



Finance Act 1995

1995 CHAPTER 4

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Benefits in kind

45 Beneficial loan arrangements: replacement loans.

- (1) In Chapter II of Part V of the Taxes Act 1988 (benefits in kind, &c.), section 160 (beneficial loan arrangements) is amended as follows.
- (2) In subsection (5) (interpretation), paragraph (b) (references to loan to include any replacement loan) shall cease to have effect.
- (3) After subsection (3) (deemed continuance of employment to which that Chapter applies) insert—
 - “(3A) Where subsection (3) above applies, a loan which—
 - (a) is applied directly or indirectly to the replacement of any such loan as is mentioned in paragraph (a) of that subsection, and
 - (b) would, if the employment referred to in that subsection had not terminated or, as the case may be, ceased to be employment to which this Chapter applies, have been a loan the benefit of which was obtained by reason of that employment,shall, unless it is a loan the benefit of which was obtained by reason of other employment, be treated as a loan the benefit of which was obtained by reason of that employment.”.
- (4) In paragraph 4 of Schedule 7 to the Taxes Act 1988 (loans obtained by reason of employment: normal method of calculation of benefit (averaging)), make the present provision sub-paragraph (1) and after it insert—

“(2) Where an employment-related loan is replaced, directly or indirectly—

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995, Section 45. (See end of Document for details)

- (a) by a further employment-related loan, or
 - (b) by a non-employment-related loan which in turn is, in the same year of assessment or within 40 days thereafter, replaced, directly or indirectly, by a further employment-related loan,
- sub-paragraph (1) above applies as if the replacement loan or, as the case may be, each of the replacement loans were the same loan as the first-mentioned employment-related loan.
- (3) For the purposes of sub-paragraph (2) above “employment-related loan” means a loan the benefit of which is obtained by reason of a person’s employment (and “non-employment-related loan” shall be construed accordingly).
 - (4) The references in sub-paragraph (2) above to a further employment-related loan are to an employment-related loan the benefit of which is obtained by reason of—
 - (a) the same or other employment with the person who is the employer in relation to the first-mentioned employment-related loan, or
 - (b) employment with a person who is connected (within the meaning of section 839) with that employer.”.
 - (5) The above amendments have effect for the year 1995-96 and subsequent years of assessment and apply to loans whether made before or after the passing of this Act.

Status:

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