (transitional provisions relating to changes in 1991).

(6) FRIENDLY SOCIETIES

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In Schedule 15, paragraph 3(2)(c).
1992 c. 48.	The Finance (No. 2) Act 1992.	In Schedule 9, paragraph 19(3).

(7) QUALIFYING LIFE INSURANCE POLICIES

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In Schedule 14, in paragraph 7(1), the words “and paragraphs 9 and 10 of Schedule 15”. In Schedule 15, paragraphs 21, 22 and, in paragraph 24, in sub-paragraph (3), the word “first” and sub-paragraph (4).

These repeals come into force, in accordance with section 55(1) to (5) of this Act, on 5th May 1996.

(8) SETTLEMENTS: LIABILITY OF SETTLOR

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 347A(2)(b), the words “within the meaning given by section 660(3)”. Sections 660 to 676. Section 678(7). Sections 679 to 681. Sections 683 to 685. Section 689. In Schedule 29, in paragraph 32, the entry relating to section 27(2) of the Taxes Management Act 1970. In Schedule 30, paragraphs 10 to 12.
1988 c. 39.	The Finance Act 1988.	In Schedule 3, paragraph 20.
1989 c. 26.	The Finance Act 1989.	Section 60(3).

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

		Sections 108 and 109(1) to (3).
1990 c. 29.	The Finance Act 1990.	Section 82.
1991 c. 50.	The Age of Legal Capacity (Scotland) Act 1991.	In Schedule 1, paragraph 48.
1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	Section 6(1) and (2)(b). In section 79(2), paragraph (b) and the word “and” preceding it. Section 79(4). In section 79(5)(a), the words “or income” wherever occurring.
1992 c. 48.	The Finance (No. 2) Act 1992.	In section 19(3), the words “683(2), 684(2), 689(2)”. Section 23(2). Section 27.
1993 c. 34.	The Finance Act 1993.	In Schedule 6— (a) in paragraph 1, the words “683(2), 684(2)”; (b) in paragraph 6, the word “689(2)”; (c) paragraph 24.

These repeals have effect for the year 1995-96 and subsequent years of assessment.

(9) STOCK LENDING

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 129(1), the words “has contracted to sell securities, and to enable him to fulfil the contract, he”.

(10) DECEASED PERSONS’ ESTATES

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 695, in subsection (2), the words “subject to subsection (3) below”. In section 701, subsection (14).

(11) DEDUCTION OF TAX FROM INTEREST ON DEPOSITS

Chapter	Short title	Extent of repeal
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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 481(5)(k), the word “that” before subparagraph (i).
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This repeal comes into force in accordance with section 86 of this Act.

(12) MEANING OF “DISTRIBUTION”

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 209(2)(e), subparagraphs (iv) and (v).

These repeals come into force in accordance with section 87(7) and (8) of this Act.

(13) GENERALISATION OF SS.63 TO 66 OF FINANCE ACT 1993

Chapter	Short title	Extent of repeal
1993 c. 34.	The Finance Act 1993.	Section 63(12).

This repeal has effect in accordance with section 88(4) and (5) of this Act.

(14) MANAGEMENT: SELF-ASSESSMENT ETC.

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	In section 9(3), the words “the following provisions of”. Section 11A. In section 12B(2), the words from “or, where a return” to the end. In section 42(11), paragraph (b) and the word “and” immediately preceding that paragraph.
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 73. In section 206, the words “under Schedule E”. In section 536, in subsection (2), the words “are shown on a claim to” and, in subsection (4), the words from “and in that case” to the end. In section 537B, in subsection (2), the words “are shown on a claim to” and, in subsection (4), the words from “and in that case” to the end.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

		In Schedule 3, in paragraph 6E, sub-paragraphs (1) and (3).
1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	Section 7.
1994 c. 9.	The Finance Act 1994.	Section 198.

1. The repeal of section 11A of the Taxes Management Act 1970 has effect in accordance with section 115(13) of this Act.

2. The other repeals, except that in the Finance Act 1994, have effect in accordance with section 103(7) of this Act.

(15) CHANGES FOR FACILITATING SELF-ASSESSMENT

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 114(3). Section 401(2).

1. The repeal of section 114(3) has effect in accordance with section 218(1) of the Finance Act 1994.

2. The other repeal has effect in accordance with section 120(2) of this Act.

(16) NON-RESIDENTS

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	Sections 78 to 85.
1985 c. 54.	The Finance Act 1985.	Section 50.
1987 c. 51.	The Finance (No. 2) Act 1987.	In Schedule 6, paragraph 7.
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 43. In section 115(7), the words “this section and”. In section 510A, in subsection (6), the words “Subject to subsection (7) below”, and subsections (7) and (8). In Schedule 29, in the Table in paragraph 32, the entries relating to section 78(1) and (5) of the Taxes Management Act 1970.
1989 c. 26.	The Finance Act 1989.	In section 182(3)(c), the words “for the purposes of

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		section 80(3) of the Taxes Management Act 1970 or”.
1991 c. 31.	The Finance Act 1991.	Section 81.
1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	In section 59, paragraph (c) and the word “and” immediately preceding it. In Schedule 10, paragraph 2(2), the words “78(3)(b)”.
1994 c. 9.	The Finance Act 1994.	In section 215(5), paragraph (b), and the word “and” immediately preceding it.

1. The repeal of section 43 of the Taxes Act 1988 comes into force in accordance with section 40(3) of this Act.

2. The repeals in sections 115(7) of the Taxes Act 1988 and of section 59(c) of the Taxation of Chargeable Gains Act 1992 shall have effect in relation to any cases in relation to which section 112 of the Taxes Act 1988 has effect as amended by section 125 of this Act.

