

Status: Point in time view as at 31/01/2013.

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SCHEDULES

SCHEDULE 1

Section 6.

MIXING OF REBATED OIL

The following is the Schedule which shall be inserted after Schedule 2 to the^{M1}Misuse of rebated kerosene Hydrocarbon Oil Duties Act 1979—

“SCHEDULE 2A

MIXING OF REBATED OIL

PART I

LIGHT OIL

Converting unleaded petrol into leaded petrol

- 1 (1) A mixture which is leaded petrol is produced in contravention of this paragraph if such a mixture is produced by—
- adding lead to unleaded petrol in respect of which a rebate has been allowed under subsection (1) of section 13A of this Act at the rate given by subsection (1A)(a) of that section;
 - adding lead to unleaded petrol in respect of which a rebate has been allowed under subsection (1) of that section at the rate given by subsection (1A)(b) of that section; or
 - adding lead to a mixture of unleaded petrol of a description mentioned in paragraph (a) above and unleaded petrol of a description mentioned in paragraph (b) above.
- (2) In sub-paragraph (1) above the reference to adding lead to unleaded petrol includes a reference to adding leaded petrol to unleaded petrol.
- (3) This paragraph is subject to any direction given under paragraph 3 below.

Adding octane enhancers to low octane unleaded petrol

- 2 (1) A mixture which is super-unleaded petrol is produced in contravention of this paragraph if such a mixture is produced by adding an octane enhancer to unleaded petrol in respect of which a rebate has been allowed under subsection (1) of section 13A of this Act at the rate given by subsection (1A)(b) of that section.
- (2) For the purposes of sub-paragraph (1) above “super-unleaded petrol” means unleaded petrol—
- whose research octane number is not less than 96; and
 - whose motor octane number is not less than 86.

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- (3) Subsection (1C) of section 13A applies for the purposes of this paragraph as it applies for the purposes of that section.
- (4) This paragraph is subject to any direction given under paragraph 3 below.

Power to create exceptions

- 3 The Commissioners may give a direction that, in such description of circumstances as may be specified in the direction, a mixture is not produced in contravention of paragraph 1 above or (as the case may be) paragraph 2 above.

PART II

HEAVY OIL

Mixing partially rebated heavy oil with unrebated heavy oil

- 4 A mixture of heavy oils is produced in contravention of this paragraph if such a mixture is produced by mixing—
- (a) gas oil in respect of which a rebate has been allowed under section 11(1)(b) of this Act; and
 - (b) heavy oil in respect of which, on its delivery for home use, a declaration was made that it was intended for use as fuel for a road vehicle.

Mixing fully rebated heavy oil with unrebated heavy oil

- 5 A mixture of heavy oils is produced in contravention of this paragraph if such a mixture is produced by mixing—
- (a) heavy oil which is neither fuel oil nor gas oil and in respect of which a rebate has been allowed under section 11(1)(c) of this Act; and
 - (b) heavy oil in respect of which, on its delivery for home use, a declaration was made that it was intended for use as fuel for a road vehicle.

Mixing fully rebated heavy oil with partially rebated heavy oil

- 6 A mixture of heavy oils is produced in contravention of this paragraph if such a mixture is produced by mixing—
- (a) heavy oil which is neither fuel oil nor gas oil and in respect of which a rebate has been allowed under section 11(1)(c) of this Act; and
 - (b) gas oil in respect of which a rebate has been allowed under section 11(1)(b) of this Act.

Complex mixtures of heavy oils

- 7 A mixture of heavy oils is produced in contravention of this paragraph if such a mixture is produced in contravention of more than one paragraph of paragraphs 4 to 6 above.

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PART III

RATES OF DUTY, ETC.

Rate for mixtures of light oil

- 8 (1) Subject to paragraph 10 below, duty under section 20AAA(1) of this Act shall be charged at the following rates.
- (2) In the case of a mixture produced in contravention of paragraph 1 above, the rate is the rate for light oil in force at the time that the mixture is produced.
- (3) In the case of a mixture produced in contravention of paragraph 2 above, the rate is the rate produced by deducting from the rate for light oil in force at the time the mixture is produced the rate of rebate which at that time is in force under section 13A(1A)(a) of this Act.
- (4) In this paragraph “the rate for light oil” means the rate given in the case of light oil by section 6(1) of this Act.

Rate for mixtures of heavy oil

- 9 (1) Subject to paragraph 10 below, duty charged under subsection (2) of section 20AAA of this Act shall be charged at the rate for heavy oil in force at the time when the mixture is supplied as mentioned in that subsection.
- (2) In this paragraph “the rate for heavy oil” means the rate given in the case of heavy oil by section 6(1) of this Act.

Credit for duty paid on ingredients of mixture

- 10 Where duty is charged under section 20AAA of this Act in respect of any mixture, the amount of duty produced by applying paragraph 8 or 9 above shall be reduced by the amount of any duty under section 6 of this Act which the Commissioners are satisfied has been paid in respect of any ingredient of the mixture.

Interpretation

- 11 In this Schedule—
“fuel oil” and “gas oil” have the same meanings as in section 11 of this Act;
“leaded petrol” and “unleaded petrol” shall be construed in accordance with section 13A of this Act.”

Marginal Citations

M1 1979 c. 5.

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SCHEDULE 2

Section 23.

VEHICLE LICENSING AND REGISTRATION

- 1 In this Schedule “the 1994 Act” means the ^{M2}Vehicle Excise and Registration Act 1994.

Marginal Citations

M2 1994 c. 22.

Vehicle licences

- 2 (1) Section 7 of the 1994 Act (issue of vehicle licences) shall be amended in accordance with this paragraph.
- (2) After subsection (3) there shall be inserted the following subsections—
- “(3A) A person applying for a licence shall not be required to make a declaration specified for the purposes of subsection (1)(a) if he agrees to comply with such conditions as may be specified in relation to him by the Secretary of State.
- (3B) The conditions which may be specified under subsection (3A) include a condition that particulars for the time being specified for the purposes of subsection (1)(b) are furnished by being transmitted to the Secretary of State by such electronic means as he may specify.”
- (3) Sub-paragraph (2) above applies to applications made on or after the day on which this Act is passed.
- (4) In subsection (6)—
- (a) after “may provide for—” there shall be inserted the following paragraph—
- “(aa) the return of any vehicle licence which is damaged or contains any particulars which have become illegible or inaccurate.”;
- (b) in paragraph (a), after “or damaged”, there shall be inserted “ or which contains any particulars which have become illegible or inaccurate ”; and
- (c) at the end of paragraph (b) there shall be inserted “ in any of those circumstances ”.

Trade licences

- 3 In section 11 of the 1994 Act (trade licences), after subsection (1) there shall be inserted the following subsection—
- “(1A) The power to prescribe conditions under subsection (1) includes, in particular, the power to prescribe conditions which are to be complied with after the licence is issued.”

Registration regulations

- 4 (1) Subsection (1) of section 22 of the 1994 Act (registration regulations) shall be amended in accordance with this paragraph.

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- (2) In paragraph (d), after “a person by”, there shall be inserted “, through”.
 - (3) In paragraph (dd), after “a person by”, there shall be inserted “ or through”.
 - (4) At the end of paragraph (h) there shall be inserted “ or which contain any particulars which have become illegible or inaccurate”.
 - (5) After paragraph (h) there shall be inserted the following paragraph—
 - “(i) provide for a fee of such amount as appears to the Secretary of State to be reasonable to be paid on the issue of new registration documents in any of the circumstances mentioned in paragraph (h).”
- 5 In subsection (1B)(a) of section 22 of the 1994 Act, for “the other person there mentioned or to the Secretary of State or to both;” there shall be substituted “another person there mentioned or to the Secretary of State or to another such person and to the Secretary of State;”.
- 6 After subsection (1B) of section 22 of the 1994 Act there shall be inserted the following subsection—

“(1C) Regulations under subsection (1)(e) may, in particular, provide that registration documents need not be issued in respect of the registration of a vehicle until the vehicle has been inspected by a person specified by the Secretary of State.”
- 7 After subsection (1C) of section 22 of the 1994 Act there shall be inserted the following subsections—

“(1D) The Secretary of State may by regulations require a person—
 - (a) who surrenders a vehicle licence under section 10(2),
 - (b) who does not renew a vehicle licence for a vehicle kept by him, or
 - (c) who keeps an unlicensed vehicle at any place in the United Kingdom,to furnish such particulars and make such declarations as may be prescribed by the regulations, and to do so at such times and in such manner as may be so prescribed.

(1E) For the purposes of subsection (1D)(b) a person shall be regarded as not renewing a vehicle licence for a vehicle kept by him if—
 - (a) he keeps a vehicle for which a vehicle licence is in force, and
 - (b) he does not, at such time as may be prescribed by the regulations or within such period as may be so prescribed, take out a vehicle licence to have effect from the expiry of the vehicle licence mentioned in paragraph (a).

(1F) For the purposes of subsection (1D)(c) a vehicle is unlicensed if no vehicle licence is in force for the vehicle.

(1G) Regulations under subsection (1D) may make such transitional provision as appears to the Secretary of State to be appropriate.”

Surrender of licences: repayments

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Textual Amendments

F1 Sch. 2 para. 8 repealed (11.5.2001) by 2001 c. 9, s. 110, Sch. 33 Pt. 1(3), Note 1(b)

Offences

- 9 (1) In section 29 of the 1994 Act (penalty for using or keeping unlicensed vehicle), at the beginning of subsection (3) there shall be inserted “ Subject to subsection (3A) ”, and after subsection (3) there shall be inserted the following subsection—
- “(3A) In the case of a person who—
- (a) has provided the Secretary of State with a declaration or statement (in pursuance of regulations under section 22) that the vehicle will not during a period specified in the declaration or statement be used or kept on a public road, and
 - (b) commits an offence under subsection (1) within a period prescribed by regulations,
- subsection (3) applies as if the reference in paragraph (a) to level 3 were a reference to level 4.”
- (2) This paragraph applies in relation to offences committed on or after the day on which this Act is passed.
- 10 In section 33 of the 1994 Act (not exhibiting licence), after subsection (3) there shall be inserted the following subsection—
- “(4) The Secretary of State may make regulations prohibiting a person from exhibiting on a vehicle in respect of which excise duty is chargeable anything—
- (a) which is intended to be, or
 - (b) which could reasonably be,
- mistaken for a licence which is for, or in respect of, the vehicle and which is for the time being in force.”
- 11 (1) Section 45 of the 1994 Act (false or misleading declarations and information) shall be amended in accordance with this paragraph.
- (2) After subsection (2) there shall be inserted the following subsection—
- “(2A) A person who makes a declaration or statement which—
- (a) is required to be made in respect of a vehicle by regulations under section 22, and
 - (b) to his knowledge is either false or in any material respect misleading,
- is guilty of an offence.”
- (3) In subsection (3) (offence of furnishing false or misleading particulars), in paragraph (a), after “required by” there shall be inserted “ virtue of ”.

Offences: information and admissions

- 12 After section 46 of the 1994 Act there shall be inserted the following section—

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“46A Duty to give information: offences under regulations.

- (1) Subsection (2) applies where it appears to the Secretary of State—
 - (a) that a person is a person by, through or to whom a vehicle has been sold or disposed of and that he has failed to comply with regulations made by virtue of section 22(1)(d) requiring him to furnish particulars prescribed by the regulations;
 - (b) that a person is a person by or through whom a vehicle has been sold or disposed of and that he has failed to comply with regulations made by virtue of section 22(1)(dd) requiring him to furnish a document prescribed by the regulations; or
 - (c) that a person is a person who is surrendering a vehicle licence, or who is not renewing a vehicle licence for a vehicle kept by him or who is keeping an unlicensed vehicle and that he has failed to comply with regulations made by virtue of section 22(1D) requiring him to furnish particulars or make a declaration prescribed by the regulations.
- (2) The Secretary of State may serve a notice on the person in question requiring him to give the Secretary of State such information as it in his power to give—
 - (a) as to the identity of any person who is keeping a specified vehicle or who has kept it at a specified time or during a specified period;
 - (b) as to the identity of any person by, through or to whom a specified vehicle has been sold or disposed of at a specified time or during a specified period; or
 - (c) which may lead to the identification of a person falling within paragraph (a) or (b).
- (3) A person who fails to comply with a notice under subsection (2) is guilty of an offence.
- (4) A person guilty of an offence under subsection (3) is liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (5) In this section “specified” means specified in a notice under subsection (2).”

13 After section 51 of the 1994 Act there shall be inserted the following section—

“51A Admissions: offences under regulations.

- (1) Subsection (2) applies in relation to any proceedings in England, Wales or Northern Ireland against a person for an offence on the grounds that—
 - (a) a vehicle has been sold or disposed of by, through or to him and he has failed to furnish particulars prescribed by regulations made by virtue of section 22(1)(d);
 - (b) a vehicle has been sold or disposed of by or through him and he has failed to furnish a document prescribed by regulations made by virtue of section 22(1)(dd); or
 - (c) he has surrendered, or not renewed, a vehicle licence, or is keeping an unlicensed vehicle, and has failed to furnish any particulars or

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make a declaration prescribed by regulations made by virtue of section 22(1D).

(2) If—

- (a) it is appropriately proved that there has been served on the accused by post a requirement under section 46A to give information as to the identity of the person keeping the vehicle at a particular time, and
 - (b) a statement in writing is produced to the court purporting to be signed by the accused that he was keeping the vehicle at that time, the court may accept the statement as evidence that the accused was keeping the vehicle at that time.
- (3) In subsection (2) “appropriately proved” has the same meaning as in section 51.”

Proceedings in respect of offences

14 (1) In—

- (a) section 47(1) and (2) of the 1994 Act (institution and conduct of proceedings in England and Wales or Northern Ireland), and
 - (b) section 48(3) of the 1994 Act (proceedings in Scotland),
- after “section 29, 34” there shall in each case be inserted “, 35A ”.
- (2) In section 55(1) of the 1994 Act (guilty plea by absent accused), for paragraphs (a) and (b) there shall be substituted “ an offence under section 29 or 35A ”.
- (3) This paragraph applies in relation to proceedings commenced on or after the day on which this Act is passed.

Compounding of offences

15 In section 59 of the 1994 Act (regulations: offences), after subsection (5), there shall be inserted the following subsection—

- “(6) The Secretary of State may, if he sees fit, compound any proceedings for an offence—
- (a) under subsection (1), or
 - (b) under regulations under section 24 or 28.”

Regulations

16 In section 57(1) of the 1994 Act (regulations generally), the words “ (other than sections 7(2) and (3), 8, 26, 27, 52 and 54) ” shall be omitted.

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SCHEDULE 3

Section 26.

VALUE ADDED TAX: FISCAL AND OTHER WAREHOUSING

Commencement Information

- I1** [Sch. 3](#) (paras. 1-18) wholly in force at 1.6.1996; [Sch. 3](#) (paras. 1-18) partly in force at Royal Assent see [s. 26\(3\)](#); [Sch. 3](#) (paras. 1-18) in force insofar as not already in force at 1.6.1996 by [S.I. 1996/1249](#), [art. 2](#)

- 1 In subsection (1) of section 6 of the ^{M3}Value Added Tax Act 1994, for the words “section 18” there shall be substituted the words “sections 18, 18B and 18C”.

Commencement Information

- I2** [Sch. 3](#) (paras. 1-18) wholly in force at 1.6.1996; [Sch. 3](#) (paras. 1-18) partly in force at Royal Assent see [s. 26\(3\)](#); [Sch. 3](#) (paras. 1-18) in force insofar as not already in force at 1.6.1996 by [S.I. 1996/1249](#), [art. 2](#)

Marginal Citations

- M3** 1994 c. 23.

- 2 In subsection (1) of section 7 of the Value Added Tax Act 1994, for the words “sections 14 and 18” there shall be substituted the words “sections 14, 18 and 18B”.

Commencement Information

- I3** [Sch. 3](#) (paras. 1-18) wholly in force at 1.6.1996; [Sch. 3](#) (paras. 1-18) partly in force at Royal Assent see [s. 26\(3\)](#); [Sch. 3](#) (paras. 1-18) in force insofar as not already in force at 1.6.1996 by [S.I. 1996/1249](#), [art. 2](#)

- 3 In subsection (1) of section 12 of the Value Added Tax Act 1994, for the words “section 18” there shall be substituted “sections 18 and 18B”.

Commencement Information

- I4** [Sch. 3](#) (paras. 1-18) wholly in force at 1.6.1996; [Sch. 3](#) (paras. 1-18) partly in force at Royal Assent see [s. 26\(3\)](#); [Sch. 3](#) (paras. 1-18) in force insofar as not already in force at 1.6.1996 by [S.I. 1996/1249](#), [art. 2](#)

- 4 In subsection (1) of section 13 of the Value Added Tax Act 1994, for the words “section 18” there shall be substituted “sections 18 and 18B”.

Commencement Information

- I5** [Sch. 3](#) (paras. 1-18) wholly in force at 1.6.1996; [Sch. 3](#) (paras. 1-18) partly in force at Royal Assent see [s. 26\(3\)](#); [Sch. 3](#) (paras. 1-18) in force insofar as not already in force at 1.6.1996 by [S.I. 1996/1249](#), [art. 2](#)

- 5 The following sections shall be inserted in the Value Added Tax Act 1994 after section 18.

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“18A Fiscal warehousing.

- (1) The Commissioners may, if it appears to them proper, upon application approve any registered person as a fiscal warehousekeeper; and such approval shall be subject to such conditions as they shall impose.
- (2) Subject to those conditions and to regulations made under section 18F such a person shall be entitled to keep a fiscal warehouse.
- (3) “Fiscal warehouse” means such place in the United Kingdom in the occupation or under the control of the fiscal warehousekeeper, not being retail premises, as he shall notify to the Commissioners in writing; and such a place shall become a fiscal warehouse on receipt by the Commissioners of that notification or on the date stated in it as the date from which it is to have effect, whichever is the later, and, subject to subsection (6) below, shall remain a fiscal warehouse so long as it is in the occupation or under the control of the fiscal warehousekeeper or until he shall notify the Commissioners in writing that it is to cease to be a fiscal warehouse.
- (4) The Commissioners may in considering an application by a person to be a fiscal warehousekeeper take into account any matter which they consider relevant, and may without prejudice to the generality of that provision take into account all or any one or more of the following—
 - (a) his record of compliance and ability to comply with the requirements of this Act and regulations made hereunder;
 - (b) his record of compliance and ability to comply with the requirements of the customs and excise Acts (as defined in the Management Act) and regulations made thereunder;
 - (c) his record of compliance and ability to comply with Community customs provisions;
 - (d) his record of compliance and ability to comply with the requirements of other member States relating to VAT and duties equivalent to duties of excise;
 - (e) if the applicant is a company the records of compliance and ability to comply with the matters set out at (a) to (d) above of its directors, persons connected with its directors, its managing officers, any shadow directors or any of those persons, and, if it is a close company, the records of compliance and ability to comply with the matters set out at (a) to (d) above of the beneficial owners of the shares of the company or any of them; and
 - (f) if the applicant is an individual the records of compliance and ability to comply with the matters set out at (a) to (d) above of any company of which he is or has been a director, managing officer or shadow director or, in the case of a close company, a shareholder or the beneficial owner of shares,

and for the purposes of paragraphs (e) and (f) “connected” shall have the meaning given by section 24(7), “managing officer” the meaning given by section 61(6), “shadow director” the meaning given by section 741(2) of the ^{M4}Companies Act 1985 and “close company” the meaning given by the Taxes Act.

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- (5) Subject to subsection (6) below, a person approved under subsection (1) shall remain a fiscal warehousekeeper until he ceases to be a registered person or until he shall notify the Commissioners in writing that he is to cease to be a fiscal warehousekeeper.
- (6) The Commissioners may if they consider it appropriate from time to time—
 - (a) impose conditions on a fiscal warehousekeeper in addition to those conditions, if any, which they imposed under subsection (1), and vary or revoke any conditions previously imposed;
 - (b) withdraw approval of any person as a fiscal warehousekeeper, and
 - (c) withdraw fiscal warehouse status from any premises.
- (7) Any application by or on behalf of a person to be a fiscal warehousekeeper shall be in writing in such form as the Commissioners may direct and shall be accompanied by such information as they shall require.
- (8) Any approval by the Commissioners under subsection (1) above, and any withdrawal of approval or other act by them under subsection (6) above, shall be notified by them to the fiscal warehousekeeper in writing and shall take effect on such notification being made or on any later date specified for the purpose in the notification.
- (9) Without prejudice to the provisions of section 43 concerning liability for VAT, in subsections (1) and (2) above “registered person” includes any body corporate which under that section is for the time being treated as a member of a group.

18B Fiscally warehoused goods: relief.

- (1) Subsections (3) and (4) below apply where—
 - (a) there is an acquisition of goods from another member State;
 - (b) those goods are eligible goods;
 - (c) either—
 - (i) the acquisition takes place while the goods are subject to a fiscal warehousing regime; or
 - (ii) after the acquisition but before the supply, if any, of those goods which next occurs, the acquirer causes the goods to be placed in a fiscal warehousing regime; and
 - (d) the acquirer, not later than the time of the acquisition, prepares and keeps a certificate that the goods are subject to a fiscal warehousing regime, or (as the case may be) that he will cause paragraph (c)(ii) above to be satisfied; and the certificate shall be in such form and be kept for such period as the Commissioners may by regulations specify.
- (2) Subsections (3) and (4) below also apply where—
 - (a) there is a supply of goods;
 - (b) those goods are eligible goods;
 - (c) either—
 - (i) that supply takes place while the goods are subject to a fiscal warehousing regime; or

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- (ii) after that supply but before the supply, if any, of those goods which next occurs, the person to whom the former supply is made causes the goods to be placed in a fiscal warehousing regime;
 - (d) in a case falling within paragraph (c)(ii) above, the person to whom the supply is made gives the supplier, not later than the time of the supply, a certificate in such form as the Commissioners may by regulations specify that he will cause paragraph (c)(ii) to be satisfied; and
 - (e) the supply is not a retail transaction.
- (3) The acquisition or supply in question shall be treated for the purposes of this Act as taking place outside the United Kingdom if any subsequent supply of those goods is while they are subject to the fiscal warehousing regime.
- (4) Where subsection (3) does not apply and the acquisition or supply in question falls, for the purposes of this Act, to be treated as taking place in the United Kingdom, that acquisition or supply shall be treated for the purposes of this Act as taking place when the goods are removed from the fiscal warehousing regime.
- (5) Where—
- (a) subsection (4) above applies to an acquisition or a supply,
 - (b) the acquisition or supply is taxable and not zero-rated, and
 - (c) the acquirer or supplier is not a taxable person but would be were it not for paragraph 1(9) of Schedule 1, paragraph 1(7) of Schedule 2 and paragraph 1(6) of Schedule 3, or any of those provisions,
- VAT shall be chargeable on that acquisition or supply notwithstanding that the acquirer or the supplier is not a taxable person.
- (6) In this section “eligible goods” means goods—
- (a) of a description falling within Schedule 5A;
 - (b) upon which any import duties, as defined in article 4(10) of the Community Customs Code of 12th October 1992 (Council Regulation (EEC) No.2913/92), either have been paid or have been deferred under article 224 of that Code or regulations made under section 45 of the Management Act;
 - (c) (in the case of goods imported from a place outside the member States) upon which any VAT chargeable under section 1(1)(c) has been either paid or deferred in accordance with Community customs provisions, and
 - (d) (in the case of goods subject to a duty of excise) upon which that duty has been either paid or deferred under section 127A of the Management Act.
- (7) For the purposes of this section, apart from subsection (4), an acquisition or supply shall be treated as taking place at the material time for the acquisition or supply.
- (8) The Treasury may by order vary Schedule 5A by adding to or deleting from it any goods or varying any description of any goods.

