

SCHEDULES

SCHEDULE 35

ROLL-OVER RELIEF IN RESPECT OF SHIPS

Amendment of provisions relating to roll-over relief in respect of ships

- 4 (1) In section 33D (definition of expenditure on new shipping), in subsection (1)—
- (a) in paragraph (a), for “the shipowner’s actual trade” there shall be substituted “a trade carried on by the person who incurs that expenditure”; and
 - (b) in paragraph (b), for “the shipowner” there shall be substituted “that person”.
- (2) In subsection (2) of that section—
- (a) in paragraph (a), for “the shipowner” there shall be substituted “the person who incurred the expenditure”; and
 - (b) in paragraph (c)(ii), for “the shipowner” there shall be substituted “the person who incurred the expenditure”.
- (3) After subsection (2) of that section there shall be inserted the following subsections—
- “(2A) Subject to subsection (2B) below, expenditure incurred by a qualifying person other than the shipowner on the provision of a ship shall not be, and shall be deemed never to have been, expenditure on new shipping if—
- (a) at any time after the time when the ship first belongs to that person in consequence of that expenditure, it ceases to belong to that person without having been brought into use for the purposes of a trade of that person;
 - (b) the ship is brought into use for the purposes of a trade of that person and an event falling within section 24(6)(c) occurs with respect to the ship before the end of the period of three years beginning with the time when it is first so brought into use; or
 - (c) there is a time falling—
 - (i) after the expenditure is incurred, and
 - (ii) where the ship is brought into use for the purposes of a trade of that person, before the end of the period of three years beginning with the time when it is first so brought into use,when the shipowner and that person do not fall to be treated as members of the same group of companies for the purposes of Chapter IV of Part X of the principal Act (group relief).
- (2B) Subsection (2A) above shall not apply by virtue of paragraph (a) or (b) of that subsection in any case if the event by virtue of which the case falls within that paragraph is, or is the result of—
- (a) the total loss of the ship; or

Status: This is the original version (as it was originally enacted).

- (b) damage to the ship that puts it in a condition in which it is impossible, or not commercially worthwhile, for the repair required for restoring it to its previous use to be undertaken;

and that subsection shall have effect, where anything falling within paragraph (a) or (b) above occurs, as if times falling after the occurrence of the total loss or, as the case may be, after the occurrence of the damage were to be disregarded for the purposes of paragraph (c) of that subsection.”

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

- (a) in paragraphs (a) and (b), for the words “the shipowner”, in each place where they occur, there shall be substituted “the person who incurred the expenditure”; and
- (b) in paragraph (c)(i), for “the shipowner’s actual trade” there shall be substituted “a trade carried on by the person who incurred that expenditure”.

(5) In subsection (6) of that section, for “by the shipowner” there shall be substituted “by a qualifying person”.

(6) In subsection (7) of that section—

- (a) for “any trade previously carried on by the shipowner” there shall be substituted “the shipowner’s actual trade”; and
- (b) in paragraph (a), for the words “by the persons for the time being carrying on that trade” there shall be substituted “for the purposes of that trade by the persons for the time being carrying it on”.

(7) For subsection (8) of that section there shall be substituted the following subsection—

“(8) For the purposes of this section a person is connected with another person at any time if, at that time—

- (a) he is, within the terms of section 839 of the principal Act, connected either with that other person or with a person who is connected with that other person by virtue of paragraph (b) below; or
- (b) he is carrying on a trade previously carried on by that other person in a case in which the only changes in the persons engaged in carrying on that trade between—

- (i) the time when it was previously carried on by that other person, and

- (ii) the time in question,

are changes in respect of which the trade is to be treated by virtue of section 113(2) or 343(2) of the principal Act as not having been discontinued;

and the persons who shall be taken for the purposes of this section, in relation to expenditure incurred by a person who is not the shipowner, to be connected at any time with the person by whom the expenditure is or has been incurred shall include every person who at that time is connected (in accordance with the preceding provisions of this subsection) with the shipowner.”