3. The repeals in section 510A of the Taxes Act 1988 have effect as respects the year 1997-98 and subsequent years of assessment and also, in relation to groupings whose trades or professions were set up and commenced on or after 6th April 1994, as respects the years 1995-96 and 1996-97.

4. The repeal of section 215(5)(b) of the Finance Act 1994 has effect in accordance with section 125(1) of this Act for the year 1995-96 and subsequent years of assessment.

5. The other repeals come into force—

(a) for the purposes of income tax and capital gains tax, in relation to the year 1996-97 and subsequent years of assessment, and

(b) for the purposes of corporation tax, in relation to accounting periods beginning after 31st March 1996.

(17) EXCHANGE GAINS AND LOSSES

Chapter	Short title	Extent of repeal
1993 c. 34.	The Finance Act 1993.	In section 129(8)(b) the words “or the circumstances are such that a charge would be so allowed if the duty were settled”.

This repeal has effect in accordance with Schedule 24 to this Act.

(18) CONTROLLED FOREIGN COMPANIES

Chapter	Short title	Extent of repeal
		Paragraph 4A of Schedule 24 to the Taxes Act 1988 is deemed never to have been inserted, and section 96 of the Finance Act 1993 is deemed never to have been enacted.

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1988 c. 1.	The Income and Corporation Taxes Act 1988.	In Schedule 24, paragraph 4A.
1993 c. 34.	The Finance Act 1993.	Section 96.

Paragraph 4A of Schedule 24 to the Taxes Act 1988 is deemed never to have been inserted, and section 96 of the Finance Act 1993 is deemed never to have been enacted.

(19) PROFIT-RELATED PAY

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In Schedule 8, in paragraph 19(6), paragraphs (g) to (k).

This repeal has effect in accordance with section 136 of this Act.

(20) PART-TIME WORKERS

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In Schedule 8, paragraph 8(a). In Schedule 9, in paragraph 27(4) the words from “who is required” to the end.

These repeals have effect in accordance with section 137 of this Act.

(21) SUB-CONTRACTORS IN THE CONSTRUCTION INDUSTRY

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 559(3). In section 561— (a) in subsection (1), the words “subsection (5) below or”; (b) in subsection (3), the words “563”; (c) subsections (4) and (5); (d) in subsection (6), the words from “(not being” to “apply).”; and (e) subsection (12). In section 562— (a) in subsection (1), the words “(otherwise than as a partner in a firm)”; (b) subsections (3) to (7). Section 563.
1988 c. 39.	The Finance Act 1988.	Section 28.

1. The repeal of sections 559(3) and 561(4) and (5) of the Taxes Act 1988, and the repeal in section 561(1) of that Act, have effect in relation to payments made to a person in any case where

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that person's certificate under section 561 of that Act is one issued or renewed with respect to a period beginning on or after the appointed day.

2. The repeal of section 561(12) of the Taxes Act 1988 comes into force in accordance with paragraph 8(2) of Schedule 27 to this Act.

3. The other repeals in the Taxes Act 1988 have effect in relation to any application for the issue or renewal of a certificate under section 561 of that Act which is made with respect to a period beginning on or after the appointed day.

4. The repeal of section 28 of the Finance Act 1988 has effect in relation to payments made on or after the appointed day.

5. In Notes 1, 3 and 4 above, "the appointed day" has the same meaning as in section 139 of this Act.

(22) PAYMENT OF RENT, &C UNDER DEDUCTION OF TAX

Chapter	Short title	Extent of repeal
1988 c. 1.	Income and Corporation Taxes Act 1988.	In section 3(1)(c), the words "119 or". In section 74(1)(q), the words "119 or". In section 119(1), the words from "and, subject to subsection (2) below, shall be subject to deduction of income tax" to the end. In section 119(2), the words from "instead of" to "subsection (1) above". In section 122(1), the words from "but without prejudice" to the end. In section 348(2)(b), the words "119 or". In section 349(1)(c), the words "119 or". In section 821(3)(c), the words "119 or".
1992 c. 12.	Taxation of Chargeable Gains Act 1992.	In section 201(2), the words from "but without prejudice" to the end.

These repeals have effect in relation to payments made after the passing of this Act.

PART IX

PETROLEUM REVENUE TAX

Chapter	Short title	Extent of repeal
These repeals have effect in accordance with section 147 of this Act.		

Status: Point in time view as at 21/07/2009. This version of this Act contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995. (See end of Document for details)

1975 c. 22.	The Oil Taxation Act 1975.	In Schedule 8, in paragraph 4, in sub-paragraph (1), the words from “and the date” to the end of the sub-paragraph and, in sub-paragraph (2), the words “within the time allowed for making the original claim”.
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These repeals have effect in accordance with section 147 of this Act.

PART X

STAMP DUTY

Chapter	Short title	Extent of repeal
1930 c. 28.	The Finance Act 1930.	In section 42(3) the words from “with the substitution” to the end.
1954 c. 23 (N.I.).	The Finance Act (Northern Ireland) 1954.	In section 11(3A) the words from “with the substitution” to the end.

These repeals have effect in accordance with sections 149 and 150 of this Act.

PART XI

INHERITANCE TAX: AGRICULTURAL PROPERTY

Chapter	Short title	Extent of repeal
1984 c. 51.	The Inheritance Tax Act 1984.	In section 116(2) the word “either”.

This repeal has effect in accordance with section 155 of this Act.

PART XII

PORTS LEVY

Chapter	Short title	Extent of repeal
1989 c. 26.	The Finance Act 1989.	Section 178(2)(n).
1990 c. 29.	The Finance Act 1990.	Sections 115 to 120.
1991 c. 52.	The Ports Act 1991.	Section 41(3).

Status:

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Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1995.