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18C Warehouses and fiscal warehouses: services.

(1) Where—

- (a) a taxable person makes a supply of specified services;
- (b) those services are wholly performed on or in relation to goods while those goods are subject to a warehousing or fiscal warehousing regime;
- (c) (except where the services are the supply by an occupier of a warehouse or a fiscal warehousekeeper of warehousing or fiscally warehousing the goods) the person to whom the supply is made gives the supplier a certificate, in such a form as the Commissioners may by regulations specify, that the services are so performed;
- (d) the supply of services would (apart from this section) be taxable and not zero-rated; and
- (e) the supplier issues to the person to whom the supply is made an invoice of such a description as the Commissioners may by regulations prescribe,

his supply shall be zero-rated.

(2) If a supply of services is zero-rated under subsection (1) above (“the zero-rated supply of services”) then, unless there is a supply of the goods in question the material time for which is—

- (a) while the goods are subject to a warehousing or fiscal warehousing regime, and
- (b) after the material time for the zero-rated supply of services,

subsection (3) below shall apply.

(3) Where this subsection applies—

- (a) a supply of services identical to the zero-rated supply of services shall be treated for the purposes of this Act as being, at the time the goods are removed from the warehousing or fiscal warehousing regime or (if earlier) at the duty point, both made (for the purposes of his business) to the person to whom the zero-rated supply of services was actually made and made by him in the course or furtherance of his business,
- (b) that supply shall have the same value as the zero-rated supply of services,
- (c) that supply shall be a taxable (and not a zero-rated) supply, and
- (d) VAT shall be charged on that supply even if the person treated as making it is not a taxable person.

(4) In this section “specified services” means—

- (a) services of an occupier of a warehouse or a fiscal warehousekeeper of keeping the goods in question in a warehousing or fiscal warehousing regime;
- (b) in relation to goods subject to a warehousing regime, services of carrying out on the goods operations which are permitted to be carried out under Community customs provisions or warehousing regulations as the case may be; and

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (c) in relation to goods subject to a fiscal warehousing regime, services of carrying out on the goods any physical operations (other than any prohibited by regulations made under section 18F), for example, and without prejudice to the generality of the foregoing words, preservation and repacking operations.

18D Removal from warehousing: accountability.

- (1) This section applies to any supply to which section 18B(4) or section 18C(3) applies (supply treated as taking place on removal or duty point) and any acquisition to which section 18B(5) applies (acquisition treated as taking place on removal where acquirer not a taxable person).
- (2) Any VAT payable on the supply or acquisition shall (subject to any regulations under subsection (3) below) be paid—
 - (a) at the time when the supply or acquisition is treated as taking place under the section in question; and
 - (b) by the person by whom the goods are removed or, as the case may be, together with the excise duty, by the person who is required to pay that duty.
- (3) The Commissioners may by regulations make provision for enabling a taxable person to pay the VAT he is required to pay by virtue of subsection (2) above at a time later than that provided by that subsection; and they may make different provisions for different descriptions of taxable persons and for different descriptions of goods and services.

18E Deficiency in fiscally warehoused goods.

- (1) This section applies where goods have been subject to a fiscal warehousing regime and, before being lawfully removed from the fiscal warehouse, they are found to be missing or deficient.
- (2) In any case where this section applies, unless it is shown to the satisfaction of the Commissioners that the absence of or deficiency in the goods can be accounted for by natural waste or other legitimate cause, the Commissioners may require the fiscal warehousekeeper to pay immediately in respect of the missing goods or of the whole or any part of the deficiency, as they see fit, the VAT that would have been chargeable.
- (3) In subsection (2) “VAT that would have been chargeable” means VAT that would have been chargeable on a supply of the missing goods, or the amount of goods by which the goods are deficient, taking place at the time immediately before the absence arose or the deficiency occurred, if the value of that supply were the open market value; but where that time cannot be ascertained to the Commissioners’ satisfaction, that VAT shall be the greater of the amounts of VAT which would have been chargeable on a supply of those goods—
 - (a) if the value of that supply were the highest open market value during the period (the relevant period) commencing when the goods were placed in the fiscal warehousing regime and ending when the absence or deficiency came to the notice of the Commissioners, or

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) if the rate of VAT chargeable on that supply were the highest rate chargeable on a supply of such goods during the relevant period and the value of that supply were the highest open market value while that rate prevailed.
- (4) This section has effect without prejudice to any penalty incurred under any other provision of this Act or regulations made under it.

18F Sections 18A to 18E: supplementary.

- (1) In sections 18A to 18E and this section—
 - “duty point” has the meaning given by section 18(6);
 - “eligible goods” has the meaning given by section 18B(6);
 - “fiscal warehouse” means a place notified to the Commissioners under section 18A(3) and from which such status has not been withdrawn;
 - “fiscal warehousekeeper” means a person approved under section 18A(1);
 - “material time”—
 - (a) in relation to any acquisition or supply the time of which is determined in accordance with regulations under section 6(14) or 12(3), means such time as may be prescribed for the purpose of this section by those regulations;
 - (b) in relation to any other acquisition, means the time when the goods reach the destination to which they are despatched from the member State in question;
 - (c) in relation to any other supply of goods, means the time when the supply would be treated as taking place in accordance with subsection (2) of section 6 if paragraph (c) of that subsection were omitted; and
 - (d) in relation to any other supply of services, means the time when the services are performed;
 - “warehouse”, except in the expression “fiscal warehouse”, has the meaning given by section 18(6);
 - “warehousing regulations” has the same meaning as in the Management Act.
- (2) Any reference in sections 18A to 18E or this section to goods being subject to a fiscal warehousing regime is, subject to any regulations made under subsection (8)(e) below, a reference to eligible goods being kept in a fiscal warehouse or being transferred between fiscal warehouses in accordance with such regulations; and any reference to the removal of goods from a fiscal warehousing regime shall be construed accordingly.
- (3) Subject to subsection (2) above, any reference in sections 18C and 18D to goods being subject to a warehousing regime or to the removal of goods from a warehousing regime shall have the same meaning as in section 18(7).
- (4) Where as a result of an operation on eligible goods subject to a fiscal warehousing regime they change their nature but the resulting goods are also eligible goods, the provisions of sections 18B to 18E and this section shall apply as if the resulting goods were the original goods.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (5) Where as a result of an operation on eligible goods subject to a fiscal warehousing regime they cease to be eligible goods, on their ceasing to be so sections 18B to 18E shall apply as if they had at that time been removed from the fiscal warehousing regime; and for that purpose the proprietor of the goods shall be treated as if he were the person removing them.
- (6) Where—
- (a) any person ceases to be a fiscal warehousekeeper; or
 - (b) any premises cease to have fiscal warehouse status,
- sections 18B to 18E and this section shall apply as if the goods of which he is the fiscal warehousekeeper, or the goods in the fiscal warehouse, as the case may be, had at that time been removed from the fiscal warehousing regime; and for that purpose the proprietor of the goods shall be treated as if he were the person removing them.
- (7) The Commissioners may make regulations governing the deposit, keeping, securing and treatment of goods in a fiscal warehouse, and the removal of goods from a fiscal warehouse.
- (8) Regulations may, without prejudice to the generality of subsection (7) above, include provisions—
- (a) in relation to—
 - (i) goods which are, have been or are to be subject to a fiscal warehousing regime,
 - (ii) other goods which are, have been or are to be kept in fiscal warehouses,
 - (iii) fiscal warehouse premises, and
 - (iv) fiscal warehousekeepers and their businesses,

as to the keeping, preservation and production of records and the furnishing of returns and information by fiscal warehousekeepers and any other persons;
 - (b) requiring goods deposited in a fiscal warehouse to be produced to or made available for inspection by an authorised person on request by him;
 - (c) prohibiting the carrying out on fiscally warehoused goods of such operations as they may prescribe;
 - (d) regulating the transfer of goods from one fiscal warehouse to another;
 - (e) concerning goods which, though kept in a fiscal warehouse, are not eligible goods or are not intended by a relevant person to be goods in respect of which reliefs are to be enjoyed under sections 18A to 18E and this section;
 - (f) prohibiting the fiscal warehousekeeper from allowing goods to be removed from the fiscal warehousing regime without payment of any VAT payable under section 18D on or by reference to that removal and, if in breach of that prohibition he allows goods to be so removed, making him liable for the VAT jointly and severally with the remover,
- and may contain such incidental or supplementary provisions as the Commissioners think necessary or expedient.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (9) Regulations may make different provision for different cases, including different provision for different fiscal warehousekeepers or descriptions of fiscal warehousekeeper, for fiscal warehouses of different descriptions or for goods of different classes or descriptions or of the same class or description in different circumstances.”

Commencement Information

I6 Sch. 3 (paras. 1-18) wholly in force at 1.6.1996; Sch. 3 (paras. 1-18) partly in force at Royal Assent see s. 26(3); Sch. 3 (paras. 1-18) in force insofar as not already in force at 1.6.1996 by S.I. 1996/1249, art. 2

Marginal Citations

M4 1985 c. 6.

F26

Textual Amendments

F2 Sch. 3 para. 6 omitted (1.9.2007) by virtue of Finance Act 2007 (c. 11), Sch. 25 paras. 21, 23(2); S.I. 2007/2532, art. 2

7 In section 30 of the Value Added Tax Act 1994 the following subsection shall be added after subsection (8)—

“(8A) Regulations may provide for the zero-rating of supplies of goods, or of such goods as may be specified in regulations, in cases where—

(a) the Commissioners are satisfied that the supply in question involves both—

(i) the removal of the goods from a fiscal warehousing regime within the meaning of section 18F(2); and

(ii) their being placed in a warehousing regime in another member State, or in such member State or States as may be prescribed, where that regime is established by provisions of the law of that member State corresponding, in relation to that member State, to the provisions of sections 18A and 18B; and

(b) such other conditions, if any, as may be specified in the regulations or the Commissioners may impose are fulfilled.”,

and in subsection (10) for the words “subsection (8) or (9)” there shall be substituted the words “ subsection (8), (8A) or (9) ” and for the words “subsection (6), (8) or (9)”, there shall be substituted the words “ subsection (6), (8), (8A) or (9) ”.

Commencement Information

I7 Sch. 3 (paras. 1-18) wholly in force at 1.6.1996; Sch. 3 (paras. 1-18) partly in force at Royal Assent see s. 26(3); Sch. 3 (paras. 1-18) in force insofar as not already in force at 1.6.1996 by S.I. 1996/1249, art. 2

8 (1) Section 62 of the Value Added Tax Act 1994 shall be amended as follows.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (2) In paragraph (a) of subsection (1), after the words “a person” there shall be inserted the words “by whom one or more acquisitions or”, the words “or” at the end of sub-paragraph (i) and “and” at the end of sub-paragraph (ii) shall be omitted and the following additional sub-paragraphs shall be inserted—
- “(iii) prepares a certificate in accordance with section 18B(1)(d) or gives a supplier a certificate in accordance with section 18B(2)(d); or
- (iv) gives the supplier a certificate in accordance with section 18C(1)(c); and”.
- (3) In the passage following paragraph (b) of subsection (1) and in subsections (3) and (4), after the word “giving” wherever it appears there shall be inserted the words “or preparing”.
- (4) In subsection (3) after the words “gave” and “given” there shall be inserted in each case the words “or prepared”.

Commencement Information

I8 Sch. 3 (paras. 1-18) wholly in force at 1.6.1996; Sch. 3 (paras. 1-18) partly in force at Royal Assent see s. 26(3); Sch. 3 (paras. 1-18) in force insofar as not already in force at 1.6.1996 by S.I. 1996/1249, art. 2

- 9 In subsection (1) of section 69 of the ^{M5}Value Added Tax Act 1994 after paragraph (f) the following shall be added—
- “; or
- (g) section 18A in the form of a condition imposed by the Commissioners under subsection (1) or (6) of that section.”.

Commencement Information

I9 Sch. 3 (paras. 1-18) wholly in force at 1.6.1996; Sch. 3 (paras. 1-18) partly in force at Royal Assent see s. 26(3); Sch. 3 (paras. 1-18) in force insofar as not already in force at 1.6.1996 by S.I. 1996/1249, art. 2

Marginal Citations

M5 1994 c. 23.

- 10 In section 73 of the Value Added Tax Act 1994 the following subsections shall be added after subsection (7)—
- “(7A) Where a fiscal warehousekeeper has failed to pay VAT required by the Commissioners under section 18E(2), the Commissioners may assess to the best of their judgment the amount of that VAT due from him and notify it to him.
- (7B) Where it appears to the Commissioners that goods have been removed from a warehouse or fiscal warehouse without payment of the VAT payable under section 18(4) or section 18D on that removal, they may assess to the best of their judgment the amount of VAT due from the person removing the goods or other person liable and notify it to him.”

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Commencement Information

I10 Sch. 3 (paras. 1-18) wholly in force at 1.6.1996; Sch. 3 (paras. 1-18) partly in force at Royal Assent see s. 26(3); Sch. 3 (paras. 1-18) in force insofar as not already in force at 1.6.1996 by S.I. 1996/1249, art. 2

- 11 In sections 73(9) and 76(5) of the Value Added Tax Act 1994 for the words “or (7)” there shall be substituted “, (7), (7A) or (7B)”.

Commencement Information

I11 Sch. 3 (paras. 1-18) wholly in force at 1.6.1996; Sch. 3 (paras. 1-18) partly in force at Royal Assent see s. 26(3); Sch. 3 (paras. 1-18) in force insofar as not already in force at 1.6.1996 by S.I. 1996/1249, art. 2

- 12 In section 83 of the Value Added Tax Act 1994 the following paragraph shall be added after paragraph (d)—

“(da) a decision of the Commissioners under section 18A—

- (i) as to whether or not a person is to be approved as a fiscal warehousekeeper or the conditions from time to time subject to which he is so approved;
- (ii) for the withdrawal of any such approval; or
- (iii) for the withdrawal of fiscal warehouse status from any premises;”

and in paragraph (p)(ii) for “subsection (7)” there shall be substituted “ subsections (7), (7A) or (7B)”.

Commencement Information

I12 Sch. 3 (paras. 1-18) wholly in force at 1.6.1996; Sch. 3 (paras. 1-18) partly in force at Royal Assent see s. 26(3); Sch. 3 (paras. 1-18) in force insofar as not already in force at 1.6.1996 by S.I. 1996/1249, art. 2

- 13 In paragraph 1 of Schedule 1 to the Value Added Tax Act 1994, the following sub-paragraph shall be added after sub-paragraph (8)—

“(9) In determining the value of a person’s supplies for the purposes of sub-paragraph (1) or (2) above, supplies to which section 18B(4) (last acquisition or supply of goods before removal from fiscal warehousing) applies and supplies treated as made by him under section 18C(3) (self-supply of services on removal of goods from warehousing) shall be disregarded.”.

Commencement Information

I13 Sch. 3 (paras. 1-18) wholly in force at 1.6.1996; Sch. 3 (paras. 1-18) partly in force at Royal Assent see s. 26(3); Sch. 3 (paras. 1-18) in force insofar as not already in force at 1.6.1996 by S.I. 1996/1249, art. 2

- 14 In paragraph 1 of Schedule 2 to the Value Added Tax Act 1994, the following sub-paragraph shall be added after sub-paragraph (6)—

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

“(7) For the purposes of sub-paragraphs (1) and (2) above supplies to which section 18B(4) (last acquisition or supply of goods before removal from fiscal warehousing) applies shall be disregarded.”.

Commencement Information

I14 Sch. 3 (paras. 1-18) wholly in force at 1.6.1996; Sch. 3 (paras. 1-18) partly in force at Royal Assent see s. 26(3); Sch. 3 (paras. 1-18) in force insofar as not already in force at 1.6.1996 by S.I. 1996/1249, art. 2

15 In paragraph 1 of Schedule 3 to the ^{M6}Value Added Tax Act 1994, the following sub-paragraph shall be added after sub-paragraph (5)—

“(6) In determining the value of a person’s acquisitions for the purposes of sub-paragraph (1) or (2) above, acquisitions to which section 18(B)(4) (last acquisition or supply of goods before removal from fiscal warehousing) applies shall be disregarded.”.

Commencement Information

I15 Sch. 3 (paras. 1-18) wholly in force at 1.6.1996; Sch. 3 (paras. 1-18) partly in force at Royal Assent see s. 26(3); Sch. 3 (paras. 1-18) in force insofar as not already in force at 1.6.1996 by S.I. 1996/1249, art. 2

Marginal Citations

M6 1994 c. 23.

16 In paragraph 8(1) of Schedule 11 to the Value Added Tax Act 1994 after the words “another member State” there shall be inserted the words “, or in the possession of a fiscal warehousekeeper, ”.

Commencement Information

I16 Sch. 3 (paras. 1-18) wholly in force at 1.6.1996; Sch. 3 (paras. 1-18) partly in force at Royal Assent see s. 26(3); Sch. 3 (paras. 1-18) in force insofar as not already in force at 1.6.1996 by S.I. 1996/1249, art. 2

^{F3}17

Textual Amendments

F3 Sch. 3 para. 17 omitted (1.4.2009) by virtue of Finance Act 2008 (c. 9), s. 113(2), Sch. 36 para. 92(e) (with Sch. 36 para. 38); S.I. 2009/404, art. 2 (with art. 12)

18 The following Schedule shall be added to the Value Added Tax Act 1994.

“SCHEDULE
5A

Section 18B.

GOODS ELIGIBLE TO BE FISCALLY WAREHOUSED

Description of goods

Combined nomenclature code of the
[^{F4}European Union]

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Tin	8001
Copper	7402
	7403
	7405
	7408
Zinc	7901
Nickel	7502
Aluminium	7601
Lead	7801
Indium	ex 811291
	ex 811299
Cereals	1001 to 1005
	1006: unprocessed rice only
	1007 to 1008
Oil seeds and oleaginous fruit	1201 to 1207
Coconuts, Brazil nuts and cashew nuts	0801
Other nuts	0502
Olives	071120
Grains and seeds (including soya beans)	1201 to 1207
Coffee, not roasted	0901 11 00
	0901 12 00
Tea	0902
Cocoa beans, whole or broken, raw or roasted	1801
Raw sugar	1701 11
	1701 12
Rubber, in primary forms or in plates, sheets or strip	4001
	4002
Wool	5101
Chemicals in bulk	Chapters 28 and 29
Mineral oils (including propane and butane; also including crude petroleum oils)	2709
	2710
	2711 12

Status: Point in time view as at 31/01/2013.

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	2711 13
Silver	7106
Platinum (palladium, rhodium)	7110 11 00
	7110 21 00
	7110 31 00
Potatoes	0701
Vegetable oils and fats and their fractions, whether or not refined, but not chemically modified	1507 to 1515”

Textual Amendments

- F4** Words in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 4 (with arts. 3(2)(3), 4(2), 6(4)(5))

Commencement Information

- I17** [Sch. 3](#) (paras. 1-18) wholly in force at 1.6.1996; [Sch. 3](#) (paras. 1-18) partly in force at Royal Assent see [s. 26\(3\)](#); [Sch. 3](#) (paras. 1-18) in force insofar as not already in force at 1.6.1996 by [S.I. 1996/1249](#), [art. 2](#)

SCHEDULE 4

Section 31.

VALUE ADDED TAX: ANTI-AVOIDANCE PROVISIONS

The following is the Schedule which shall be inserted after Schedule 9 to the ^{M7}Value Added Tax Act 1994—

“SCHEDULE 9A

ANTI-AVOIDANCE PROVISIONS: GROUPS

Power to give directions

- 1 (1) Subject to paragraph 2 below, the Commissioners may give a direction under this Schedule if, in any case—
- (a) a relevant event has occurred;
 - (b) the condition specified in sub-paragraph (3) below is fulfilled;
 - (c) that condition would not be fulfilled apart from the occurrence of that event; and
 - (d) in the case of an event falling within sub-paragraph (2)(b) below, the transaction in question is not a supply which is the only supply by reference to which the case falls within paragraphs (a) to (c) above.
- (2) For the purposes of this Schedule, a relevant event occurs when a body corporate—
- (a) begins to be, or ceases to be, treated as a member of a group; or
 - (b) enters into any transaction.
- (3) The condition mentioned in sub-paragraph (1) above is that—

Status: Point in time view as at 31/01/2013.

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- (a) there has been, or will or may be, a taxable supply on which VAT has been, or will or may be, charged otherwise than by reference to the supply's full value;
 - (b) there is at least a part of the supply which is not or, as the case may be, would not be zero-rated; and
 - (c) the charging of VAT on the supply otherwise than by reference to its full value gives rise or, as the case may be, would give rise to a tax advantage.
- (4) For the purposes of this paragraph the charging of VAT on a supply ("the undercharged supply") otherwise than by reference to its full value shall be taken to give rise to a tax advantage if, and only if, a person has become entitled—
- (a) to credit for input tax allowable as attributable to that supply or any part of it, or
 - (b) in accordance with regulations under section 39, to any repayment in respect of that supply or any part of it.
- (5) The cases where a person shall be taken for the purposes of sub-paragraph (4) above to have become entitled to a credit for input tax allowable as attributable to the undercharged supply, or to a part of it, shall include any case where—
- (a) a person has become entitled to a credit for any input tax on the supply to him, or the acquisition or importation by him, of any goods or services; and
 - (b) whatever the supplies to which the credit was treated as attributable when the entitlement to it arose, those goods or services are used by him in making the undercharged supply, or a part of it.
- (6) For the purposes of sub-paragraphs (4) and (5) above where—
- (a) there is a supply of any of the assets of a business of a person ("the transferor") to a person to whom the whole or any part of that business is transferred as a going concern ("the transferee"), and
 - (b) that supply is treated, in accordance with an order under section 5(3), as being neither a supply of goods nor a supply of services,
- the question, so far as it falls to be determined by reference to those assets, whether a credit for input tax to which any person has become entitled is one allowable as attributable to the whole or any part of a supply shall be determined as if the transferor and the transferee were the same person.
- (7) Where, in a case to which sub-paragraph (6) above applies, the transferor himself acquired any of the assets in question by way of a supply falling within paragraphs (a) and (b) of that sub-paragraph, that sub-paragraph shall have the effect, as respects the assets so acquired, of requiring the person from whom those assets were acquired to be treated for the purposes of sub-paragraphs (4) and (5) above as the same person as the transferor and the transferee, and so on in the case of any number of successive supplies falling within those paragraphs.
- (8) For the purposes of this paragraph any question—
- (a) whether any credit for input tax to which a person has become entitled was, or is to be taken to have been, a credit allowable as attributable to the whole or any part of a supply, or
 - (b) whether any repayment is a repayment in respect of the whole or any part of a supply,
- shall be determined, in relation to a supply of a right to goods or services or to a supply of goods or services by virtue of such a right, as if the supply of the right and supplies made by virtue of the right were a single supply of which the supply of the right and each of those supplies constituted different parts.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (9) References in this paragraph to the full value of a supply are references to the amount which (having regard to any direction under paragraph 1 of Schedule 6) would be the full value of that supply for the purposes of the charge to VAT if that supply were not a supply falling to be disregarded, to any extent, in pursuance of section 43(1)(a).
- (10) References in this paragraph to the supply of a right to goods or services include references to the supply of any right, option or priority with respect to the supply of goods or services, and to the supply of an interest deriving from any right to goods or services.

Restrictions on giving directions

- 2 The Commissioners shall not give a direction under this Schedule by reference to a relevant event if they are satisfied that—
- (a) the change in the treatment of the body corporate, or
 - (b) the transaction in question,
- had as its main purpose or, as the case may be, as each of its main purposes a genuine commercial purpose unconnected with the fulfilment of the condition specified in paragraph 1(3) above.

Form of directions under Schedule

- 3 (1) The directions that may be given by the Commissioners under this Schedule are either—
- (a) a direction relating to any supply of goods or services that has been made, in whole or in part, by one body corporate to another; or
 - (b) a direction relating to a particular body corporate.
- (2) A direction under this Schedule relating to a supply shall require it to be assumed (where it would not otherwise be the case) that, to the extent described in the direction, the supply was not a supply falling to be disregarded in pursuance of section 43(1)(a).
- (3) A direction under this Schedule relating to a body corporate shall require it to be assumed (where it would not otherwise be the case) that, for such period (comprising times before the giving of the direction or times afterwards or both) as may be described in the direction, the body corporate—
- (a) did not fall to be treated, or is not to be treated, as a member of a group, or of a particular group so described; or
 - (b) fell to be treated, or is to be treated, as a member of any group so described of which, for that period, it was or is eligible to be a member.
- (4) Where a direction under this Schedule requires any assumptions to be made, then—
- (a) so far as the assumptions relate to times on or after the day on which the direction is given, this Act shall have effect in relation to such times in accordance with those assumptions; and
 - (b) paragraph 6 below shall apply for giving effect to those assumptions in so far as they relate to earlier times.
- (5) A direction falling within sub-paragraph (3)(b) above may identify in relation to any times or period the body corporate which is to be assumed to have been, or to be, the representative member of the group at those times or for that period.
- (6) A direction under this Schedule may vary the effect of a previous direction under this Schedule.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (7) The Commissioners may at any time, by notice in writing to the person to whom it was given, withdraw a direction under this Schedule.
- (8) The refusal or non-refusal by the Commissioners of an application under section 43 shall not prejudice the power of the Commissioners to give a direction under this Schedule requiring any case to be assumed to be what it would have been had the application not been refused or, as the case may be, had it been refused.

Time limit on directions

- 4 (1) A direction under this Schedule shall not be given more than six years after whichever is the later of—
 - (a) the occurrence of the relevant event by reference to which it is given; and
 - (b) the time when the relevant entitlement arose.
- (2) A direction under this Schedule shall not be given by reference to a relevant event occurring on or before 28th November 1995.
- (3) Subject to sub-paragraphs (1) and (2) above, a direction under this Schedule—
 - (a) may be given by reference to a relevant event occurring before the coming into force of this Schedule; and
 - (b) may require assumptions to be made in relation to times (including times before 29th November 1995) falling before the occurrence of the relevant event by reference to which the direction is given, or before the relevant entitlement arose.
- (4) For the purposes of this paragraph the reference, in relation to the giving of a direction, to the relevant entitlement is a reference to the entitlement by reference to which the requirements of paragraph 1(4) above are taken to be satisfied for the purposes of that direction.

Manner of giving directions

- 5 (1) A direction under this Schedule relating to a supply may be given to—
 - (a) the person who made the supply to which the direction relates; or
 - (b) any body corporate which, at the time when the direction is given, is the representative member of a group of which that person was treated as being a member at the time of the supply.
- (2) A direction under this Schedule relating to a body corporate (“the relevant body”) may be given to that body or to any body corporate which at the time when the direction is given is, or in pursuance of the direction is to be treated as, the representative member of a group of which the relevant body—
 - (a) is treated as being a member;
 - (b) was treated as being a member at a time to which the direction relates; or
 - (c) is to be treated as being, or having been, a member at any such time.
- (3) A direction given to any person under this Schedule shall be given to him by notice in writing.
- (4) A direction under this Schedule must specify the relevant event by reference to which it is given.

Status: Point in time view as at 31/01/2013.

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Assessment in consequence of a direction

- 6 (1) Subject to sub-paragraph (3) below, where—
- (a) a direction is given under this Schedule, and
 - (b) there is an amount of VAT (“the unpaid tax”) for which a relevant person would have been liable before the giving of the direction if the facts had accorded with the assumptions specified in the direction,
- the Commissioners may, to the best of their judgement, assess the amount of unpaid tax as tax due from the person to whom the direction was given or another relevant person and notify their assessment to that person.
- (2) In sub-paragraph (1) above the reference to an amount of VAT for which a person would, on particular assumptions, have been liable before the giving of a direction under this Schedule is a reference to the aggregate of the following—
- (a) any amount of output tax which, on those assumptions but not otherwise, would have been due from a relevant person at the end of a prescribed accounting period ending before the giving of the direction;
 - (b) the amount of any credit for input tax to which a relevant person is treated as having been entitled at the end of such an accounting period but to which he would not have been entitled on those assumptions; and
 - (c) the amount of any repayment of tax made to a relevant person in accordance with regulations under section 39 but to which he would not have been entitled on those assumptions.
- (3) Where any assessment falls to be made under this paragraph in a case in which the Commissioners are satisfied that the actual revenue loss is less than the unpaid tax, the total amount to be assessed under this paragraph shall not exceed what appears to them, to the best of their judgement, to be the amount of that loss.
- (4) For the purposes of the making of an assessment under this paragraph in relation to any direction, the actual revenue loss shall be taken to be equal to the amount of the unpaid tax less the amount given by aggregating the amounts of every entitlement—
- (a) to credit for input tax, or
 - (b) to a repayment in accordance with regulations under section 39,
- which (whether as an entitlement of the person in relation to whom the assessment is made or as an entitlement of any other person) would have arisen on the assumptions contained in the direction, but not otherwise.
- (5) An assessment under this paragraph relating to a direction may be notified to the person to whom that direction is given by being incorporated in the same notice as that direction.
- (6) An assessment under this paragraph shall not be made—
- (a) more than one year after the day on which the direction to which it relates was given, or
 - (b) in the case of any direction that has been withdrawn.
- (7) Where an amount has been assessed on any person under this paragraph and notified to him—
- (a) that amount shall be deemed (subject to the provisions of this Act as to appeals) to be an amount of VAT due from him;

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- (b) that amount may be recovered accordingly, either from that person or, in the case of a body corporate that is for the time being treated as a member of a group, from the representative member of that group; and
 - (c) to the extent that more than one person is liable by virtue of any assessment under this paragraph in respect of the same amount of unpaid tax, those persons shall be treated as jointly and severally liable for that amount.
- (8) Sub-paragraph (7) above does not have effect if or to the extent that the assessment in question has been withdrawn or reduced.
- (9) Sections 74 and 77(6) apply in relation to assessments under this paragraph as they apply in relation to assessments under section 73 but as if the reference in subsection (1) of section 74 to the reckonable date were a reference to the date on which the assessment is notified.
- (10) Where by virtue of sub-paragraph (9) above any person is liable to interest under section 74—
- (a) section 76 shall have effect in relation to that liability with the omission of subsections (2) to (6); and
 - (b) section 77, except subsection (6), shall not apply to an assessment of the amount due by way of interest;
- and (without prejudice to the power to make assessments for interest for later periods) the interest to which any assessment made under section 76 by virtue of paragraph (a) above may relate shall be confined to interest for a period of no more than two years ending with the time when the assessment to interest is made.
- (11) In this paragraph “a relevant person”, in relation to a direction, means—
- (a) the person to whom the direction is given;
 - (b) the body corporate which was the representative member of any group of which that person was treated as being, or in pursuance of the direction is to be treated as having been, a member at a time to which the assumption specified in the direction relates; or
 - (c) any body corporate which, in pursuance of the direction, is to be treated as having been the representative member of such a group.

Interpretation of Schedule etc.

- 7 (1) References in this Schedule to being treated as a member of a group and to being eligible to be treated as a member of a group shall be construed in accordance with section 43.
- (2) For the purposes of this Schedule the giving of any notice or notification to any receiver, liquidator or person otherwise acting in a representative capacity in relation to another shall be treated as the giving of a notice or, as the case may be, notification to the person in relation to whom he so acts.”

Marginal Citations

M7 1994 c. 23.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULE 5

LANDFILL TAX

Modifications etc. (not altering text)

C1 Sch. 5 extended (19.3.1997) by 1997 c. 16, s. 50(1), **Sch. 5 Pt. I para. 4(3)**

PART I

INFORMATION

[^{F5}Information: general]

Textual Amendments

F5 Sch. 5 para. 1 cross-heading substituted (21.7.2009) by **Finance Act 2009 (c. 10), Sch. 60 para. 6**

^{F6}₁

Textual Amendments

F6 Sch. 5 para. 1 omitted (1.4.2010) by virtue of **The Finance Act 2009, Section 96 and Schedule 48 (Appointed Day, Savings and Consequential Amendments) Order 2009 (S.I. 2009/3054), art. 1, Sch. para. 7(a)**

[^{F7}Information: material at landfill sites]

Textual Amendments

F7 Sch. 5 para. 1A and cross-heading inserted (21.7.2009) by **Finance Act 2009 (c. 10), Sch. 60 para. 7**

- 1A (1) Regulations may make provision about giving the Commissioners information relating to material at a landfill site or a part of a landfill site.
- (2) Regulations under this paragraph may require a person to give information.
- (3) Regulations under this paragraph may—
- (a) require a person, or authorise an officer of Revenue and Customs to require a person, to designate a part of a landfill site (an “information area”), and
 - (b) require material, or prescribed descriptions of material, to be deposited in an information area.
- (4) Regulations under this paragraph may make provision about information relating to what is done with material.
- (5) Sub-paragraphs (2) to (4) do not prejudice the generality of sub-paragraph (1).]

Status: Point in time view as at 31/01/2013.

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[^{F8}Information: site restoration

Textual Amendments

F8 Sch. 5 para. 1B inserted (with effect in accordance with Sch. 60 para. 13(2) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 60 para. 11](#)

- 1B (1) Before commencing restoration of all or part of a landfill site, the operator of the site must—
- (a) notify the Commissioners in writing that the restoration is to commence, and
 - (b) provide such other written information as the Commissioners may require generally or in the particular case.
- (2) In this paragraph “restoration” means work, other than capping waste, which is required by a relevant instrument to be carried out to restore a landfill site to use on completion of waste disposal operations.
- (3) The following are relevant instruments—
- (a) a planning consent,
 - (b) a waste management licence, and
 - (c) a permit authorising the disposal of waste on or in land.]

[^{F9}Records: registrable persons]

Textual Amendments

F9 Sch. 5 para. 2 cross-heading substituted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 60 para. 8](#)

- 2 (1) Regulations may require registrable persons to make records.
- (2) Regulations under sub-paragraph (1) above may be framed by reference to such records as may be stipulated in any notice published by the Commissioners in pursuance of the regulations and not withdrawn by a further notice.
- (3) Regulations may—
- (a) require registrable persons to preserve records of a prescribed description (whether or not the records are required to be made in pursuance of regulations) for such period not exceeding six years as may be specified in the regulations;
 - (b) authorise the Commissioners to direct that any such records need only be preserved for a shorter period than that specified in the regulations;
 - (c) authorise a direction to be made so as to apply generally or in such cases as the Commissioners may stipulate.
- ^{F10}(4) A duty under regulations under this paragraph to preserve records may be discharged—
- (a) by preserving them in any form and by any means, or
 - (b) by preserving the information contained in them in any form and by any means,
- subject to any conditions or exceptions specified in writing by the Commissioners.]

Status: Point in time view as at 31/01/2013.

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Textual Amendments

F10 Sch. 5 para. 2(4) substituted for Sch. 5 para. 2(4)-(7) (1.4.2010) by [Finance Act 2009 \(c. 10\)](#), s. 98(2), [Sch. 50 para. 21](#); S.I. 2010/815, art. 2

[^{F11}Records: material at landfill sites

Textual Amendments

F11 Sch. 5 para. 2A and cross-heading inserted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 60 para. 9](#)

- 2A (1) Regulations may require a person to make records relating to material at a landfill site or a part of a landfill site.
- (2) Regulations under this paragraph may make provision about records relating to what is done with material.
- (3) Sub-paragraphs (2) to (7) of paragraph 2 apply in relation to regulations under this paragraph as they apply in relation to regulations under paragraph 2.
- (4) But, in the application of paragraph 2(3)(a) in relation to regulations under this paragraph, the reference to registrable persons has effect as a reference to persons.]

Documents

F12³

Textual Amendments

F12 Sch. 5 para. 3 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, [Sch. para. 7\(a\)](#)

PART II

POWERS

Entry and inspection

F13⁴

Textual Amendments

F13 Sch. 5 para. 4 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, [Sch. para. 7\(a\)](#)

Status: Point in time view as at 31/01/2013.

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Entry and search

F14⁵

Textual Amendments

F14 Sch. 5 para. 5 repealed (8.11.2007) by Finance Act 2007 (c. 11), s. 84(4)(5), Sch. 22 para. 10(a), Sch. 27 Pt. 5(1); S.I. 2007/3166, art. 2(c)

Arrest

F15⁶

Textual Amendments

F15 Sch. 5 para. 6 repealed (8.11.2007) by Finance Act 2007 (c. 11), s. 84(4)(5), Sch. 22 para. 10(b), Sch. 27 Pt. 5(1); S.I. 2007/3166, art. 2(c)

Order for access to recorded information etc.

- 7 (1) Where, on an application by an authorised person, a justice of the peace or, in Scotland, a justice (within the meaning of section 307 of the ^{M8}Criminal Procedure (Scotland) Act 1995) 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
 - (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 with 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 [F16stored in any electronic form] , 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 [F17or from which it can readily be produced in a visible and legible form] 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 to 5 above.

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Textual Amendments

- F16** Words in Sch. 5 para. 7(4) substituted (1.4.2003) by [Criminal Justice and Police Act 2001 \(c. 16\), s. 138\(2\)](#), [Sch. 2 para. 13\(1\)\(a\)\(2\)\(h\)](#); S.I. 2003/708, art. 2(k)
- F17** Words in Sch. 5 para. 7(4) inserted (1.4.2003) by [Criminal Justice and Police Act 2001 \(c. 16\), s. 138\(2\)](#), [Sch. 2 para. 13\(1\)\(b\)\(2\)\(h\)](#); S.I. 2003/708, art. 2(k)

Marginal Citations

- M8** 1995 c. 46.

Removal of documents etc.

- 8 (1) An authorised person who removes anything in the exercise of a power conferred by or under paragraph 5 or 7 above shall, if so requested by a person showing himself—
- (a) to be the occupier of premises from which it was removed, or
 - (b) to have had custody or control of it immediately before the removal,
- provide that person with a record of what he removed.
- (2) The authorised person shall provide the record within a reasonable time from the making of the request for it.
- (3) Subject to sub-paragraph (7) below, if a request for permission to be allowed access to anything which—
- (a) has been removed by an authorised person, and
 - (b) is retained by the Commissioners for the purposes of investigating an offence,
- is made to the officer in overall charge of the investigation by a person who had custody or control of the thing immediately before it was so removed or by someone acting on behalf of such a person, the officer shall allow the person who made the request access to it under the supervision of an authorised person.
- (4) Subject to sub-paragraph (7) below, if a request for a photograph or copy of any such thing is made to the officer in overall charge of the investigation by a person who had custody or control of the thing immediately before it was so removed, or by someone acting on behalf of such a person, the officer shall—
- (a) allow the person who made the request access to it under the supervision of an authorised person for the purpose of photographing it or copying it, or
 - (b) photograph or copy it, or cause it to be photographed or copied.
- (5) Subject to sub-paragraph (7) below, where anything is photographed or copied under sub-paragraph (4)(b) above the officer shall supply the photograph or copy, or cause it to be supplied, to the person who made the request.
- (6) The photograph or copy shall be supplied within a reasonable time from the making of the request.
- (7) There is no duty under this paragraph to allow access to, or to supply a photograph or copy of, anything if the officer in overall charge of the investigation for the purposes of which it was removed has reasonable grounds for believing that to do so would prejudice—
- (a) that investigation,

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- (b) the investigation of an offence other than the offence for the purposes of the investigation of which the thing was removed, or
 - (c) any criminal proceedings which may be brought as a result of the investigation of which he is in charge or any such investigation as is mentioned in paragraph (b) above.
- (8) Any reference in this paragraph to the officer in overall charge of the investigation is a reference to the person whose name and address are endorsed on the warrant concerned as being the officer so in charge.
- 9
 - (1) Where, on an application made as mentioned in sub-paragraph (2) below, the appropriate judicial authority is satisfied that a person has failed to comply with a requirement imposed by paragraph 8 above, the authority may order that person to comply with the requirement within such time and in such manner as may be specified in the order.
 - (2) An application under sub-paragraph (1) above shall be made—
 - (a) in the case of a failure to comply with any of the requirements imposed by sub-paragraphs (1) and (2) of paragraph 8 above, by the occupier of the premises from which the thing in question was removed or by the person who had custody or control of it immediately before it was so removed, and
 - (b) in any other case, by the person who had such custody or control.
 - (3) In this paragraph “the appropriate judicial authority” means—
 - (a) in England and Wales, a magistrates’ court;
 - (b) in Scotland, the sheriff;
 - (c) in Northern Ireland, a court of summary jurisdiction, as defined in Article 2(2)(a) of the ^{M9}Magistrates’ Court (Northern Ireland) Order 1981.
 - (4) In England and Wales and Northern Ireland, an application for an order under this paragraph shall be made by way of complaint; and sections 21 and 42(2) of the ^{M10}Interpretation Act (Northern Ireland) 1954 shall apply as if any reference in those provisions to any enactment included a reference to this paragraph.

Marginal Citations

M9 S.I. 1981/1675 (N.I.26).

M10 1954 c. 33 (N.I.).

Power to take samples

- 10
 - (1) An authorised person, if it appears to him necessary for the protection of the revenue against mistake or fraud, may at any time take, from material which he has reasonable cause to believe is intended to be, is being, or has been disposed of as waste by way of landfill, such samples as he may require with a view to determining how the material ought to be or to have been treated for the purposes of tax.
 - (2) Any sample taken under this paragraph shall be disposed of in such manner as the Commissioners may direct.

Status: Point in time view as at 31/01/2013.

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PART III

RECOVERY

General

11 Tax due from any person shall be recoverable as a debt due to the Crown.

Preferential and preferred debts

12 ^{F18}(1)

^{F18}(2)

(3) In paragraph 2 the following sub-paragraph shall be inserted after sub-paragraph (1A)—

“(1B) Any landfill tax which is referable to the period of six months next before the relevant date.”

(4) The following shall be inserted after paragraph 8A—

“ Periods to which landfill tax referable

8B (1) For the purpose of paragraph 2(1B) of Part I of this Schedule—

- (a) where the whole of the accounting period to which any landfill tax is attributable falls within the period of six months next before the relevant date (“the relevant period”), the whole amount of that tax shall be referable to the relevant period; and
- (b) in any other case the amount of any landfill tax which shall be referable to the relevant period shall be the proportion of the tax which is equal to such proportion (if any) of the accounting period in question as falls within the relevant period.

(2) In sub-paragraph (1) above “accounting period” shall be construed in accordance with Part III of the Finance Act 1996.”

^{F19}(5)

<p>Textual Amendments</p> <p>F18 Sch. 5 para. 12(1)(2) repealed (15.9.2003) by Enterprise Act 2002 (c. 40), s. 279, Sch. 26; S.I. 2003/2093, art. 2(1), Sch. 2 (with art. 4)</p> <p>F19 Sch. 5 para. 12(5) repealed (N.I.) (27.3.2006) by The Insolvency (Northern Ireland) Order 2005 (S.I. 2005/1455 (N.I. 10)), art. 1(3), Sch. 9; S.R. 2006/21, art. 2 (subject to S.R. 2006/22, arts. 2-7)</p>
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Distress and diligence

^{F20}13

Status: Point in time view as at 31/01/2013.

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Textual Amendments

F20 Sch. 5 para. 13 repealed (1.7.1997) by 1997 c. 16, s. 113, **Sch. 18 Pt. V(2)**; S.I. 1997/1433, **art. 2**

Recovery of overpaid tax

- 14 (1) Where a person has paid an amount to the Commissioners by way of tax which was not tax due to them, they shall be liable to repay the amount to him.
- (2) The Commissioners shall only be liable to repay an amount under this paragraph on a claim being made for the purpose.
- (3) It shall be a defence, in relation to a claim under this paragraph, that repayment of an amount would unjustly enrich the claimant.
- [^{F21}(4) The Commissioners shall not be liable, on a claim made under this paragraph, to repay any amount paid to them more than [^{F22}4 years] before the making of the claim.]
- (5) A claim under this paragraph shall be made in such form and manner and shall be supported by such documentary evidence as may be prescribed by regulations.
- (6) Except as provided by this paragraph, the Commissioners shall not be liable to repay an amount paid to them by way of tax by virtue of the fact that it was not tax due to them.

Textual Amendments

F21 Sch. 5 para. 14(4) substituted (19.3.1997) by 1997 c. 16, s. 50(1), **Sch. 5 Pt. II para. 5(3)**

F22 Words in Sch. 5 para. 14(4) substituted (1.4.2010) by Finance Act 2009 (c. 10), s. 99(2), **Sch. 51 para. 38**; S.I. 2010/867, **art. 2(1)** (with art. 24)

Modifications etc. (not altering text)

C2 Sch. 5 para. 14(3) amended (19.3.1997) by 1997 c. 16, s. 50(1), **Sch. 5 Pt. I para. 1(1)(c)**
Sch. 5 para. 14(3): power to modify conferred (19.3.1997) by 1997 c. 16, s. 50(1), **Sch. 5 Pt. I para. 1(1)(c)**

PART IV

CRIMINAL PENALTIES

Criminal offences

- 15 (1) A person is guilty of an offence if—
- (a) being a registrable person, he is knowingly concerned in, or in the taking of steps with a view to, the fraudulent evasion of tax by him or another registrable person, or
- (b) not being a registrable person, he is knowingly concerned in, or in the taking of steps with a view to, the fraudulent evasion of tax by a registrable person.

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- (2) Any reference in sub-paragraph (1) above to the evasion of tax includes a reference to the obtaining of a payment under regulations under section 51(2)(c) or (d) or (f) of this Act.
- (3) A person is guilty of an offence if with the requisite intent—
 - (a) he produces, furnishes or sends, or causes to be produced, furnished or sent, for the purposes of this Part of this Act any document which is false in a material particular, or
 - (b) he otherwise makes use for those purposes of such a document;
 and the requisite intent is intent to deceive or to secure that a machine will respond to the document as if it were a true document.
- (4) A person is guilty of an offence if in furnishing any information for the purposes of this Part of this Act he makes a statement which he knows to be false in a material particular or recklessly makes a statement which is false in a material particular.
- (5) A person is guilty of an offence by virtue of this sub-paragraph if his conduct during any specified period must have involved the commission by him of one or more offences under the preceding provisions of this paragraph; and the preceding provisions of this sub-paragraph apply whether or not the particulars of that offence or those offences are known.
- (6) A person is guilty of an offence if—
 - (a) he enters into a taxable landfill contract, or
 - (b) he makes arrangements for other persons to enter into such a contract,
 with reason to believe that tax in respect of the disposal concerned will be evaded.
- (7) A person is guilty of an offence if he carries out taxable activities without giving security (or further security) he has been required to give under paragraph 31 below.
- (8) For the purposes of this paragraph a taxable landfill contract is a contract under which there is to be a taxable disposal.

Criminal penalties

- 16 (1) A person guilty of an offence under paragraph 15(1) above is liable—
 - (a) on summary conviction, to a penalty of the statutory maximum or of three times the amount of the tax, whichever is the greater, or to imprisonment for a term not exceeding six months or to both;
 - (b) on conviction on indictment, to a penalty of any amount or to imprisonment for a term not exceeding seven years or to both.
- (2) The reference in sub-paragraph (1) above to the amount of the tax shall be construed, in relation to tax itself or a payment falling within paragraph 15(2) above, as a reference to the aggregate of—
 - (a) the amount (if any) falsely claimed by way of credit, and
 - (b) the amount (if any) by which the gross amount of tax was falsely understated.
- (3) A person guilty of an offence under paragraph 15(3) or (4) above is liable—
 - (a) on summary conviction, to a penalty of the statutory maximum (or, where sub-paragraph (4) below applies, to the alternative penalty there specified if it is greater) or to imprisonment for a term not exceeding six months or to both;

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(b) on conviction on indictment, to a penalty of any amount or to imprisonment for a term not exceeding seven years or to both.

(4) Where—

- (a) the document referred to in paragraph 15(3) above is a return required under this Part of this Act, or
- (b) the information referred to in paragraph 15(4) above is contained in or otherwise relevant to such a return,

the alternative penalty is a penalty equal to three times the aggregate of the amount (if any) falsely claimed by way of credit and the amount (if any) by which the gross amount of tax was understated.

(5) A person guilty of an offence under paragraph 15(5) above is liable—

- (a) on summary conviction, to a penalty of the statutory maximum (or, if greater, three times the amount of any tax that was or was intended to be evaded by his conduct) or to imprisonment for a term not exceeding six months or to both;
- (b) on conviction on indictment, to a penalty of any amount or to imprisonment for a term not exceeding seven years or to both;

and paragraph 15(2) and sub-paragraph (2) above shall apply for the purposes of this sub-paragraph as they apply respectively for the purposes of paragraph 15(1) and sub-paragraph (1) above.

(6) A person guilty of an offence under paragraph 15(6) above is liable on summary conviction to a penalty of level 5 on the standard scale or three times the amount of the tax, whichever is the greater.

(7) A person guilty of an offence under paragraph 15(7) above is liable on summary conviction to a penalty of level 5 on the standard scale.

(8) In this paragraph—

- (a) “credit” means credit for which provision is made by regulations under section 51 of this Act;
- (b) “the gross amount of tax” means the total amount of tax due before taking into account any deduction for which provision is made by regulations under section 51(2) of this Act.

Criminal proceedings etc.

17 Sections 145 to 155 of the ^{M11}Customs and Excise Management Act 1979 (proceedings for offences, mitigation of penalties and certain other matters) shall apply in relation to offences under paragraph 15 above and penalties imposed under paragraph 16 above as they apply in relation to offences and penalties under the customs and excise Acts as defined in that Act.

Marginal Citations

M11 1979 c. 2.

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PART V

CIVIL PENALTIES

Evasion

F23¹⁸

Textual Amendments
F23 Sch. 5 paras. 18-20 omitted (1.4.2009) by virtue of Finance Act 2008 (c. 9), s. 122(2), Sch. 40 para. 21(e) (with savings in S.I. 2009/511, art. 4(c)); S.I. 2009/571, art. 2 (with art. 6)

F23¹⁹

Textual Amendments
F23 Sch. 5 paras. 18-20 omitted (1.4.2009) by virtue of Finance Act 2008 (c. 9), s. 122(2), Sch. 40 para. 21(e) (with savings in S.I. 2009/511, art. 4(c)); S.I. 2009/571, art. 2 (with art. 6)

Misdeclaration or neglect

F23²⁰

Textual Amendments
F23 Sch. 5 paras. 18-20 omitted (1.4.2009) by virtue of Finance Act 2008 (c. 9), s. 122(2), Sch. 40 para. 21(e) (with savings in S.I. 2009/511, art. 4(c)); S.I. 2009/571, art. 2 (with art. 6)

Registration

21 F24⁽¹⁾

F25⁽²⁾

(3) A person who fails to comply with section 47(4) of this Act is liable to a penalty of £250.

F26⁽⁴⁾

Textual Amendments
F24 Sch. 5 para. 21(1) omitted (with effect in accordance with art. 3 of the commencing S.I.) by virtue of Finance Act 2008 (c. 9), s. 123(2), Sch. 41 para. 25(h)(ii); S.I. 2009/511, art. 2 (with art. 4)
F25 Sch. 5 para. 21(2) omitted (with effect in accordance with art. 3 of the commencing S.I.) by virtue of Finance Act 2008 (c. 9), s. 123(2), Sch. 41 para. 25(h)(ii); S.I. 2009/511, art. 2 (with art. 4)
F26 Sch. 5 para. 21(4) omitted (with effect in accordance with art. 3 of the commencing S.I.) by virtue of Finance Act 2008 (c. 9), s. 123(2), Sch. 41 para. 25(h)(ii); S.I. 2009/511, art. 2 (with art. 4)

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Information

- 22 (1) If a person—
- ^{F27}(a)
- (b) fails to make records as required by any provision of regulations made under paragraph 2 above,
- he is liable to a penalty of £250; but this is subject to sub-paragraph (4) below.
- (2) Where—
- (a) a penalty (an initial penalty) is imposed on a person under sub-paragraph (1) above, and
- (b) the failure which led to the initial penalty continues after its imposition,
- he is (subject to sub-paragraph (4) below) liable to a further penalty of £20 for each day during which (or any part of which) the failure continues after the day on which the initial penalty was imposed.
- (3) A person who fails to preserve records in compliance with any provision of regulations made under paragraph 2 above (read with that paragraph and any direction given under the regulations) is liable to a penalty of £250; but this is subject to sub-paragraph (4) below.
- (4) Where by reason of a failure falling within sub-paragraph (1) or (3) above—
- (a) a person is convicted of an offence (whether under this Part of this Act or otherwise), or
- (b) a person is assessed to a penalty under paragraph 18 above [^{F28}or a penalty for a deliberate inaccuracy under Schedule 24 to the Finance Act 2007 (penalties for errors)] [^{F29}or a penalty under Schedule 41 to the Finance Act 2008 (penalties: failure to notify and certain VAT and excise wrongdoing)],
- that failure shall not also give rise to liability to a penalty under this paragraph.

Textual Amendments

- F27** Sch. 5 para. 22(1)(a) and word omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, **Sch. para. 7(b)** (with art. 6)
- F28** Words in Sch. 5 para. 22(4) inserted (1.4.2009) by [The Finance Act 2008, Schedule 40 \(Appointed Day, Transitional Provisions and Consequential Amendments\) Order 2009 \(S.I. 2009/571\)](#), art. 1(1), **Sch. 1 para. 19**
- F29** Words in Sch. 5 para. 22(4)(b) inserted (1.4.2010) by [The Finance Act 2008 \(Penalties for Errors and Failure to Notify etc\) \(Consequential Amendments\) Order 2010 \(S.I. 2010/530\)](#), art. 1, **Sch. para. 6(b)**

Breach of regulations

- 23 (1) Where regulations made under this Part of this Act impose a requirement on any person, they may provide that if the person fails to comply with the requirement he shall be liable to a penalty of £250; but this is subject to sub-paragraphs (2) and (3) below.
- (2) Where by reason of any conduct—
- (a) a person is convicted of an offence (whether under this Part of this Act or otherwise), or

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- (b) a person is assessed to a penalty under paragraph 18 above [^{F30}or a penalty for a deliberate inaccuracy under Schedule 24 to the Finance Act 2007 (penalties for errors)] [^{F31}or a penalty under Schedule 41 to the Finance Act 2008 (penalties: failure to notify and certain VAT and excise wrongdoing)], that conduct shall not also give rise to liability to a penalty under the regulations.
- (3) Sub-paragraph (1) above does not apply to any failure mentioned in paragraph 22 above.

Textual Amendments

F30 Words in Sch. 5 para. 23(2) inserted (1.4.2009) by [The Finance Act 2008, Schedule 40 \(Appointed Day, Transitional Provisions and Consequential Amendments\) Order 2009 \(S.I. 2009/571\)](#), art. 1(1), **Sch. 1 para. 19**

F31 Words in Sch. 5 para. 23(2)(b) inserted (1.4.2010) by [The Finance Act 2008 \(Penalties for Errors and Failure to Notify etc\) \(Consequential Amendments\) Order 2010 \(S.I. 2010/530\)](#), art. 1, **Sch. para. 6(b)**

Modifications etc. (not altering text)

C3 Sch. 5 para. 23 extended (19.3.1997) by [1997 c. 16, s. 50\(1\)](#), **Sch. 5 Pt. 1 para. 4(3)**

Walking possession agreements

- 24 (1) This paragraph applies where—
- (a) in accordance with regulations under [^{F32}section 51 of the Finance Act 1997 (enforcement by distress)] a distress is authorised to be levied on the goods and chattels of a person (a person in default) who has refused or neglected to pay any tax due from him or any amount recoverable as if it were tax due from him, and
 - (b) the person levying the distress and the person in default have entered into a walking possession agreement.
- (2) For the purposes of this paragraph a walking possession agreement is an agreement under which, in consideration of the property distrained upon being allowed to remain in the custody of the person in default and of the delaying of its sale, the person in default—
- (a) acknowledges that the property specified in the agreement is under distraint and held in walking possession, and
 - (b) undertakes that, except with the consent of the Commissioners and subject to such conditions as they may impose, he will not remove or allow the removal of any of the specified property from the premises named in the agreement.
- (3) If the person in default is in breach of the undertaking contained in a walking possession agreement, he is liable to a penalty equal to half of the tax or other amount referred to in sub-paragraph (1)(a) above.
- (4) This paragraph does not extend to Scotland.

Textual Amendments

F32 Words in Sch. 5 para. 24(1)(a) substituted (1.7.1997) by [1997 c. 16, s. 53\(8\)](#); [S.I. 1997/1432](#), **art. 2**

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Mitigation of penalties

- 25 (1) Where a person is liable to a penalty under this Part of this Schedule the Commissioners or, on appeal, an appeal tribunal may reduce the penalty to such amount (including nil) as they think proper.
- (2) Where the person concerned satisfies the Commissioners or, on appeal, an appeal tribunal that there is a reasonable excuse for any breach, failure or other conduct, that is a factor which (among other things) may be taken into account under sub-paragraph (1) above.
- (3) In the case of a penalty reduced by the Commissioners under sub-paragraph (1) above an appeal tribunal, on an appeal relating to the penalty, may cancel the whole or any part of the reduction made by the Commissioners.

PART VI

INTEREST

Interest on under-declared tax

- 26 (1) Sub-paragraph (2) below applies where—
- (a) under section 50(1) of this Act the Commissioners assess an amount of tax due from a registrable person for an accounting period and notify it to him, and
- (b) the assessment is made on the basis that the amount (the additional amount) is due from him in addition to any amount shown in a return made in relation to the accounting period.
- (2) The additional amount shall carry interest for the period which—
- (a) begins with the day after that on which the person is required by provision made under section 49 of this Act to pay tax due from him for the accounting period, and
- (b) ends with the day before the relevant day.
- (3) For the purposes of sub-paragraph (2) above the relevant day is the earlier of—
- (a) the day on which the assessment is notified to the person;
- (b) the day on which the additional amount is paid.
- (4) Sub-paragraph (5) below applies where under section 50(2) of this Act the Commissioners assess an amount as being tax due from a registrable person for an accounting period and notify it to him.
- (5) The amount shall carry interest for the period which—
- (a) begins with the day after that on which the person is required by provision made under section 49 of this Act to pay tax due from him for the accounting period, and
- (b) ends with the day before the relevant day.
- (6) For the purposes of sub-paragraph (5) above the relevant day is the earlier of—
- (a) the day on which the assessment is notified to the person;
- (b) the day on which the amount is paid.

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- (7) Interest under this paragraph shall be payable at the rate applicable under section 197 of this Act.
- (8) Interest under this paragraph shall be paid without any deduction of income tax.
- (9) Sub-paragraph (10) below applies where—
 - (a) an amount carries interest under this paragraph (or would do so apart from that sub-paragraph), and
 - (b) all or part of the amount turns out not to be due.
- (10) In such a case—
 - (a) the amount or part (as the case may be) shall not carry interest under this paragraph and shall be treated as never having done so, and
 - (b) all such adjustments as are reasonable shall be made, including adjustments by way of repayment by the Commissioners where appropriate.

Interest on unpaid tax etc.

- 27
- (1) Sub-paragraph (2) below applies where—
 - (a) a registrable person makes a return under provision made under section 49 of this Act (whether or not he makes it at the time required by such provision), and
 - (b) the return shows that an amount of tax is due from him for the accounting period in relation to which the return is made.
 - (2) The amount shall carry interest for the period which—
 - (a) begins with the day after that on which the person is required by provision made under section 49 of this Act to pay tax due from him for the accounting period, and
 - (b) ends with the day before that on which the amount is paid.
 - (3) Sub-paragraph (4) below applies where—
 - (a) under section 50(1) of this Act the Commissioners assess an amount of tax due from a registrable person for an accounting period and notify it to him, and
 - (b) the assessment is made on the basis that no return required by provision made under section 49 of this Act has been made by the person in relation to the accounting period.
 - (4) The amount shall carry interest for the period which—
 - (a) begins with the day after that on which the person is required by provision made under section 49 of this Act to pay tax due from him for the accounting period, and
 - (b) ends with the day before that on which the amount is paid.
 - (5) Sub-paragraph (6) below applies where—
 - (a) under section 50(1) of this Act the Commissioners assess an amount of tax due from a registrable person for an accounting period and notify it to him, and
 - (b) the assessment (the supplementary assessment) is made on the basis that the amount (the additional amount) is due from him in addition to any amount

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shown in a return, or in any previous assessment, made in relation to the accounting period.

- (6) The additional amount shall carry interest for the period which—
 - (a) begins with the day on which the supplementary assessment is notified to the person, and
 - (b) ends with the day before that on which the additional amount is paid.
- (7) Sub-paragraph (8) below applies where under section 50(2) of this Act the Commissioners assess an amount as being tax due from a registrable person for an accounting period and notify it to him.
- (8) The amount shall carry interest for the period which—
 - (a) begins with the day on which the assessment is notified to the person, and
 - (b) ends with the day before that on which the amount is paid.
- (9) Sub-paragraph (10) below applies where under paragraph 32 below the Commissioners—
 - (a) assess an amount due from a person by way of penalty under Part V of this Schedule [^{F33}or under Schedule 41 to the Finance Act 2008] and notify it to him, or
 - (b) assess an amount due from a person by way of interest under paragraph 26 above and notify it to him.
- (10) The amount shall carry interest for the period which—
 - (a) begins with the day on which the assessment is notified to the person, and
 - (b) ends with the day before that on which the amount is paid.
- (11) Interest under this paragraph shall be compound interest calculated—
 - (a) at the penalty rate, and
 - (b) with monthly rests;and the penalty rate is the rate found by taking the rate at which interest is payable under paragraph 26 above and adding 10 percentage points to that rate.
- (12) Interest under this paragraph shall be paid without any deduction of income tax.
- (13) Where—
 - (a) the Commissioners assess and notify an amount as mentioned in sub-paragraph (5)(a) or (7) or (9)(a) or (b) above,
 - (b) they also specify a date for the purposes of this sub-paragraph, and
 - (c) the amount concerned is paid on or before that date,the amount shall not carry interest by virtue of sub-paragraph (6) or (8) or (10) above (as the case may be).
- (14) Sub-paragraph (15) below applies where—
 - (a) an amount carries interest under this paragraph (or would do so apart from that sub-paragraph), and
 - (b) all or part of the amount turns out not to be due.
- (15) In such a case—
 - (a) the amount or part (as the case may be) shall not carry interest under this paragraph and shall be treated as never having done so, and

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- (b) all such adjustments as are reasonable shall be made, including adjustments by way of repayment by the Commissioners where appropriate.

Textual Amendments

F33 Words in [Sch. 5 para. 27\(9\)\(a\)](#) inserted (1.4.2010) by [The Finance Act 2008 \(Penalties for Errors and Failure to Notify etc\) \(Consequential Amendments\) Order 2010 \(S.I. 2010/530\)](#), art. 1, [Sch. para. 6\(a\)](#)

- 28 (1) Where a person is liable to pay interest under paragraph 27 above the Commissioners or, on appeal, an appeal tribunal may reduce the amount payable to such amount (including nil) as they think proper.
- (2) Where the person concerned satisfies the Commissioners or, on appeal, an appeal tribunal that there is a reasonable excuse for the conduct giving rise to the liability to pay interest, that is a factor which (among other things) may be taken into account under sub-paragraph (1) above.
- (3) In the case of interest reduced by the Commissioners under sub-paragraph (1) above an appeal tribunal, on an appeal relating to the interest, may cancel the whole or any part of the reduction made by the Commissioners.

Interest payable by Commissioners

- 29 (1) Where, due to an error on the part of the Commissioners, a person—
- has paid to them by way of tax an amount which was not tax due and which they are in consequence liable to repay to him,
 - has failed to claim payment of an amount to the payment of which he was entitled in pursuance of provision made under section 51(2)(c) or (d) or (f) of this Act, or
 - has suffered delay in receiving payment of an amount due to him from them in connection with tax,

then, if and to the extent that they would not be liable to do so apart from this paragraph, they shall (subject to the following provisions of this paragraph) pay interest to him on that amount for the applicable period.

[^{F34}(1A) In sub-paragraph (1) above—

- the reference in paragraph (a) to an amount which the Commissioners are liable to repay in consequence of the making of a payment that was not due is a reference to only so much of that amount as is the subject of a claim that the Commissioners are required to satisfy or have satisfied; and
- the amounts referred to in paragraph (c) do not include any amount payable under this paragraph.]

- (2) The applicable period, in a case falling within sub-paragraph (1)(a) above, is the period—
- beginning with the date on which the payment is received by the Commissioners, and
 - ending with the date on which they authorise payment of the amount on which the interest is payable.
- (3) The applicable period, in a case falling within sub-paragraph (1)(b) or (c) above, is the period—

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- (a) beginning with the date on which, apart from the error, the Commissioners might reasonably have been expected to authorise payment of the amount on which the interest is payable, and
 - (b) ending with the date on which they in fact authorise payment of that amount.
- ^{F35}(4) In determining the applicable period for the purposes of this paragraph there shall be left out of account any period by which the Commissioners' authorisation of the payment of interest is delayed by the conduct of the person who claims the interest.
- ^{F35}(4A) The reference in sub-paragraph (4) above to a period by which the Commissioners' authorisation of the payment of interest is delayed by the conduct of the person who claims it includes, in particular, any period which is referable to—
- (a) any unreasonable delay in the making of the claim for interest or in the making of any claim for the payment or repayment of the amount on which interest is claimed;
 - (b) any failure by that person or a person acting on his behalf or under his influence to provide the Commissioners—
 - (i) at or before the time of the making of a claim, or
 - (ii) subsequently in response to a request for information by the Commissioners,with all the information required by them to enable the existence and amount of the claimant's entitlement to a payment or repayment, and to interest on that payment or repayment, to be determined; and
 - (c) the making, as part of or in association with either—
 - (i) the claim for interest, or
 - (ii) any claim for the payment or repayment of the amount on which interest is claimed,of a claim to anything to which the claimant was not entitled.
- ^{F35}(5) In determining for the purposes of sub-paragraph (4A) above whether any period of delay is referable to a failure by any person to provide information in response to a request by the Commissioners, there shall be taken to be so referable, except so far as may be provided for by regulations, any period which—
- (a) begins with the date on which the Commissioners require that person to provide information which they reasonably consider relevant to the matter to be determined; and
 - (b) ends with the earliest date on which it would be reasonable for the Commissioners to conclude—
 - (i) that they have received a complete answer to their request for information;
 - (ii) that they have received all that they need in answer to that request; or
 - (iii) that it is unnecessary for them to be provided with any information in answer to that request.]
- (7) The commissioners shall only be liable to pay interest under under this paragraph on a claim made in writing for that purpose.
- ^{F36}(8) A claim under this paragraph shall not be made more than ^{F37}4 years] after the end of the applicable period to which it relates.]
- ^{F38}(9) References in this paragraph—
- (a) to receiving payment of any amount from the Commissioners, or

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(b) to the authorisation by the Commissioners of the payment of any amount, include references to the discharge by way of set-off (whether in accordance with regulations under paragraph 42 or 43 below or otherwise) of the Commissioners' liability to pay that amount.]

(10) Interest under this paragraph shall be payable at the rate applicable under section 197 of this Act.

Textual Amendments

- F34** Sch. 5 para. 29(1A) inserted (*retrospective* to 29.4.1996) by 1997 c. 16, s. 50(1), **Sch. 5 Pt. III para. 11(2)**
- F35** Sch. 5 para. 29(4)(4A)(5) substituted (19.3.1997 with effect as mentioned in **Sch. 5 Pt. III para. 12(2)** of the amending Act) for para. 29(4)-(6) by 1997 c. 16, s. 50(1), **Sch. 5 Pt. III para. 12(1)**
- F36** Sch. 5 para. 29(8) substituted (*retrospective* to 29.4.1996) by 1997 c. 16, s. 50(1), **Sch. 5 Pt. III para. 11(3)**
- F37** Words in **Sch. 5 para. 29(8)** substituted (1.4.2010) by Finance Act 2009 (c. 10), s. 99(2), **Sch. 51 para. 39; S.I. 2010/867, art. 2(1)** (with art. 25)
- F38** Sch. 5 para. 29(9) substituted (*retrospective* to 29.4.1996) by 1997 c. 16, s. 50(1), **Sch. 5 Pt. III para. 1(4)**

- 30 (1) Where—
- (a) any interest is payable by the Commissioners to a person on a sum due to him under this Part of this Act, and
- (b) he is a person to whom regulations under section 51 of this Act apply, the interest shall be treated as an amount to which he is entitled by way of credit in pursuance of the regulations.
- (2) Sub-paragraph (1) above shall be disregarded for the purpose of determining a person's entitlement to interest or the amount of interest to which he is entitled.

PART VII

MISCELLANEOUS

Security for tax

- 31 Where it appears to the Commissioners requisite to do so for the protection of the revenue they may require a registrable person, as a condition of his carrying out taxable activities, to give security (or further security) of such amount and in such manner as they may determine for the payment of any tax which is or may become due from him.

Assessments to penalties etc.

- 32 (1) Where a person is liable—
- (a) to a penalty under Part V of this Schedule, or
- (b) for interest under paragraph 26 or 27 above,
- the Commissioners may, subject to sub-paragraph (2) below, assess the amount due by way of penalty or interest (as the case may be) and notify it to him accordingly; and the fact that any conduct giving rise to a penalty under Part V of this Schedule may have ceased before an assessment is made under this paragraph shall not affect the power of the Commissioners to make such an assessment.

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- (2) In the case of the penalties and interest referred to in the following paragraphs of this sub-paragraph, the assessment under this paragraph shall be of an amount due in respect of the accounting period which in the paragraph concerned is referred to as the relevant period—
 - (a) in the case of a penalty under paragraph 18 above relating to the evasion of tax, and in the case of interest under paragraph 27 above on an amount due by way of such a penalty, the relevant period is the accounting period for which the tax evaded was due;
 - (b) in the case of a penalty under paragraph 18 above relating to the obtaining of a payment under regulations under section 51(2)(c) or (d) or (f) of this Act, and in the case of interest under paragraph 27 above on an amount due by way of such a penalty, the relevant period is the accounting period in respect of which the payment was obtained;
 - (c) in the case of interest under paragraph 26 above, and in the case of interest under paragraph 27 above on an amount due by way of interest under paragraph 26 above, the relevant period is the accounting period in respect of which the tax was due;
 - (d) in the case of interest under paragraph 27 above on an amount of tax, the relevant period is the accounting period in respect of which the tax was due.
- (3) In a case where the amount of any penalty or interest falls to be calculated by reference to tax which was not paid at the time it should have been and that tax cannot be readily attributed to any one or more accounting periods, it shall be treated for the purposes of this Part of this Act as tax due for such period or periods as the Commissioners may determine to the best of their judgment and notify to the person liable for the tax and penalty or interest.
- (4) Where a person is assessed under this paragraph to an amount due by way of any penalty or interest falling within sub-paragraph (2) above and is also assessed under subsection (1) or (2) of section 50 of this Act for the accounting period which is the relevant period under sub-paragraph (2) above, the assessments may be combined and notified to him as one assessment, but the amount of the penalty or interest shall be separately identified in the notice.
- (5) Sub-paragraph (6) below applies in the case of an amount due by way of interest under paragraph 27 above.
- (6) Where this sub-paragraph applies in the case of an amount—
 - (a) a notice of assessment under this paragraph shall specify a date, being not later than the date of the notice, to which the amount of interest which is assessed is calculated, and
 - (b) if the interest continues to accrue after that date, a further assessment or further assessments may be made under this paragraph in respect of amounts which so accrue.
- (7) If, within such period as may be notified by the Commissioners to the person liable for the interest under paragraph 27 above, the amount referred to in paragraph 27(2), (4), (6), (8) or (10) above (as the case may be) is paid, it shall be treated for the purposes of paragraph 27 above as paid on the date specified as mentioned in sub-paragraph (6)(a) above.

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- (8) Where an amount has been assessed and notified to any person under this paragraph it shall be recoverable as if it were tax due from him unless, or except to the extent that, the assessment has subsequently been withdrawn or reduced.
- (9) Subsection (8) of section 50 of this Act shall apply for the purposes of this paragraph as it applies for the purposes of that section.

Assessments: time limits

- 33 (1) Subject to the following provisions of this paragraph, an assessment under—
- (a) any provision of section 50 of this Act, or
 - (b) paragraph 32 above,
- shall not be made more than [^{F39}4 years] after [^{F40}the relevant event].
- [^{F41}(1A) In this paragraph “the relevant event”, in relation to an assessment, means—
- (a) the end of the accounting period concerned, or
 - (b) in the case of an assessment under paragraph 32 of an amount due by way of a penalty other than a penalty referred to in paragraph 32(2), the event giving rise to the penalty.]
- (2) Subject to sub-paragraph (5) below, an assessment under paragraph 32 above of—
- (a) an amount due by way of any penalty referred to in sub-paragraph (2) of that paragraph, or
 - (b) an amount due by way of interest,
- may be made at any time before the expiry of the period of two years beginning with the time when the amount of tax due for the accounting period concerned has been finally determined.
- (3) In relation to an assessment under paragraph 32 above, any reference in [^{F42}sub-paragraph (1A)] or (2) above to the accounting period concerned is a reference to that period which, in the case of the penalty or interest concerned, is the relevant period referred to in sub-paragraph (2) of that paragraph.
- [^{F43}(4) An assessment of an amount due from a person in a case involving a loss of tax—
- (a) brought about deliberately by the person (or by another person acting on that person's behalf), or
 - (b) attributable to a failure by the person to comply with an obligation under section 47(2) or (3),
- may be made at any time not more than 20 years after the relevant event (subject to sub-paragraph (5)).
- (4A) In sub-paragraph (4)(a) the reference to a loss brought about deliberately by the person includes a loss brought about as a result of a deliberate inaccuracy in a document given to Her Majesty's Revenue and Customs by or on behalf of that person.]
- (5) Where after a person’s death the Commissioners propose to assess an amount as due by reason of some conduct of the deceased—
- (a) the assessment shall not be made more than [^{F44}4 years] after the death, ^{F45}...
 - ^{F45}(b)

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Textual Amendments

- F39** Words in Sch. 5 para. 33(1) substituted (1.4.2010) by [Finance Act 2009 \(c. 10\)](#), s. 99(2), [Sch. 51 para. 40\(2\)\(a\)](#); S.I. 2010/867, art. 2(1) (with art. 26)
- F40** Words in Sch. 5 para. 33(1) substituted (1.4.2010) by [Finance Act 2009 \(c. 10\)](#), s. 99(2), [Sch. 51 para. 40\(2\)\(b\)](#); S.I. 2010/867, art. 2(1) (with art. 26)
- F41** Sch. 5 para. 33(1A) inserted (1.4.2010) by [Finance Act 2009 \(c. 10\)](#), s. 99(2), [Sch. 51 para. 40\(3\)](#); S.I. 2010/867, art. 2(1) (with art. 26)
- F42** Words in Sch. 5 para. 33(3) substituted (1.4.2010) by [Finance Act 2009 \(c. 10\)](#), s. 99(2), [Sch. 51 para. 40\(4\)](#); S.I. 2010/867, art. 2(1) (with art. 26)
- F43** Sch. 5 para. 33(4)(4A) substituted for Sch. 5 para. 33(4) (1.4.2010) by [Finance Act 2009 \(c. 10\)](#), s. 99(2), [Sch. 51 para. 40\(5\)](#); S.I. 2010/867, art. 2(1) (with art. 27)
- F44** Words in Sch. 5 para. 33(5)(a) substituted (1.4.2010) by [Finance Act 2009 \(c. 10\)](#), s. 99(2), [Sch. 51 para. 40\(6\)\(a\)](#); S.I. 2010/867, art. 2(1) (with art. 28)
- F45** Sch. 5 para. 33(5)(b) and word omitted (1.4.2010) by virtue of [Finance Act 2009 \(c. 10\)](#), s. 99(2), [Sch. 51 para. 40\(6\)\(b\)](#); S.I. 2010/867, art. 2(1) (with art. 28)

Supplementary assessments

- 34 If, otherwise than in circumstances falling within subsection (5)(b) of section 50 of this Act, it appears to the Commissioners that the amount which ought to have been assessed in an assessment under any provision of that section or under paragraph 32 above exceeds the amount which was so assessed, then—
- (a) under the like provision as that assessment was made, and
 - (b) on or before the last day on which that assessment could have been made,
- the Commissioners may make a supplementary assessment of the amount of the excess and shall notify the person concerned accordingly.

Disclosure of information

- 35 (1) Notwithstanding any obligation not to disclose information that would otherwise apply, the Commissioners may disclose information to—
- (a) the Secretary of State,
 - (b) the Environment Agency,
 - (c) the Scottish Environment Protection Agency,
 - (d) the Department of the Environment for Northern Ireland,
 - (e) a district council in Northern Ireland, or
 - (f) an authorised officer of any person (a principal) mentioned in paragraphs (a) to (e) above,
- for the purpose of assisting the principal concerned in the performance of the principal's duties.
- (2) Notwithstanding any such obligation as is mentioned in sub-paragraph (1) above, any person mentioned in sub-paragraph (1)(a) to (f) above may disclose information to the Commissioners or to an authorised officer of the Commissioners for the purpose of assisting the Commissioners in the performance of duties in relation to tax.
- (3) Information that has been disclosed to a person by virtue of this paragraph shall not be disclosed by him except—

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- (a) to another person to whom (instead of him) disclosure could by virtue of this paragraph have been made, or
 - (b) for the purpose of any proceedings connected with the operation of any provision of, or made under, any enactment in relation to the environment or to tax.
- (4) References in the preceding provisions of this paragraph to an authorised officer of any person (the principal) are to any person who has been designated by the principal as a person to and by whom information may be disclosed by virtue of this paragraph.
- (5) The Secretary of State shall notify the Commissioners in writing of the name of any person designated by the Secretary of State under sub-paragraph (4) above.
- (6) No charge may be made for a disclosure made by virtue of this paragraph.

The register: publication

- 36 (1) The Commissioners may publish, by such means as they think fit, information which—
- (a) is derived from the register kept under section 47 of this Act, and
 - (b) falls within any of the descriptions set out below.
- (2) The descriptions are—
- (a) the names of registered persons;
 - (b) the addresses of any sites or other premises at which they carry on business;
 - (c) the registration numbers assigned to them in the register;
 - (d) the fact (where it is the case) that the registered person is a body corporate which under section 59 of this Act is treated as a member of a group;
 - (e) the names of the other bodies corporate treated under that section as members of the group;
 - (f) the addresses of any sites or other premises at which those other bodies carry on business.
- (3) Information may be published in accordance with this paragraph notwithstanding any obligation not to disclose the information that would otherwise apply.

Evidence by certificate etc.

- 37 (1) A certificate of the Commissioners—
- (a) that a person was or was not at any time registered under section 47 of this Act [^{F46}or],
 - (b) that any return required by regulations made under section 49 of this Act has not been made or had not been made at any time, ^{F47}...
- ^{F47}(c)
shall be sufficient evidence of that fact until the contrary is proved.
- (2) A photograph of any document furnished to the Commissioners for the purposes of this Part of this Act and certified by them to be such a photograph shall be admissible in any proceedings, whether civil or criminal, to the same extent as the document itself.

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- (3) Any document purporting to be a certificate under sub-paragraph (1) or (2) above shall be taken to be such a certificate until the contrary is proved.

Textual Amendments

- F46** Word in Sch. 5 para. 37(1)(a) inserted (21.7.2008) by [Finance Act 2008 \(c. 9\)](#), [Sch. 44 para. 7\(a\)](#)
F47 Sch. 5 para. 37(1)(c) and word omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 44 para. 7\(b\)](#)

Service of notices etc.

- 38 Any notice, notification or requirement to be served on, given to or made of any person for the purposes of this Part of this Act may be served, given or made by sending it by post in a letter addressed to that person at his last or usual residence or place of business.
- 39 (1) This paragraph applies to directions, specifications and conditions which the Commissioners or an authorised person may give or impose under any provision of this Part.
- (2) A direction, specification or condition given or imposed by the Commissioners may be withdrawn or varied by them.
- (3) A direction, specification or condition given or imposed by an authorised person may be withdrawn or varied by him or by another authorised person.
- (4) No direction, specification or condition shall have effect as regards any person it is intended to affect unless—
- (a) a notice containing it is served on him, or
 - (b) other reasonable steps are taken with a view to bringing it to his attention.
- (5) No withdrawal or variation of a direction, specification or condition shall have effect as regards any person the withdrawal or variation is intended to affect unless—
- (a) a notice containing the withdrawal or variation is served on him, or
 - (b) other reasonable steps are taken with a view to bringing the withdrawal or variation to his attention.

No deduction of penalties or interest

- 40 In section 827 of the Taxes Act 1988 (no deduction for penalties etc.) the following subsection shall be inserted after subsection (1B)—
- “(1C) Where a person is liable to make a payment by way of—
- (a) penalty under Part V of Schedule 5 to the Finance Act 1996 (landfill tax), or
 - (b) interest under paragraph 26 or 27 of that Schedule,
- the payment shall not be allowed as a deduction in computing any income, profits or losses for any tax purposes.”

Destination of receipts

F48 41

Status: Point in time view as at 31/01/2013.

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Textual Amendments

F48 Sch. 5 para. 41 repealed (18.4.2005) by Commissioners for Revenue and Customs Act 2005 (c. 11), s. 53(1), Sch. 4 para. 65, Sch. 5; S.I. 2005/1126, art. 2(2)(h)(i)

Set-off of amounts

- 42 (1) Regulations may make provision in relation to any case where—
- (a) a person is under a duty to pay to the Commissioners at any time an amount or amounts in respect of landfill tax, and
 - (b) the Commissioners are under a duty to pay to that person at the same time an amount or amounts in respect of any tax (or taxes) under their care and management.
- (2) The regulations may provide that if the total of the amount or amounts mentioned in sub-paragraph (1)(a) above exceeds the total of the amount or amounts mentioned in sub-paragraph (1)(b) above, the latter shall be set off against the former.
- (3) The regulations may provide that if the total of the amount or amounts mentioned in sub-paragraph (1)(b) above exceeds the total of the amount or amounts mentioned in sub-paragraph (1)(a) above, the Commissioners may set off the latter in paying the former.
- (4) The regulations may provide that if the total of the amount or amounts mentioned in sub-paragraph (1)(a) above is the same as the total of the amount or amounts mentioned in sub-paragraph (1)(b) above no payment need be made in respect of the former or the latter.
- [^{F49}(4A) The regulations may provide for any limitation on the time within which the Commissioners are entitled to take steps for recovering any amount due to them in respect of landfill tax to be disregarded, in such cases as may be described in the regulations, in determining whether any person is under such a duty to pay as is mentioned in sub-paragraph (1)(a) above.]
- (5) The regulations may include provision treating any duty to pay mentioned in sub-paragraph (1) above as discharged accordingly.
- (6) References in sub-paragraph (1) above to an amount in respect of a particular tax include references not only to an amount of tax itself but also to other amounts such as interest and penalty.
- (7) In this paragraph “tax” includes “duty”.

Textual Amendments

F49 Sch. 5 para. 42(4A) inserted (19.3.1997) by 1997 c. 16, s. 50(1), Sch. 5 Pt. IV para. 13(1)

- 43 (1) Regulations may make provision in relation to any case where—
- (a) a person is under a duty to pay to the Commissioners at any time an amount or amounts in respect of any tax (or taxes) under their care and management, and
 - (b) the Commissioners are under a duty to pay to that person at the same time an amount or amounts in respect of landfill tax.

Status: Point in time view as at 31/01/2013.

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- (2) The regulations may provide that if the total of the amount or amounts mentioned in sub-paragraph (1)(a) above exceeds the total of the amount or amounts mentioned in sub-paragraph (1)(b) above, the latter shall be set off against the former.
- (3) The regulations may provide that if the total of the amount or amounts mentioned in sub-paragraph (1)(b) above exceeds the total of the amount or amounts mentioned in sub-paragraph (1)(a) above, the Commissioners may set off the latter in paying the former.
- (4) The regulations may provide that if the total of the amount or amounts mentioned in sub-paragraph (1)(a) above is the same as the total of the amount or amounts mentioned in sub-paragraph (1)(b) above no payment need be made in respect of the former or the latter.
- [^{F50}(4A) The regulations may provide for any limitation on the time within which the Commissioners are entitled to take steps for recovering any amount due to them in respect of any of the taxes under their care and management to be disregarded, in such cases as may be described in the regulations, in determining whether any person is under such a duty to pay as is mentioned in sub-paragraph (1)(a) above.]
- (5) The regulations may include provision treating any duty to pay mentioned in sub-paragraph (1) above as discharged accordingly.
- (6) References in sub-paragraph (1) above to an amount in respect of a particular tax include references not only to an amount of tax itself but also to other amounts such as interest and penalty.
- (7) In this paragraph “tax” includes “duty”.

Textual Amendments

F50 Sch. 5 para. 43(4A) inserted (19.3.1997) by 1997 c. 16, s. 50(1), Sch. 5 Pt. IV para. 13(2)

Amounts shown as tax on invoices

- 44 (1) Where—
- (a) a registrable person issues an invoice showing an amount as tax chargeable on an event, and
 - (b) no tax is in fact chargeable on the event,
- an amount equal to the amount shown as tax shall be recoverable from the person as a debt due to the Crown.
- (2) Where—
- (a) a registrable person issues an invoice showing an amount as tax chargeable on a taxable disposal, and
 - (b) the amount shown as tax exceeds the amount of tax in fact chargeable on the disposal,
- an amount equal to the excess shall be recoverable from the person as a debt due to the Crown.
- (3) References in this paragraph to an invoice are to any invoice, whether or not it is a landfill invoice within the meaning of section 61 of this Act.

Status: Point in time view as at 31/01/2013.

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Adjustment of contracts

- 45 (1) This paragraph applies where—
- (a) material undergoes a landfill disposal,
 - (b) a payment falls to be made under a disposal contract relating to the material, and
 - (c) after the making of the contract there is a change in the tax chargeable on the landfill disposal.
- (2) In such a case the amount of any payment mentioned in sub-paragraph (1)(b) above shall be adjusted, unless the disposal contract otherwise provides, so as to reflect the tax chargeable on the landfill disposal.
- (3) For the purposes of this paragraph a disposal contract relating to material is a contract providing for the disposal of the material, and it is immaterial—
- (a) when the contract was made;
 - (b) whether the contract also provides for other matters;
 - (c) whether the contract provides for a method of disposal and (if it does) what method it provides for.
- (4) The reference in sub-paragraph (1) above to a change in the tax chargeable is a reference to a change—
- (a) to or from no tax being chargeable, or
 - (b) in the amount of tax chargeable.
- 46 (1) This paragraph applies where—
- (a) work is carried out under a construction contract,
 - (b) as a result of the work, material undergoes a landfill disposal,
 - (c) the contract makes no provision as to the disposal of such material, and
 - (d) the contract was made on or before 29th November 1994 (when the proposal to create tax was announced).
- (2) In such a case the amount of any payment which falls to be made—
- (a) under the construction contract, and
 - (b) in respect of the work,
- shall be adjusted, unless the contract otherwise provides, so as to reflect the tax (if any) chargeable on the disposal.
- (3) For the purposes of this paragraph a construction contract is a contract under which all or any of the following work is to be carried out—
- (a) the preparation of a site;
 - (b) demolition;
 - (c) building;
 - (d) civil engineering.

Adjustment of rent etc.

- 47 (1) This paragraph applies where—
- (a) an agreement with regard to any sum payable in respect of the use of land (whether the sum is called rent or royalty or otherwise) provides that the amount of the sum is to be calculated by reference to the turnover of a business,

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- (b) the agreement was made on or before 29th November 1994 (when the proposal to create tax was announced), and
 - (c) the circumstances are such that (had the agreement been made after that date) it can reasonably be expected that it would have provided that tax be ignored in calculating the turnover.
- (2) In such a case the agreement shall be taken to provide that tax be ignored in calculating the turnover.

[^{F51}PART VIII

SECONDARY LIABILITY: CONTROLLERS OF LANDFILL SITES

Textual Amendments

F51 Sch. 5 Pt. VIII paras. 48-61 added (28.7.2000 with effect in relation to taxable disposals made on or after 28.7.2000) by 2000 c. 17, s. 142(3)(4), [Sch. 37](#)

Meaning of controller

- 48 (1) For the purposes of this Part of this Schedule a person is the controller of the whole, or a part, of a landfill site at a given time if he determines, or is entitled to determine, what disposals of material, if any, may be made—
- (a) at every part of the site at that time, or
 - (b) at that part of the site at that time,
- as the case may be.
- (2) But a person who, because he is an employee or agent of another, determines or is entitled to determine what disposals may be made at a landfill site or any part of a landfill site is not the controller of that site or, as the case may be, that part of that site.
- (3) Where a person is the controller of the whole or a part of a landfill site, that site or, as the case may be, that part of the site is referred to in this Part of this Schedule as being under his control.
- (4) Any reference in this Part of this Schedule to a controller (without more) is a reference to a controller of the whole or a part of a landfill site.

Secondary liability

- 49 (1) Where—
- (a) a taxable disposal is made at a landfill site,
 - (b) at the time when that disposal is made a person is the operator of the landfill site by virtue of section 67(a), (c) or (e) of this Act, and
 - (c) at that time a person other than the operator mentioned in paragraph (b) above is the controller of the whole or a part of the landfill site,
- the controller shall be liable to pay to the Commissioners an amount of the landfill tax chargeable on the disposal.
- (2) The amount which the controller is liable to pay shall be determined in accordance with the following provisions of this paragraph.

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- (3) In a case where the whole of the landfill site is under the control of the controller, he shall be liable to pay the whole of the landfill tax chargeable.
- (4) In a case where a part of the landfill site is under the control of the controller, he shall be liable to pay an amount of the landfill tax calculated in accordance with sub-paragraphs (5) and (6) below.
- (5) The amount of landfill tax which the controller is liable to pay is the amount which would have been chargeable had a separate taxable disposal consisting of the amount of material referred to in sub-paragraph (6) below been made at the time of the disposal mentioned in sub-paragraph (1)(a) above.
- (6) That amount of material is the amount by weight of the material comprised in the disposal mentioned in sub-paragraph (1)(a) above which was disposed of on the part of the landfill site under the control of the controller.
- (7) If the amount mentioned in sub-paragraph (6) above is nil, the controller shall have no liability under sub-paragraph (1) above in relation to landfill tax chargeable on the disposal.
- (8) For the purposes of sub-paragraph (1)(b) and (c) above—
 - (a) section 61 of this Act, and
 - (b) any regulations made under section 62 of this Act,
 shall not apply for determining the time when the disposal in question is made.

Operator entitled to credit

- 50 (1) This paragraph applies where—
- (a) the operator of a landfill site is liable to pay landfill tax on a taxable disposal by reference to a particular accounting period,
 - (b) a controller of the whole or a part of that site is (apart from this paragraph) liable under paragraph 49 above to pay an amount of that tax, and
 - (c) for the accounting period in question the operator is entitled to credit under regulations made under section 51 of this Act.
- (2) The amount of the tax which the controller is (apart from this sub-paragraph) liable to pay shall be reduced by the amount calculated in accordance with the following formula—

$$\frac{A \times C}{G}$$

where—

A is the amount of tax mentioned in sub-paragraph (1)(b) above;

C is the amount of credit mentioned in sub-paragraph (1)(c) above; and

G is the operator's gross tax liability for the accounting period in question.

- (3) For the purposes of sub-paragraph (2) above, the operator's gross tax liability for the accounting period in question is the gross amount of landfill tax—
 - (a) which is chargeable on disposals made at all landfill sites of which he is the operator, and

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- (b) for which he is required to account by reference to that accounting period.
- (4) In sub-paragraph (3) above, the gross amount of landfill tax means the amount of tax before any credit or any other adjustment is taken into account in the period in question.
- (5) If the amount calculated in accordance with the formula in sub-paragraph (2) above is greater than the amount of tax mentioned in sub-paragraph (1)(b) above, the amount of the tax which the controller is liable to pay shall be reduced to nil.

Payment of secondary liability

- 51
- (1) This paragraph applies where a controller is liable under paragraph 49 above (after taking account of any reduction under paragraph 50 above) to pay an amount of landfill tax (“the relevant amount”).
 - (2) The controller is required to pay the relevant amount to the Commissioners only if—
 - (a) a notice containing the required information is served on him, or
 - (b) other reasonable steps are taken with a view to bringing the required information to his attention,before the end of the period of two years beginning with the day immediately following the relevant accounting day.
 - (3) The relevant accounting day is the last day of the accounting period by reference to which the landfill site operator liable to pay the landfill tax in question is required to account for that tax.
 - (4) If the controller is required to pay the relevant amount by virtue of this paragraph, the amount shall be paid before the end of the period of thirty days beginning with the day immediately following the notification day.
 - (5) The notification day is—
 - (a) in a case where notice is served on a controller as mentioned in sub-paragraph (2)(a) above, the day on which the notice is served, or
 - (b) in a case where other reasonable steps are taken as mentioned in sub-paragraph (2)(b) above, the day on which the last of those steps is taken.
 - (6) For the purposes of sub-paragraph (2) above the required information is the relevant amount and, if that amount is one reduced in accordance with paragraph 50 above, also—
 - (a) the amount of the controller’s liability under paragraph 49 above apart from the reduction,
 - (b) the amount of credit to which the operator is entitled, and
 - (c) the operator’s gross tax liability.

Assessments

- 52
- (1) Where an amount of landfill tax is—
 - (a) assessed under section 50 of this Act, and
 - (b) notified to a licensed operator,the Commissioners may also determine that a controller of the whole or a part of any landfill site operated by the licensed operator shall be liable to pay so much of the amount assessed as they consider just and equitable.

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- (2) A controller is required to pay an amount determined under sub-paragraph (1) above only if—
 - (a) a notice stating the amount is served on him, or
 - (b) other reasonable steps are taken with a view to bringing the amount of the liability to his attention,
 before the expiry of the period of two years beginning with the day immediately following the assessment day.
- (3) The assessment day is the day on which the assessment in question is notified to the licensed operator.
- (4) If a controller is required to pay an amount by virtue of this paragraph, it shall be paid before the end of the period of thirty days beginning with the day immediately following the notification day.
- (5) The notification day is—
 - (a) in a case where notice is served on a controller as mentioned in sub-paragraph (2)(a) above, the day on which the notice is served, or
 - (b) in a case where other reasonable steps are taken as mentioned in sub-paragraph (2)(b) above, the day on which the last of those steps is taken.
- (6) For the purposes of this paragraph a licensed operator is a person who is the operator of a landfill site by virtue of section 67(a), (c) or (e) of this Act.

Assessment withdrawn or reduced

- 53 (1) Where—
 - (a) a controller is liable to pay an amount determined under paragraph 52 above, and
 - (b) the assessment notified to the licensed operator is withdrawn or reduced,
 the Commissioners may determine that the controller's liability is to be cancelled or to be reduced to such an amount as they consider just and equitable.
- (2) Sub-paragraphs (3) to (5) below apply where the Commissioners make a determination under sub-paragraph (1) above that the controller's liability is to be reduced (but not cancelled).
- (3) In such a case they shall—
 - (a) serve the controller with notice stating the amount of the reduced liability, or
 - (b) take other reasonable steps with a view to bringing the reduced amount to the controller's attention.
- (4) If the controller has already been served with notice of the amount determined under paragraph 52 above, or if other steps have already been taken to bring that amount to his attention—
 - (a) the Commissioners shall serve the notice mentioned in sub-paragraph (3) (a) above, or take the steps mentioned in sub-paragraph (3)(b) above, before the end of the period of thirty days beginning with the day immediately following that on which they make the determination under sub-paragraph (1) above, and

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) the reduced amount shall be payable, or treated as having been payable, on or before the day on which the amount referred to in sub-paragraph (1)(a) above would have been payable apart from this paragraph.
- (5) In a case where the controller has not been served with notice of the amount determined under paragraph 52 above, or no other steps have been taken to bring that amount to his attention, he shall be liable to pay the reduced amount only if—
- (a) the notice mentioned in sub-paragraph (3)(a) above is served, or
 - (b) the other steps mentioned in sub-paragraph (3)(b) above are taken,
- before the expiry of the period of two years beginning with the day immediately following that on which the Commissioners make the determination under sub-paragraph (1) above.
- (6) Sub-paragraph (7) below applies where—
- (a) the Commissioners make a determination under sub-paragraph (1) above that the controller's liability is to be cancelled, and
 - (b) the controller has already been served with notice of the amount determined under paragraph 52 above, or other steps have already been taken to bring that amount to his attention.
- (7) In such a case the Commissioners shall—
- (a) serve the controller with notice stating that the liability has been cancelled, or
 - (b) take other reasonable steps with a view to bringing the cancellation to the controller's attention,
- before the end of the period of thirty days beginning with the day immediately following that on which they make the determination that the liability is to be cancelled.

Adjustments

- 54 (1) This paragraph applies in any case where the liability of a licensed operator to pay landfill tax is adjusted otherwise than by—
- (a) his being entitled to credit under regulations made under section 51 of this Act,
 - (b) his being notified of an amount assessed under section 50 of this Act, or
 - (c) the withdrawal or reduction of an assessment under section 50 of this Act which was notified to him.
- (2) In such a case the Commissioners may determine that a controller of the whole or any part of a landfill site operated by the licensed operator—
- (a) shall be liable to pay to the Commissioners such an amount as they consider just and equitable, or
 - (b) shall be entitled to an allowance of such an amount as they consider just and equitable.
- (3) A controller is required to pay an amount determined under sub-paragraph (2)(a) above only if—
- (a) a notice stating the amount is served on him, or
 - (b) other reasonable steps are taken with a view to bringing the amount of the liability to his attention,

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before the end of the period of two years beginning with the day immediately following the relevant accounting day.

- (4) The relevant accounting day is the last day of the accounting period of the operator within which the adjustment in question was taken into account.
- (5) If a controller is required to pay an amount by virtue of sub-paragraph (3) above, it shall be paid before the end of the period of thirty days beginning with the day immediately following the notification day.
- (6) The notification day is—
 - (a) in a case where notice is served on a controller as mentioned in sub-paragraph (3)(a) above, the day on which the notice is served, or
 - (b) in a case where other reasonable steps are taken as mentioned in sub-paragraph (3)(b) above, the day on which the last of those steps is taken.
- (7) The Commissioners may determine in what manner a controller is to benefit from an allowance determined under sub-paragraph (2)(b) above.
- (8) For the purposes of this paragraph a licensed operator is a person who is the operator of a landfill site by virtue of section 67(a), (c) or (e) of this Act.

Amounts payable to be treated as tax

- 55 An amount which a controller is required to pay under paragraph 52, 53 or 54(2) (a) above or under paragraph 58 below shall be deemed to be an amount of tax due from him and shall be recoverable accordingly.

Controller not carrying out taxable activity

- 56 A controller is not to be treated for the purposes of this Act as carrying out a taxable activity by reason only of any liability under this Part of this Schedule.

Joint and several liability

- 57 (1) In any case where the condition in sub-paragraph (4), (5) or (6) below is satisfied, the controller and the operator shall be jointly and severally liable for the principal liability.
- (2) But the amount which may be recovered from the controller in consequence of such liability shall not exceed the amount of the secondary liability.
- (3) For the purposes of this paragraph—
- (a) the principal liability is the amount referred to in sub-paragraph (4)(a), (5) (a) or (6)(a) below, as the case may be, and
 - (b) the secondary liability is the amount referred to in sub-paragraph (4)(b), (5) (b) or (6)(b) below, as the case may be.
- (4) The condition in this sub-paragraph is satisfied if—
- (a) the operator of a landfill site is liable under section 41 of this Act for landfill tax, and
 - (b) a controller is liable under paragraph 49 above, after taking account of any reduction under paragraph 50 above, to pay an amount of that tax.
- (5) The condition in this sub-paragraph is satisfied if—

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- (a) the operator of a landfill site is notified of the amount of an assessment made under section 50 of this Act, and
 - (b) in consequence of a determination made under paragraph 52 above by the Commissioners in connection with the assessment, a controller is liable to pay an amount (after taking account of any reduction under paragraph 53 above).
- (6) The condition in this sub-paragraph is satisfied if—
- (a) the liability of the operator of a landfill site to pay landfill tax is adjusted in such a way that paragraph 54 above applies, and
 - (b) in consequence of a determination made under paragraph 54(2)(a) above by the Commissioners in connection with the adjustment, a controller is liable to pay an amount.

Interest payable by a controller

- 58 (1) This paragraph applies where—
- (a) the operator of a landfill site and the controller of the whole or a part of that site are by virtue of paragraph 57 above jointly and severally liable for an amount, and
 - (b) that amount carries interest by virtue of any provision of this Schedule.
- (2) The controller and the operator shall be jointly and severally liable to pay the interest.
- (3) But the amount which may be recovered from the controller in consequence of such liability shall not exceed the amount calculated in accordance with the following formula—

$$\frac{(I[A+B]) \times S}{P}$$

where—

I is the total amount of interest in question;

A is the amount of interest carried for the period which—

- (a) begins with the first day of the period for which interest is carried, and
- (b) ends with the day on which the controller becomes liable to pay the secondary liability;

B is the amount of interest carried for any day falling after that on which the secondary liability is met in full;

S is the amount of the secondary liability;

P is the amount of the principal liability.

In this paragraph secondary liability and principal liability have the same meaning as in paragraph 57 above.

- (4) The controller is liable for an amount of interest only if—
- (a) a notice stating the amount is served on him, or

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- (b) other reasonable steps are taken with a view to bringing the amount of the liability to his attention,
before the end of the period of two years beginning with the day immediately following the final day.
- (5) The final day is the last day of the period for which the interest in question is carried.
- (6) If the controller is required to pay an amount in accordance with this paragraph, it shall be paid before the end of the period of thirty days beginning with the day immediately following the notification day.
- (7) The notification day is—
- (a) in a case where notice is served on a controller as mentioned in sub-paragraph (4)(a) above, the day on which the notice is served, or
 - (b) in a case where other reasonable steps are taken as mentioned in sub-paragraph (4)(b) above, the day on which the last of those steps is taken.
- (8) Where by virtue of sub-paragraph (2) above a controller is liable to pay interest which arises under paragraph 27 above, paragraph 28 above shall apply in relation to that interest as it applies to interest which a person is liable under paragraph 27 above to pay.

[^{F52}Reviews and Appeals]

Textual Amendments

F52 Sch. 5 para. 59 cross-heading 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. 240(3)**

- 59 [^{F53}Sections 54 to 56] of this Act shall apply to a decision of the Commissioners under this Part of this Schedule—
- (a) that a person is a controller,
 - (b) that a person is liable under this Part of this Schedule to pay any amount (including a penalty under paragraph 60 below),
 - (c) that a person is not entitled under this Part of this Schedule to an allowance, or
 - (d) as to the amount of any liability or any allowance under this Part of this Schedule,
- [^{F54}as they apply] to the other decisions of the Commissioners specified in [^{F55}section 54(1)].

Textual Amendments

- F53** Words in Sch. 5 para. 59 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. 240(4)(a)**
- F54** Words in Sch. 5 para. 59 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. 240(4)(b)**
- F55** Words in Sch. 5 para. 59 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. 240(4)(c)**

Status: Point in time view as at 31/01/2013.

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Notice that person is, or is no longer, a controller

- 60 (1) This paragraph applies where—
- (a) on the date when this paragraph comes into force, a person is a controller of the whole or a part of a landfill site, or
 - (b) after that date, a person becomes or ceases to be a controller of the whole or a part of a landfill site.
- (2) The controller, and the operator of the landfill site in question, shall be under a duty to secure that notice which complies with the requirements of sub-paragraph (3) below appropriate to the case in question is given to the Commissioners.
- (3) The requirements of this sub-paragraph are that the notice—
- (a) states that a person is, has become or has ceased to be a controller,
 - (b) identifies that person and the site under his control or formerly under his control,
 - (c) states the date when he became or ceased to be the controller, and
 - (d) is given within the period of thirty days beginning with the day immediately following—
 - (i) the day when this paragraph comes into force, in a case falling within sub-paragraph (1)(a) above, or
 - (ii) the day when the person in question becomes or ceases to be the controller, in a case falling within sub-paragraph (1)(b) above.
- (4) If a person fails to comply with sub-paragraph (2) above, he is liable to a penalty of £250.
- (5) Paragraph 25 above applies to a penalty under sub-paragraph (4) above as it applies to a penalty under Part V of this Schedule.

Extension of time limits where notice not served

- 61 (1) This paragraph applies where—
- (a) a person is liable under paragraph 49 above to pay an amount of landfill tax or liable under paragraph 58 above to pay interest, or
 - (b) the Commissioners are entitled under paragraph 52, 53 or 54 above to determine an amount which a person is liable to pay.
- (2) The reference to two years in paragraph 51(2), 52(2), 53(5), 54(3) or 58(4) above (as the case may be) shall be treated as a reference to twenty years if the requirement of paragraph 60(2) above to give notice to the Commissioners in relation to the person mentioned in sub-paragraph (1) above being or becoming a controller has not been complied with.]

SCHEDULE 6

Section 73.

TAXATION OF SAVINGS AT THE LOWER RATE

The Taxes Management Act 1970 (c. 9)

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments
F56 Sch. 6 paras. 1-3 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

The Taxes Act 1988

F56²

Textual Amendments
F56 Sch. 6 paras. 1-3 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F56³

Textual Amendments
F56 Sch. 6 paras. 1-3 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

- [^{F57}4 (1) Subject to sub-paragraph (2) below, in subsection (1)(b) of section 51B of that Act (periodic returns of tax on gilts), for “basic rate” there shall be substituted “ lower rate ”.
- (2) Sub-paragraph (1) above has effect for the purposes only of the exercise on or after the day on which this Act is passed of the Treasury’s power to make regulations under that section; but that power may be exercised on or after that day for the purpose of making provision, with retrospective effect, on the basis that the assumption to be applied in relation to all payments made on or after 6th April 1996 was an assumption that such payments bear tax at the lower rate.]

Textual Amendments
F57 Sch. 6 para. 4 repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(3), Note) by [1998 c. 36](#), s. 165, [Sch. 27 Pt. III\(3\)](#)

- [^{F58}5 In paragraph (c) of section 246D(2) of that Act (application of section 207A to certain foreign income dividends), for the words from “as income” to the end of the paragraph there shall be substituted “ (without prejudice to paragraph (a) above) as if it were income to which section 1A applies; ”.]

Textual Amendments
F58 Sch. 6 para. 5 repealed (31.7.1997 with effect as mentioned in Sch. 8 Pt. II(11), Note) by [1997 c. 58](#), s. 52, [Sch. 8 Pt. II\(11\)](#)

F59⁶

Status: Point in time view as at 31/01/2013.

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Textual Amendments

F59 Sch. 6 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)

F60⁷

Textual Amendments

F60 Sch. 6 para. 7 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with Sch. 2)

F61⁸

Textual Amendments

F61 Sch. 6 para. 8 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 3 Pt. 1](#) (with Sch. 2)

F62⁹

Textual Amendments

F62 Sch. 6 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 F63⁽¹⁾

F63⁽²⁾

(3) Sections 468E and 468EE of that Act (rate of corporation tax on authorised unit trusts) shall not apply in relation to any accounting period ending after 31st March 1996 except so far as those sections relate to the financial year 1995.

Textual Amendments

F63 Sch. 6 para. 10(1)(2) repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 3 Pt. 1](#) (with Sch. 2)

F64¹¹

Textual Amendments

F64 Sch. 6 para. 11 repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\), s. 3\(2\), Sch. 1 Pt. 10](#) Group 1

F65¹²

Status: Point in time view as at 31/01/2013.

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Textual Amendments

F65 Sch. 6 paras. 12-15 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

F65 13

Textual Amendments

F65 Sch. 6 paras. 12-15 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

F65 14

Textual Amendments

F65 Sch. 6 paras. 12-15 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

F65 15

Textual Amendments

F65 Sch. 6 paras. 12-15 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

F66 16

Textual Amendments

F66 Sch. 6 para. 16 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

F67 17

Textual Amendments

F67 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)

[F68 18 (1) In subsection (1) of section 737 of that Act (deductions from manufactured payments), after “shall apply” there shall be inserted “ (subject to subsection (1A) below) ”, and for subsection (1A) of that section there shall be substituted the following subsection—

“(1A) The deduction of tax which is deemed to have been made under subsection (1) above shall be taken to have been made at the lower rate as if the deemed annual payment were income to which section 1A applied; and—

(a) the reference to the applicable rate in subsection (1) of section 350, so far as it has effect by virtue of subsection (1) above, and

Status: Point in time view as at 31/01/2013.

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(b) Schedule 16, so far as it so has effect,
shall be construed accordingly.”

(2) This paragraph has effect in relation to payments on or after 6th April 1996.]

Textual Amendments

F68 Sch. 6 para. 18 repealed (19.3.1997 with effect as mentioned in Sch. 18 Pt. VI(10), Note 1) by 1997 c. 16, s. 113, Sch. 18 Pt. VI(10); S.I. 1997/991, art. 2

[^{F69}19 In section 737C(6) of that Act (computation of amount of deemed manufactured interest), for “basic” there shall be substituted “ lower ”.]

Textual Amendments

F69 Sch. 6 para. 19 repealed (19.3.1997 with effect as mentioned in Sch. 18 Pt. VI(10), Note 1) by 1997 c. 16, s. 113, Sch. 18 Pt. VI(10); S.I. 1997/991, art. 2

^{F70}20

Textual Amendments

F70 Sch. 6 para. 20 repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), Sch. 3 Pt. 1 (with Sch. 2)

^{F71}21

Textual Amendments

F71 Sch. 6 para. 21 repealed: (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), Sch. 3 Pt. 1 (with Sch. 2); and omitted (with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 1 para. 49

^{F72}22

Textual Amendments

F72 Sch. 6 para. 22 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)

23 In section 822(1) of that Act (over-deductions from interest on loan capital etc. made before the passing of annual Act where basic rate for the year is lower than in the previous year), for “basic rate lower” there shall be substituted “ lower rate less ”.

^{F73}24

Textual Amendments

F73 Sch. 6 para. 24 repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), Sch. 3 Pt. 1 (with Sch. 2)

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F74²⁵

Textual Amendments

F74 Sch. 6 para. 25 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

The Finance Act 1989 (c. 26)

F75²⁶

Textual Amendments

F75 Sch. 6 para. 26 repealed (with effect in accordance with Sch. 43 Pt. 3(12) Note 3 of the amending Act) by [Finance Act 2003 \(c. 14\)](#), **Sch. 43 Pt. 3(12)**

The Taxation of Chargeable Gains Act 1992 (c. 12)

[^{F76}27 In section 4(3A) of the Taxation of Chargeable Gains Act 1992 (disregard of income chargeable at lower rate in accordance with section 207A of the Taxes Act 1988), for “section 207A” there shall be substituted “ section 1A ”.]

Textual Amendments

F76 Sch. 6 para. 27 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(1), Note of the amending Act) by [1999 c. 16](#), s. 139, **Sch. 20 Pt. III(1)**

Commencement of Schedule

28 Subject to any express provisions as to commencement that are contained in the preceding provisions of this Schedule, this Schedule has effect for the year 1996-97 and subsequent years of assessment.

SCHEDULE 7

Section 79.

TRANSFER OF CHARGE UNDER SCHEDULE C TO SCHEDULE D

Amendments of the Taxes Act 1988

1 The Taxes Act 1988 shall be amended in accordance with paragraphs 2 to 28 below.

F77²

Textual Amendments

F77 Sch. 7 para. 2 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

3 Section 17 (Schedule C) shall be omitted.

Status: Point in time view as at 31/01/2013.

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- 4 ^{F78}(1)
- (2) In subsection (3) of that section—
- ^{F79}(a)
- (b) in Case IV, the words “except such income as is charged under Schedule C” shall be omitted; and
- ^{F80}(c)
- ^{F81}(3)
- ^{F81}(4)

Textual Amendments

- F78** Sch. 7 para. 4(1) 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)
- F79** Sch. 7 para. 4(2)(a) 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)
- F80** Sch. 7 para. 4(2)(c) 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** Sch. 7 para. 4(3)(4) 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}5

Textual Amendments

- F82** Sch. 7 para. 5 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)

- 6 For the heading to Part III there shall be substituted the following heading— “Government Securities”
- 7 Section 44 (mode of charge of tax under Schedule C) shall be omitted.
- 8 Section 45 (interpretation of Part III) shall be omitted.
- 9 Section 48 (securities of foreign states) shall be omitted.
- 10 In section 49 (stock and dividends in name of Treasury etc.), after subsection (2) there shall be inserted the following subsection—
- “(3) In this section “dividends” means any interest, public annuities, dividends or shares of annuities.”
- 11 In sections 50(1) and 51A(1) (which provide for interest on certain securities to be paid without deduction of tax), the words “but shall be chargeable to tax under Case III of Schedule D” shall in each case be omitted.
- 12 Section 52 (taxation of interest on converted securities and interest which becomes subject to deduction) shall be omitted.
- 13 Section 123 (foreign dividends) shall be omitted.
- 14 In section 124—

Status: Point in time view as at 31/01/2013.

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- (a) in subsection (6) (definitions in connection with quoted Eurobonds), the definitions of “recognised clearing system” and “relevant foreign securities”, and the word “and” immediately preceding those definitions, and
- (b) subsection (7),
- shall be omitted.

F83 15

Textual Amendments

F83 Sch. 7 para. 15 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with Sch. 2)

- 16 In section 398 (transactions in deposits with and without certificates or in debts), in paragraph (b), the words “C or” shall be omitted.

F84 17

Textual Amendments

F84 Sch. 7 para. 17 repealed (with effect in accordance with Sch. 43 Pt. 5(3) Note of the amending Act) by [Finance Act 2003 \(c. 14\), Sch. 43 Pt. 5\(3\)](#)

- 18 In section 474 (treatment of tax-free income), subsections (1) and (3) shall be omitted.

F85 19

Textual Amendments

F85 Sch. 7 para. 19 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 3 Pt. 1](#) (with Sch. 2)

F86 20

Textual Amendments

F86 Sch. 7 para. 20 repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\), s. 3\(2\), Sch. 1 Pt. 10](#) Group 1

- 21 (1) In section 516 (government securities held by non-resident central banks), in subsection (1), for “dividends (within the meaning of Schedule C) paid out of the public revenue of the United Kingdom where they are” there shall be substituted “income from securities which is payable out of the public revenue of the United Kingdom and which is”.
- (2) In subsection (2) of that section, for “such dividends” there shall be substituted “such income”.
- 22 In section 582A (designated international organisations), subsection (3) shall be omitted.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F87 23

Textual Amendments

F87 Sch. 7 para. 23 omitted (with effect in accordance with Sch. 25 para. 10 of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 25 para. 9(3)(c)**

F88 24

Textual Amendments

F88 Sch. 7 para. 24 repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

25 In section 832(1) (interpretation of the Tax Acts), the definition of “recognised clearing system” shall be omitted.

F89 26

Textual Amendments

F89 Sch. 7 para. 26 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1

27 Schedule 3 (machinery for payment of income tax under Schedule C and, in certain cases, Schedule D) shall be omitted.

F90 28

Textual Amendments

F90 Sch. 7 para. 28 repealed (28.7.2000) by 2000 c. 17, s. 156, **Sch. 40 Pt. II(17)**

Other amendments

29 In the Table in section 98 of the ^{M12}Taxes Management Act 1970 (penalties in respect of certain information provisions)—
(a) in the first column, the entry relating to paragraph 13(1) of Schedule 3 to the Taxes Act 1988, and
(b) in the second column, the entry relating to paragraph 6C of that Schedule, shall be omitted.

Marginal Citations

M12 1970 c. 9.

30 In section 178(2)(m) of the ^{M13}Finance Act 1989 (provisions to which power to set rates of interest applies), the words “and paragraph 6B of Schedule 3 to” shall be omitted.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Marginal Citations

M13 1989 c. 26.

- 31 In section 128 of the ^{M14}Finance Act 1995 (limit on income chargeable on non-residents: income tax), in subsection (3)(a), the words “Schedule C,” shall be omitted.

Marginal Citations

M14 1995 c. 4.

Commencement, etc.

- 32 Subject to paragraphs 33 and 34 below, this Schedule has effect—
- (a) for the purposes of income tax, for the year 1996-97 and subsequent years of assessment;
 - (b) for the purposes of corporation tax, for accounting periods ending after 31st March 1996.

Position of paying and collecting agents

- 33 (1) Subject to the following provisions of this paragraph and paragraph 34 below—
- (a) nothing in section 79 of this Act or this Schedule shall affect the obligations of any person under Schedule 3, in relation to times to which this paragraph applies, to set apart, retain or pay any amount of tax; and
 - (b) Schedule 3 shall have effect accordingly in relation to amounts set apart, retained or paid in pursuance of those obligations.
- (2) The repeal of Schedule 3 shall not affect the operation of paragraph 6B of that Schedule in relation to any amount—
- (a) which became due and payable in relation to a transaction occurring before the day on which this Act was passed; but
 - (b) which remains unpaid at any time on or after that day.
- (3) The Board may by regulations make provision with respect to returns to be made for the quarter which includes both times before the day on which this Act was passed and times on and after that day.
- (4) Regulations under sub-paragraph (3) above may, in particular, provide that section 98 of the ^{M15}Taxes Management Act 1970 shall have effect as if it included a reference in the second column of the Table to any specified provision of the regulations.
- (5) In this paragraph “Schedule 3” means Schedule 3 to the Taxes Act 1988.

Marginal Citations

M15 1970 c. 9.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Position of taxpayers

- 34 (1) Transitional payments of tax made on a person’s behalf in relation to times to which this paragraph applies shall be treated as made only for the purpose of being applied in the discharge of that person’s liability to tax charged under Schedule D.
- (2) If a transitional payment of tax has been made on a person’s behalf, but it appears to the Board that—
- (a) that person was not liable to tax, or
 - (b) the sum paid exceeded his liability,
- the Board shall make or allow such repayments, adjustments or set-offs against unpaid tax as they think appropriate.
- (3) In this paragraph “transitional payment of tax” means a payment to which paragraph 33 above applies.

Times to which paragraphs 33 and 34 apply

- 35 Paragraphs 33 and 34 above apply in relation to times falling—
- (a) within a year of assessment or an accounting period mentioned in paragraph 32 above, but
 - (b) before the day on which this Act was passed.

^{F91}SCHEDULE 8

Section 83.

.....

Textual Amendments

F91 Sch. 8 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. 440, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

^{F92}SCHEDULE 9

Section 84.

.....

Textual Amendments

F92 Sch. 9 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. 441, **Sch. 3 Pt. 1** (with Sch. 2 paras. 1-10, 59-63, 65, 78);

^{F93}SCHEDULE 10

Section 98.

.....

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F93 Sch. 10 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. 442, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F94 SCHEDULE 11

Section 99.

Textual Amendments

F94 Sch. 11 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. 443, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F95F95 SCHEDULE 12

Textual Amendments

F95 Sch. 12 repealed (24.7.2002 with effect as mentioned in s. 83(3)(4) of the repealing Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(1), 141, **Sch. 27 para. 21**, **Sch. 40 Pt. 3(13)**

F95

F96 SCHEDULE 13

Section 102.

Textual Amendments

F96 Sch. 13 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), Sch. 1 para. 490, **Sch. 3** (with Sch. 2)

SCHEDULE 14

Section 104.

LOAN RELATIONSHIPS: MINOR AND CONSEQUENTIAL AMENDMENTS

The Taxes Management Act 1970 (c. 9)

1 (1) In subsection (4A) of section 87A of the Taxes Management Act 1970 (interest on overdue corporation tax)—

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (a) in paragraph (a), for the words from “a relievable amount” to the end of the paragraph there shall be substituted “ a non-trading deficit on the company’s loan relationships, ”; and
- (b) in paragraph (b), for the words from “subsection (5)” to “subsection (10) of that section” there shall be substituted “ section 83(2)(c) of the Finance Act 1996 or paragraph 4(3) of Schedule 11 to that Act the whole or part of the deficit for the later period is set off against profits ”.

[^{F97}(2) In subsection (4B) of that section, for the words “section 131(5) or (6) of the Finance Act 1993”, in each place where they occur, there shall be substituted “ section 83(2) (c) of the Finance Act 1996 or paragraph 4(3) of Schedule 11 to that Act ”.]

Textual Amendments

F97 Sch. 14 para 1(2) repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(2), Note of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(2)

The Inheritance Tax Act 1984 (c. 51)

- 2 (1) In section 174(1)(b) of the Inheritance Tax Act 1984 (unpaid tax relating to deep discount securities deemed to be transferred on death), for the words from “paragraph 4” onwards there shall be substituted “ Schedule 13 to the Finance Act 1996 (discounted securities) on a transfer which is treated as taking place by virtue of paragraph 4(2) of that Schedule. ”
- (2) This paragraph applies in relation to deaths on or after 6th April 1996.

The Airports Act 1986 (c. 31)

- 3 In section 77 of the Airports Act 1986 (taxation provisions), for subsection (3) there shall be substituted the following subsection—
- “(3) For the purposes of Part VI of the ^{M16}Income and Corporation Taxes Act 1988 (company distributions) and Chapter II of Part IV of the Finance Act 1996 (loan relationships), any debentures of the company issued in pursuance of section 4 shall be treated as having been issued for new consideration equal to the principal sum payable under the debenture.”

Marginal Citations

M16 1988 c. 1.

The Gas Act 1986 (c. 44)

- 4 In section 60 of the Gas Act 1986 (taxation provisions), for subsection (3) there shall be substituted the following subsection—
- “(3) For the purposes of Part VI of the ^{M17}Income and Corporation Taxes Act 1988 (company distributions) and Chapter II of Part IV of the Finance Act 1996 (loan relationships), any debentures issued in pursuance of section 51 above shall be treated as having been issued for new consideration equal to the principal sum payable under the debenture.”

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Marginal Citations

M17 1988 c. 1.

The Taxes Act 1988

5 In section 18 of the Taxes Act 1988 (Schedule D), the following subsection shall be inserted after subsection (3)—

“(3A) For the purposes of corporation tax subsection (3) above shall have effect as if the following Case were substituted for Cases III and IV, that is to say—

Case III:	tax in respect of— (a) profits and gains which, as profits and gains arising from loan relationships, are to be treated as chargeable under this Case by virtue of Chapter II of Part IV of the Finance Act 1996; (b) any annuity or other annual payment which— (i) is payable (whether inside or outside the United Kingdom and whether annually or at shorter or longer intervals) in respect of anything other than a loan relationship; and (ii) is not a payment chargeable under Schedule A; (c) any discount arising otherwise than in respect of a loan relationship;
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and as if Case V did not include tax in respect of any income falling within paragraph (a) of the substituted Case III.”

6 In section 56 of that Act (transactions in deposits with or without certificates or in debts), after subsection (4) there shall be inserted the following subsections—

“(4A) This section and section 56A shall not apply for the purposes of corporation tax except in relation to rights in existence before 1st April 1996.

(4B) For the purposes of corporation tax, where any profits or gains arising from the disposal or exercise of a right in existence before 1st April 1996 are, or (if there were any) would be, chargeable under this section, nothing in Chapter II of Part IV of the Finance Act 1996 (loan relationships) shall require any amount relating to that disposal, or to the exercise of that right, to be brought into account for the purposes of that Chapter.”

7 In section 70(3) of that Act (extension of Cases IV and V of Schedule D to non-resident companies), for “Cases IV and V” there shall be substituted “ Cases III and V ”.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F98 8

Textual Amendments

F98 Sch. 14 para. 8 repealed (with effect in accordance with s. 42 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(3\)](#)

F99 9

Textual Amendments

F99 Sch. 14 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 (1) Section 78 of that Act (discounted bills of exchange) shall cease to have effect except in relation to bills of exchange drawn before 1st April 1996.
- (2) Where any bill so drawn is paid on or after 1st April 1996—
- (a) the amount which subsection (2) of that section provides to be treated as a deduction against total profits and as a charge on income shall (instead of being so treated) be brought into account for the purposes of this Chapter as a non-trading debit; and
 - (b) that amount shall be the only amount brought into account for the purposes of this Chapter in respect of the discount in question.

F100 11

Textual Amendments

F100 Sch. 14 para. 11 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

- [^{F101}12(1) In subsection (2) of section 242 of that Act (set off of losses against surplus franked investment income), for paragraph (f) there shall be substituted—
- “(f) the setting of amounts against profits in pursuance of a claim under section 83 of the Finance Act 1996 (non-trading deficits on loan relationships) or paragraph 4 of Schedule 11 to that Act (deficits of insurance companies).”
- (2) In subsection (8) of that section, for paragraph (e) there shall be substituted the following paragraph—
- “(e) if and so far as the purpose for which the claim is made is the setting of an amount against profits in pursuance of a claim under—
 - (i) section 83 of the Finance Act 1996 (non-trading deficits on loan relationships), or
 - (ii) paragraph 4 of Schedule 11 to that Act (deficits of insurance companies),the time limit that by virtue of subsection (6) of that section or sub-paragraph (15) of that paragraph would be applicable to such a claim.”]

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F101 Sch. 14 para. 12 repealed (31.7.1997 with effect as mentioned in Sch. 8 Pt. II(4), Note of the amending Act) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(4)**

F102 13

Textual Amendments

F102 Sch. 14 para. 13 repealed (11.5.2001) by 2001 c. 9, s. 110, **Sch. 33 Pt. 2(10)**, Note

- 14 (1) In subsection (2)(b) of section 337 of that Act (deduction of yearly interest etc. in computing income), for “yearly interest, annuity or other annual payment” there shall be substituted “ annuity or other annual payment which is not interest ”.
- (2) Subsection (3) of that section (deduction of yearly interest payable to a bank) shall cease to have effect.

15 After section 337 of that Act there shall be inserted the following section—

“337A Interest payable by companies.

No deduction shall be made in respect of interest in computing a company’s income from any source except in accordance with Chapter II of Part IV of the Finance Act 1996 (loan relationships).”

F103 16

Textual Amendments

F103 Sch. 14 para. 16 repealed (with effect in accordance with s. 1184(1) of the amending Act) by **Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 3 Pt. 1** (with Sch. 2)

- 17 Sections 338A, 340 and 341 of that Act (charges on income to include certain loans to buy land, provisions relating to interest payable to non-residents and provisions relating to payments between related companies) shall cease to have effect.

F104 18

Textual Amendments

F104 Sch. 14 para. 18 repealed (6.4.2007) by **Income Tax Act 2007 (c. 3), s. 1034(1), Sch. 3 Pt. 1** (with Sch. 2)

F105 19

Textual Amendments

F105 Sch. 14 para. 19 repealed (with effect in accordance with s. 1184(1) of the amending Act) by **Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 3 Pt. 1** (with Sch. 2)

- 20 (1) In section 401 of that Act (relief for pre-trading expenditure), after subsection (1) there shall be inserted the following subsections—

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

“(1AA) Subsection (1) above shall not apply to any expenditure in relation to which any debit falls, or (but for subsection (1AB) below) would fall, to be brought into account for the purposes of Chapter II of Part IV of the Finance Act 1996 (loan relationships).

(1AB) Where, in the case of any company—

- (a) a non-trading debit is given for any accounting period for the purposes of Chapter II of Part IV of the Finance Act 1996 (loan relationships), and
- (b) an election for the purposes of this section is made by that company with respect to that debit within the period of 2 years beginning with the end of that accounting period,

that debit shall not be brought into account for the purposes of that Chapter as a non-trading debit for that period, but subsection (1AC) below shall apply instead.

(1AC) If a company—

- (a) begins to carry on a trade within the period of seven years after the end of the accounting period for which a non-trading debit is given for the purposes of Chapter II of Part IV of the Finance Act 1996 (loan relationships),
- (b) that debit is such that, if it had been given for the accounting period in which the company begins to carry on that trade, it would have been brought into account by reference to that trade in accordance with section 82(2) of that Act (trading debits and credits), and
- (c) an election is or has been made with respect to that debit under subsection (1AB) above,

that debit shall be treated for the purposes of that Chapter as if it were a debit for the accounting period in which the company begins to carry on the trade and shall be brought into account for that period in accordance with section 82(2) of that Act.”

(2) Subsection (1A) of that section shall cease to have effect.

F10621

Textual Amendments

F106 Sch. 14 para. 21 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

F10722

Textual Amendments

F107 Sch. 14 para. 22 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

F10823

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F108 Sch. 14 para. 23 omitted (17.7.2012) by virtue of Finance Act 2012 (c. 14), Sch. 16 para. 247(g)(iv)

- 24 Where this Chapter has effect in relation to any accounting period in relation to which section 434B of that Act (treatment of interest and annuities in the case of insurance companies) has effect without the amendments made by section 165 of this Act, that section of that Act shall have effect in relation to that period as if the words “interest or”, in each place where they occur, were omitted.

F109²⁵

Textual Amendments

F109 Sch. 14 para. 25 repealed (with effect in accordance with Sch. 10 of the amending Act) by Finance Act 2007 (c. 11), Sch. 27 Pt. 2(10)

F110²⁶

Textual Amendments

F110 Sch. 14 para. 26 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), Sch. 1 Pt. 10 Group 1

F111²⁷

Textual Amendments

F111 Sch. 14 para. 27 repealed (with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), Sch. 10 Pt. 12 (with Sch. 9 paras. 1-9, 22)

- 28 (1) In subsection (3) of section 477A of that Act (building societies: regulations for deducting tax), for paragraph (a) there shall be substituted the following paragraphs—

- “(a) liability to pay the dividends or interest shall be treated for the purposes of Chapter II of Part IV of the Finance Act 1996 as a liability arising under a loan relationship of the building society;
- (aa) if the dividends or interest are payable to a company, they shall be treated for those purposes as payable to that company in pursuance of a right arising under a loan relationship of that company;”.

- (2) Subsections (3A) to (3C) of that section shall cease to have effect.

- 29 Sections 484 and 485 of that Act (savings banks: exemption from tax) shall cease to have effect.

- 30 In section 486 of that Act (industrial and provident societies)—
- (a) in subsection (1), for the words from “and, subject to subsection (7)” onwards there shall be substituted “ but interest payable by such a society (whether as share interest or loan interest) shall be treated for the purposes of corporation tax as interest under a loan relationship of the society. ”; and

Status: Point in time view as at 31/01/2013.

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- (b) in subsection (7), for the words from “not be deductible” onwards there shall be substituted “ not be brought into account in that period for the purposes of Chapter II of Part IV of the Finance Act 1996 (loan relationships).”
- 31 (1) In subsection (1) of section 487 of that Act (credit unions), for paragraph (b) there shall be substituted the following paragraph—
- “(b) no credits shall be brought into account for the purposes of Chapter II of Part IV of the Finance Act 1996 in respect of any loan relationship of a credit union as respects which a member of the union stands in the position of a debtor as respects the debt in question.”
- (2) In subsection (3) of that section—
- (a) for “No share interest, loan interest or annuity or other annual payment” there shall be substituted “ An annuity or other annual payment (not being a payment of share interest or loan interest) which is ”; and
 - (b) after “shall” there shall be inserted “ not ”.
- (3) After that subsection there shall be inserted the following subsection—
- “(3A) No debits shall be brought into account for the purposes of Chapter II of Part IV of the Finance Act 1996 in respect of any loan relationship of a credit union as respects which a member of the union stands in the position of a creditor as respects the debt in question.”
- 32 ^{F112}(1)
- ^{F112}(2)
- ^{F112}(3)
- [^{F113}(4) For subsection (4) of that section (charges on income), there shall be substituted the following subsections—
- “(4) Subsection (7) of section 403 shall have effect as if the reference in that subsection to the profits of the surrendering company for an accounting period did not include the relevant part of the company’s ring fence profits for that period.
 - (5) For the purposes of subsection (4) above the relevant part of a company’s ring fence profits for an accounting period are—
 - (a) if for that period—
 - (i) there are no charges on income paid by the company that are allowable under section 338, or
 - (ii) the only charges on income so allowable are charges to which subsection (3) above applies,all the company’s ring fence profits; and
 - (b) in any other case, so much of its ring fence profits as exceeds the amount of the charges on income paid by the company as are so allowable for that period and are not charges to which subsection (3) above applies.”]

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

- F112** Sch. 14 para. 32(1)-(3) repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))
- F113** Sch. 14 para. 32(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

F114³³

Textual Amendments

- F114** Sch. 14 para. 33 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

34 In section 614 of that Act (exemptions and reliefs in respect of income from certain pension funds etc.), after subsection (2) of that section there shall be inserted the following subsection—

“(2A) The reference in subsection (2) above to interest on sums forming part of a fund include references to any amount which is treated as income by virtue of paragraph 1 of Schedule 13 to the Finance Act 1996 (relevant discounted securities) and derives from any investment forming part of that fund.”

F115³⁵

Textual Amendments

- F115** Sch. 14 para. 35 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

F116³⁶

Textual Amendments

- F116** Sch. 14 para. 36 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

F117³⁷

Textual Amendments

- F117** Sch. 14 para. 37 repealed (with effect in accordance with s. 47 of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 27 Pt. 2(14)**

[**F118**³⁸ In section 737(5A) of that Act (relief in respect of manufactured dividends), after “a manufactured dividend” there shall be inserted “ that is not manufactured interest to which section 97 of the Finance Act 1996 applies ”.]

Textual Amendments

- F118** Sch. 14 para. 38 repealed (19.3.1997 with effect as mentioned in Sch. 18 Pt. VI(10), Note 1 of the amending Act) by 1997 c. 16, ss. 76, 113, [Sch. 10 Pt. 1 para. 7\(1\)](#), **Sch. 18 Pt. VI(10)**

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F119³⁹

Textual Amendments

F119 Sch. 14 para. 39 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

F120⁴⁰

Textual Amendments

F120 Sch. 14 para. 40 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

F121⁴¹

Textual Amendments

F121 Sch. 14 paras. 41-47 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), **Sch. 10 Pt. 1** (with Sch. 9 paras. 1-9, 22)

F121⁴²

Textual Amendments

F121 Sch. 14 paras. 41-47 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), **Sch. 10 Pt. 1** (with Sch. 9 paras. 1-9, 22)

F121⁴³

Textual Amendments

F121 Sch. 14 paras. 41-47 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), **Sch. 10 Pt. 1** (with Sch. 9 paras. 1-9, 22)

F121⁴⁴

Textual Amendments

F121 Sch. 14 paras. 41-47 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), **Sch. 10 Pt. 1** (with Sch. 9 paras. 1-9, 22)

F121⁴⁵

Textual Amendments

F121 Sch. 14 paras. 41-47 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), **Sch. 10 Pt. 1** (with Sch. 9 paras. 1-9, 22)

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F121⁴⁶

Textual Amendments

F121 Sch. 14 paras. 41-47 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\), Sch. 10 Pt. 1](#) (with Sch. 9 paras. 1-9, 22)

F121⁴⁷

Textual Amendments

F121 Sch. 14 paras. 41-47 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\), Sch. 10 Pt. 1](#) (with Sch. 9 paras. 1-9, 22)

- 48 (1) In subsection (7C) of section 826 of that Act (interest on tax overpaid)—
- (a) in paragraph (a), for the words from “a relievable amount” to the end of the paragraph there shall be substituted “a non-trading deficit on the company’s loan relationships,”;
 - (b) in paragraph (b), for the words from “subsection (5)” to “subsection (10) of that section” there shall be substituted “section 83(2)(c) of the Finance Act 1996 or paragraph 4(3) of Schedule 11 to that Act the whole or part of the deficit for the later period is set off against profits”; and
 - (c) in the words after paragraph (c), for “subsection (5) or (6) (as the case may be) of that section” there shall be substituted “section 83(2)(c) of that Act or, as the case may be, paragraph 4(3) of Schedule 11 to that Act”.

[^{F122}(2) In subsection (7CA) of that section, for the words “section 131(5) or (6) of the Finance Act 1993”, in each place where they occur, there shall be substituted “section 83(2)(c) of the Finance Act 1996 or paragraph 4(3) of Schedule 11 to that Act”.]

Textual Amendments

F122 Sch. 14 para. 48(2) 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

- 49 In subsection (1) of section 834 of that Act (definitions for the purposes of the Corporation Tax Acts), after the definition of “group relief” there shall be inserted the following definitions—

““loan relationship” has the same meaning as it has for the purposes of Chapter II of Part IV of the Finance Act 1996;

“non-trading deficit”, in relation to a company’s loan relationships, shall be construed in accordance with section 82 of the Finance Act 1996.”

- 50 Schedule 4 to that Act (deep discount securities) shall cease to have effect.

[^{F123}51 In paragraph 5B(2) of Schedule 19AC to that Act (overseas life companies), the following paragraph shall be inserted after paragraph (d)—

“(e) the setting of amounts against profits under, or in pursuance of a claim under, paragraph 4 of Schedule 11 to the Finance Act 1996 (loan relationships of insurance companies).”]

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F123 Sch. 14 para. 51 repealed (31.7.1997 with effect as mentioned in Sch. 8 Pt. II(6), Note of the amending Act) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(6)**

F124 52

Textual Amendments

F124 Sch. 14 para. 52 repealed (with effect in accordance with s. 1184(1) of the amending Act) by **Corporation Tax Act 2010 (c. 4)**, s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

53 In Schedule 26 to that Act (controlled foreign companies), in paragraph 1(3), the word “and” shall be inserted at the end of paragraph (e), and after that paragraph there shall be inserted the following paragraph—

“(f) any non-trading deficit on its loan relationships.”

F125 54

Textual Amendments

F125 Sch. 14 para. 54 repealed (with effect in accordance with s. 1184(1) of the amending Act) by **Corporation Tax Act 2010 (c. 4)**, s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

The British Steel Act 1988 (c. 35)

55 In section 11 of the British Steel Act 1988 (taxation provisions), for subsection (7) there shall be substituted the following subsection—

“(7) For the purposes of Part VI of the ^{M18}Income and Corporation Taxes Act 1988 (company distributions) and Chapter II of Part IV of the Finance Act 1996 (loan relationships), any debentures issued in pursuance of section 3 above shall be treated as having been issued for new consideration equal to the principal sum payable under the debenture.”

Marginal Citations

M18 1988 c. 1.

The Finance Act 1989 (c. 26)

F126 56

Textual Amendments

F126 Sch. 14 para. 56 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)(d)**

57 Schedule 11 to that Act (deep gain securities) shall cease to have effect.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

The Finance Act 1990 (c. 29)

- 58 Schedule 10 to the Finance Act 1990 (convertible securities) shall cease to have effect.

The Taxation of Chargeable Gains Act 1992 (c. 12)

- 59 In section 108(1) of the Taxation of Chargeable Gains Act 1992 (meaning of relevant securities), after paragraph (a) there shall be inserted the following paragraph—

“(aa) qualifying corporate bonds;”.

- 60 (1) Section 116 of that Act (reorganisations, conversions and reconstructions) shall be amended as follows.

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

“(4A) In determining for the purposes of subsections (1) to (4) above, as they apply for the purposes of corporation tax—

- (a) whether sections 127 to 130 would apply in any case, and
 (b) what, in a case where they would apply, would constitute the original shares and the new holding,

it shall be assumed that every asset representing a loan relationship of a company is a security within the meaning of section 132.”

- (3) After subsection (8) there shall be inserted the following subsection—

“(8A) Where subsection (6) above applies for the purposes of corporation tax in a case where the old asset consists of a qualifying corporate bond, Chapter II of Part IV of the Finance Act 1996 (loan relationships) shall have effect so as to require such debits and credits to be brought into account for the purposes of that Chapter in relation to the relevant transaction as would have been brought into account if the transaction had been a disposal of the old asset at the market value mentioned in that subsection.”

- (4) After subsection (15) there shall be inserted the following subsection—

“(16) This section has effect for the purposes of corporation tax notwithstanding anything in section 80(5) of the Finance Act 1996 (matters to be brought into account in the case of loan relationships only under Chapter II of Part IV of that Act).”

- 61 (1) In section 117 of that Act (meaning of “qualifying corporate bond”), before subsection (1) there shall be inserted the following subsection—

“(A1) For the purposes of corporation tax “qualifying corporate bond” means (subject to sections 117A and 117B below) any asset representing a loan relationship of a company; and for purposes other than those of corporation tax references to a qualifying corporate bond shall be construed in accordance with the following provisions of this section.”

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

“(2AA) For the purposes of this section “corporate bond” also includes any asset which is not included in the definition in subsection (1) above and which is a relevant discounted security for the purposes of Schedule 13 to the Finance Act 1996.”

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(3) After subsection (6A) of that section there shall be inserted the following subsections—

“(6B) An excluded indexed security issued on or after 6th April 1996 is not a corporate bond for the purposes of this section; and an excluded indexed security issued before that date shall be taken to be such a bond for the purposes of this section only if—

- (a) it would be so taken apart from this subsection; and
- (b) the question whether it should be so taken arises for the purposes of section 116(10).

(6C) In subsection (6B) above “excluded indexed security” has the same meaning as in Schedule 13 to the Finance Act 1996 (relevant discounted securities).”

(4) After subsection (8) of that section there shall be inserted the following subsection—

“(8A) A corporate bond falling within subsection (2AA) above is a qualifying corporate bond whatever its date of issue.”

62 After section 117 of that Act there shall be inserted the following sections—

“117A Assets that are not qualifying corporate bonds for corporation tax purposes.

- (1) An asset to which this section applies is not a qualifying corporate bond for the purposes of corporation tax in relation to any disposal of that asset.
- (2) This section applies to any asset representing a loan relationship of a company where—
 - (a) subsection (3) or (4) below applies to the asset; and
 - (b) it is held in exempt circumstances.
- (3) This subsection applies to an asset if—
 - (a) the settlement currency of the debt to which it relates is a currency other than sterling; and
 - (b) that debt is not a debt on a security.
- (4) This subsection applies to an asset if the debt to which it relates is a debt on a security and is in a foreign currency.
- (5) For the purposes of subsection (4) above a debt is a debt in a foreign currency if it is—
 - (a) a debt expressed in a currency other than sterling;
 - (b) a debt the amount of which in sterling falls at any time to be determined by reference to the value at that time of a currency other than sterling; or
 - (c) subject to subsection (6) below, a debt as respects which provision is made for its conversion into, or redemption in, a currency other than sterling.
- (6) A debt is not a debt in a foreign currency for those purposes by reason only that provision is made for its redemption on payment of an amount in a currency other than sterling equal, at the rate prevailing at the date of redemption, to a specified amount in sterling.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (7) The provisions specified in subsection (8) below, so far as they require a disposal to be treated as a disposal on which neither a gain nor a loss accrues, shall not apply to any disposal of an asset to which this section applies.
- (8) The provisions referred to in subsection (7) above are—
 - (a) sections 139, 140A, 171 and 172 of this Act; and
 - (b) section 486(8) of the Taxes Act.
- (9) Paragraph 3 of Schedule 17 to the ^{M19}Finance Act 1993 shall have effect for construing the reference in subsection (2)(b) above to exempt circumstances as if references to a currency were references to the debt to which the relationship relates.
- (10) In this section “security” includes a debenture that is deemed to be a security for the purposes of section 251 by virtue of subsection (6) of that section.

117B Holdings in unit trusts and offshore funds excluded from treatment as qualifying corporate bonds.

- (1) For the purposes of corporation tax an asset to which this section applies is not a qualifying corporate bond in relation to any disposal of that asset in an accounting period for which that asset falls, under paragraph 4 of Schedule 10 to the Finance Act 1996 (holdings in unit trusts and offshore funds), to be treated as a right under a creditor relationship of a company.
- (2) This section applies to an asset which is comprised in a relevant holding (within the meaning of paragraph 4 of Schedule 10 to the Finance Act 1996) if—
 - (a) it is denominated in a currency other than sterling; and
 - (b) it is held in exempt circumstances.
- (3) For the purposes of this section—
 - (a) a unit in a unit trust scheme, or
 - (b) a right (other than a share in a company) which constitutes a relevant interest in an offshore fund,
 shall be taken to be denominated in a currency other than sterling if the price at which it may be acquired from, or disposed of to, persons concerned in the management of the trust or fund is fixed by those persons in a currency other than sterling.
- (4) For the purposes of this section shares constituting a relevant interest in an offshore fund shall be taken to be denominated in a currency other than sterling if their nominal value is expressed in such a currency.
- (5) The provisions specified in subsection (6) below, so far as they require a disposal to be treated as a disposal on which neither a gain nor a loss accrues, shall not apply to any disposal in relation to which this section applies.
- (6) The provisions referred to in subsection (5) above are—
 - (a) sections 139, 140A, 171 and 172 of this Act; and
 - (b) section 486(8) of the Taxes Act.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (7) Paragraph 3 of Schedule 17 to the ^{M20}Finance Act 1993 shall have effect for construing the reference in subsection (2)(b) above to exempt circumstances as if references to a currency were references to the asset in question.
- (8) Paragraph 7 of Schedule 10 to the Finance Act 1996 shall apply for construing any reference in this section to a relevant interest in an offshore fund as it applies for the purposes of paragraph 4 of that Schedule.”

Marginal Citations

M19 1993 c. 34.

M20 1993 c. 34.

F127 63

Textual Amendments

F127 Sch. 14 para. 63 repealed (with effect in accordance with Sch. 10 of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(10\)](#)

64 In section 251 of that Act (exclusion for debts that are not debts on a security), after subsection (6) there shall be inserted the following subsections—

“(7) Where any instrument specified in subsection (8) below is not a security (as defined in section 132), that instrument shall be deemed to be such a security for the purposes of this section, other than the purposes of determining what is or is not an allowable loss in any case.

(8) The instruments mentioned in subsection (7) above are—

- (a) any instrument that would fall to be treated for the purposes of this Act as an asset representing a loan relationship of a company if the provisions of sections 92(4) and 93(4) of the Finance Act 1996 (convertible securities and assets linked to the value of chargeable assets) were disregarded; or
- (b) any instrument which (even apart from those provisions) is not a loan relationship of a company but which would be a relevant discounted security for the purposes of Schedule 13 to that Act if paragraph 3(2)(c) of that Schedule (excluded indexed securities) were omitted.”

65 In section 253(3) of that Act (relief for loans to traders), in the words after paragraph (c), at the beginning there shall be inserted—

“then, to the extent that that amount is not an amount which, in the case of the claimant, falls to be brought into account as a debit given for the purposes of Chapter II of Part IV of the Finance Act 1996 (loan relationships),”.

66 (1) In section 254 of that Act (relief for debts on qualifying corporate bonds), in subsection (1)(c), after “bond” there shall be inserted “ but is not a relevant discounted security for the purposes of Schedule 13 to the Finance Act 1996 ”.

(2) After subsection (12) of that section there shall be inserted the following subsection—

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

“(13) This section does not apply for the purposes of corporation tax.”

The Finance Act 1993 (c. 34)

67 F128

Textual Amendments
F128 Sch. 14 paras. 67-74 repealed (24.7.2002 with effect in accordance with s. 79(3) of and Sch. 23 to the repealing Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt. 3(10)

68 F129

Textual Amendments
F129 Sch. 14 paras. 67-74 repealed (24.7.2002 with effect in accordance with s. 79(3) of and Sch. 23 to the repealing Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt. 3(10)

69 F130

Textual Amendments
F130 Sch. 14 paras. 67-74 repealed (24.7.2002 with effect in accordance with s. 79(3) of and Sch. 23 to the repealing Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt. 3(10)

70 F131

Textual Amendments
F131 Sch. 14 paras. 67-74 repealed (24.7.2002 with effect in accordance with s. 79(3) of and Sch. 23 to the repealing Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt. 3(10)

71 F132

Textual Amendments
F132 Sch. 14 paras. 67-74 repealed (24.7.2002 with effect in accordance with s. 79(3) of and Sch. 23 to the repealing Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt. 3(10)

72 F133

Textual Amendments
F133 Sch. 14 paras. 67-74 repealed (24.7.2002 with effect in accordance with s. 79(3) of and Sch. 23 to the repealing Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt. 3(10)

73 F134

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F134 Sch. 14 paras. 67-74 repealed (24.7.2002 with effect in accordance with s. 79(3) of and Sch. 23 to the repealing Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt. 3(10)

74 **F135**

Textual Amendments

F135 Sch. 14 paras. 67-74 repealed (24.7.2002 with effect in accordance with s. 79(3) of and Sch. 23 to the repealing Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt. 3(10)

The Finance Act 1994 (c. 9)

75 **F136**

Textual Amendments

F136 Sch. 14 paras. 75-79 repealed (24.7.2002 with effect in accordance with s. 83(3) of the repealing Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt. 3(13)

76 **F137**

Textual Amendments

F137 Sch. 14 paras. 75-79 repealed (24.7.2002 with effect in accordance with s. 83(3) of the repealing Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt. 3(13)

77 **F138**

Textual Amendments

F138 Sch. 14 paras. 75-79 repealed (24.7.2002 with effect in accordance with s. 83(3) of the repealing Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt. 3(13)

78 **F139**

Textual Amendments

F139 Sch. 14 paras. 75-79 repealed (24.7.2002 with effect in accordance with s. 83(3) of the repealing Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt. 3(13)

79 **F140**

Textual Amendments

F140 Sch. 14 paras. 75-79 repealed (24.7.2002 with effect in accordance with s. 83(3) of the repealing Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt. 3(13)

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULE 15

Section 105.

LOAN RELATIONSHIPS: SAVINGS AND TRANSITIONAL PROVISIONS

PART I

CORPORATION TAX

Application and interpretation of Part I

- 1 (1) This Part of this Schedule has effect for the purposes of corporation tax.
- (2) In this Part of this Schedule—
- “the 1992 Act” means the ^{M21}Taxation of Chargeable Gains Act 1992;
- “continuing loan relationship”, in relation to any company, means any loan relationship to which the company was a party both immediately before and on 1st April 1996;
- “first relevant accounting period”, in relation to a company, means the first accounting period of the company to end after 31st March 1996; and
- “transitional accounting period”, in relation to a company, means any accounting period of the company beginning before and ending on or after 1st April 1996.
- ^{F141}(3)
- (4) In this Part of this Schedule references to this Chapter include references to any repeals having effect for the purposes of this Chapter.

Textual Amendments

F141 Sch. 15 para. 1(3) repealed (with effect in accordance with Sch. 10 of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 10 para. 16\(5\)\(d\)](#), [Sch. 27 Pt. 2\(10\)](#)

Marginal Citations

M21 [1992 c. 12.](#)

Loan relationships terminated before 1st April 1996

^{F142}

Textual Amendments

F142 Sch. 15 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. 1 para. 444\(2\)\(a\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 paras. 1-10, 54](#))

Basic rules for transitional accounting periods

^{F143}

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F143 Sch. 15 para. 3 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. 444(2)(b), **Sch. 3 Pt. 1** (with Sch. 2 paras. 1-10, 54)

[^{F144} Adjustment of opening value where new accounting basis adopted as from an accounting period beginning on 1st April 1996]

Textual Amendments

F144 Sch. 15 para. 3A and crossheading inserted (19.3.1997 with effect as mentioned in [Sch. 13 para. 7](#) of the amending Act) by [1997 c. 15](#), s. 83(6), **Sch. 13 para. 3**

^{F145F146}3A

Textual Amendments

F145 Sch. 15 para. 3A 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. 444(2)(c), **Sch. 3 Pt. 1** (with Sch. 2 paras. 1-10, 54)

F146 Sch. 15 para. 3A and crossheading inserted (19.3.1997 with effect as mentioned in [Sch. 13 para. 7](#) of the amending Act) by [1997 c. 15](#), s. 83(6), **Sch. 13 para. 3**

Application of accruals basis to pre-commencement relationships

^{F147}4

Textual Amendments

F147 Sch. 15 para. 4 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. 444(2)(d), **Sch. 3 Pt. 1** (with Sch. 2 paras. 1-10, 54)

Adjustments in respect of pre-commencement trading relationships

- 5 (1) This paragraph applies in the case of any continuing loan relationship of a company as respects which any amounts would have been brought into account for the purposes of corporation tax in computing the profits or losses of the company from any trade carried on by it if—
- (a) the company had ceased to be a party to the relationship on 31st March 1996; and
 - (b) where it is not otherwise the case, an accounting period of the company had ended on that date.
- (2) Where there is a difference between—
- (a) the notional closing value of the relationship as at 31st March 1996, and
 - (b) the adjusted closing value of that relationship as at that date,
- that difference shall be brought into account as provided for in paragraph 6 below.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (3) Except where sub-paragraph (4) or (6) below applies, the notional closing value as at 31st March 1996 of a loan relationship of a company shall be taken for the purposes of this paragraph to be the amount which, for the purposes of computing the profits or losses of the company from any trade carried on by it—
- (a) was as at that date, or
 - (b) had an accounting period of the company ended on that date, would have been,
- the amount falling to be brought into account as representing the value of the company's rights or liabilities under the relationship.
- (4) Except where sub-paragraph (6) below applies, if no amount is given by sub-paragraph (3) above, the notional closing value as at 31st March 1996 of a loan relationship of a company shall be taken for the purposes of this paragraph to be the amount which, for the purposes of computing the profits or losses of the company from any trade carried on by it, would have been deductible as representing the cost of becoming a party to the relationship if the company had ceased to be a party to the relationship on 31st March 1996.
- [^{F148}(4A) In sub-paragraph (4) above the reference, in relation to a creditor relationship, to the amount deductible as representing the cost of a company's becoming a party to the relationship shall not, except where sub-paragraph (4B) or (4C) below applies, include a reference to so much of that amount as would represent the cost of acquiring any right to accrued interest under the loan relationship.
- (4B) This sub-paragraph applies where—
- (a) the company became a party to the relationship before the beginning of its first relevant accounting period,
 - (b) interest accruing under the relationship before the company became a party to it was paid to the company after it became a party to it but before the beginning of the company's first relevant accounting period, and
 - (c) the interest under the relationship which, in the case of that company, has been brought into account for the purposes of corporation tax has included interest accruing under the relationship before the company became a party to it but paid afterwards.
- (4C) This sub-paragraph applies where—
- (a) the company became a party to the loan relationship in a transitional accounting period, and
 - (b) in the case of that company, interest under the relationship which—
 - (i) accrued before the company became a party to the relationship, but
 - (ii) became due and payable afterwards,
 is brought into account for the purposes of this Chapter in accordance with an authorised mark to market basis of accounting.]
- (5) Except where sub-paragraph (6) below applies, the adjusted closing value of that relationship as at that date shall be taken for the purposes of this paragraph to be the amount which for the purposes of [^{F149}this Chapter (as it had effect immediately before 1st April 2009) was] the opening value as at 1st April 1996 of the company's rights and liabilities under the relationship.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (6) For the purposes of this paragraph where the asset representing a loan relationship of a company is a relevant qualifying asset of the company, or the liabilities of the company under the relationship are relevant liabilities—
- (a) the notional closing value of the relationship as at 31st March 1996 shall be taken for the purposes of this paragraph to be the value given by paragraph 12 below as the notional closing value as at 31st March 1996 of that asset or, as the case may be, of those liabilities; and
 - (b) the adjusted closing value of the relationship as at 31st March 1996 shall be taken for those purposes to be the amount [^{F150}which was] as at 1st April 1996 the opening value of the asset or liabilities for the purposes of this Chapter [^{F151}(as it had effect immediately before 1st April 2009)].
- (7) For the purposes of this paragraph, where an accruals basis of accounting is used as respects a loan relationship for the first relevant accounting period of the company, the opening value as at 1st April 1996 of the company's rights and liabilities under the relationship shall be [^{F152}taken to have been] the value which (disregarding interest) [^{F153}was treated] in accordance with paragraph 4 above [^{F154}(as it had effect immediately before 1st April 2009)] as having accrued to the company before that date.
- (8) In this paragraph—
- “attributed amount” means any attributed gain or loss falling to be calculated in accordance with any regulations made under Schedule 16 to the ^{M22}Finance Act 1993 (transitional provisions for exchange gains and losses) which contain any such provision as is mentioned in paragraph 3(1) of that Schedule;
 - “commencement day”, in relation to a company, means its commencement day for the purposes of Chapter II of Part II of the ^{M23}Finance Act 1993;
 - “market value” has the same meaning as in the 1992 Act;
 - “relevant liability”, in relation to a company, means any liability under a loan relationship the value of which has been determined as at the company's commencement day for the purpose of calculating any attributed amount;
 - “relevant qualifying asset”, in relation to a company, means any qualifying asset for the purposes of Chapter II of Part II of the ^{M24}Finance Act 1993 the value of which has been determined as at the company's commencement day for the purpose of calculating any attributed amount.

Textual Amendments

- F148** Sch. 15 para. 5(4A)-(4C) inserted (19.3.1997 with effect as mentioned in [Sch. 13 para. 7](#) of the amending Act) by [1997 c. 15, s. 83\(6\)](#), [Sch. 13 para. 4](#)
- F149** Words in Sch. 15 para. 5(5) 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. 444\(3\)\(a\)](#) (with [Sch. 2 paras. 1-10, 54](#))
- F150** Words in Sch. 15 para. 5(6)(b) 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. 444\(3\)\(b\)\(i\)](#) (with [Sch. 2 paras. 1-10, 54](#))
- F151** Words in Sch. 15 para. 5(6)(b) inserted (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. 444\(3\)\(b\)\(ii\)](#) (with [Sch. 2 paras. 1-10, 54](#))
- F152** Words in Sch. 15 para. 5(7) 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. 444\(3\)\(c\)\(i\)](#) (with [Sch. 2 paras. 1-10, 54](#))

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F153 Words in Sch. 15 para. 5(7) 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. 444(3)(c)(ii)** (with Sch. 2 paras. 1-10, 54)

F154 Words in Sch. 15 para. 5(7) inserted (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. 444(3)(c)(iii)** (with Sch. 2 paras. 1-10, 54)

Modifications etc. (not altering text)

C4 Sch. 15 para. 5(7) applied (with modifications) (24.7.2002) by Finance Act 2002 (c. 23), s. 82(1), **Sch. 25 Pt. 3 para. 64(6)**

C5 Sch. 15 para. 5(7) applied (with modifications) (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 2 para. 60(5)** (with Sch. 2 Pts. 1, 2)

Marginal Citations

M22 1993 c. 34.

M23 1993 c. 34.

M24 1993 c. 34.

Method of giving effect to paragraph 5 adjustments

- 6 (1) Subject to sub-paragraph (4) below, the difference mentioned in paragraph 5(2) above shall be brought into account in accordance with sub-paragraph (2) or (3) below in the accounting period in which the company ceases to be a party to the relationship.
- (2) If—
- (a) the relationship is a creditor relationship and the difference consists in an excess of the amount mentioned in paragraph 5(2)(b) above over the amount mentioned in paragraph 5(2)(a) above, or
 - (b) the relationship is a debtor relationship and the difference consists in an excess of the amount mentioned in paragraph 5(2)(a) above over the amount mentioned in paragraph 5(2)(b) above,
- the difference shall be brought into account as a credit given for the purposes of this Chapter for the period mentioned in sub-paragraph (1) above.
- (3) In any other case, the difference shall be brought into account as a debit given for the purposes of [F155Part 5 of the Corporation Tax Act 2009] for the period so mentioned.
- [F156(4) Sub-paragraphs (1) to (3) above do not apply if the company duly made an election for the purposes of this sub-paragraph as it had effect on 30th September 1996.]
- (8) Where any credit or debit falls to be brought into account under this paragraph for any accounting period for the whole or any part of which the company carries on the trade in question, the credit or debit shall be brought into account under [F157section 297 of the Corporation Tax Act 2009] in relation to that trade; and, in any other case, it shall be brought into account as a non-trading credit or non-trading debit [F158under Part 5 of that Act].

Textual Amendments

F155 Words in Sch. 15 para. 6(3) 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. 444(4)(a)** (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F156 Sch. 15 para. 6(4) substituted for Sch. 15 para. 6(4)-(7) (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. 444(4)(b)** (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)

F157 Words in Sch. 15 para. 6(8) 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. 444(4)(c)(i)** (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)

F158 Words in Sch. 15 para. 6(8) inserted (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. 444(4)(c)(ii)** (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)

Modifications etc. (not altering text)

C6 Sch. 15 para. 6(1)(2) extended (27.7.1999 with effect as mentioned in s. 81(12) of the amending Act) by 1999 c. 16, s. 81(4)(5)

General savings for the taxation of chargeable gains

- 7 The amendments of the 1992 Act contained in Schedule 14 to this Act and the related repeals made by this Act—
- (a) so far as they relate to section 253 of the 1992 Act, do not apply to any loan the outstanding amount of principal on which became irrecoverable before 1st April 1996;
 - (b) so far as they relate to section 254 of the 1992 Act, do not apply to any security whose value became negligible before 1st April 1996;
 - (c) so far as they relate to anything else, do not apply in relation to any disposal made, or deemed to be made, before 1st April 1996.

Transitional provision for chargeable assets held after commencement

- 8 (1) This paragraph applies where—
- (a) on 31st March 1996 any company (“the relevant company”) held any asset representing, in whole or in part, any loan relationship to which it was a party on that date;
 - (b) the company did not dispose of that asset on that date and does not fall (apart from by virtue of this paragraph) to be treated for the purposes of the 1992 Act as having made a disposal of it on that date;
 - (c) the asset is not one to which section 92 of this Act or paragraph 15 below applies;
 - (d) that asset is not an asset representing a loan relationship to which section 93 of this Act applies;
 - (e) that asset is not a relevant qualifying asset; and
 - (f) a relevant event occurs.
- (2) For the purposes of this paragraph a relevant event occurs on the first occasion after 31st March 1996 when the relevant company or any other company falls to be treated for the purposes of the 1992 Act as making a disposal, other than one to which section 139, 140A, [F159 or 171(1)] of that Act (disposals on which neither a gain nor a loss accrues) applies, of—
- (a) the asset in question, so far as it has not come to be represented by an asset falling within paragraph (b) below, or
 - (b) any such asset as falls to be treated for the purposes of that Act as the same as that asset.

Status: Point in time view as at 31/01/2013.

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- (3) The amount of any chargeable gain or allowable loss which would have been treated as accruing to the relevant company on the assumption—
- (a) that it had made a disposal of the asset on 31st March 1996, and
 - (b) (so far as relevant for the purpose of computing the amount of that gain or loss) that the disposal had been for a consideration equal to the market value of the asset,
- shall be brought into account (subject to the following provisions of this paragraph and to paragraph 9 below) as one accruing to the company (“the chargeable company”) which makes the disposal constituting the relevant event, and shall be so brought into account in the accounting period in which that event occurs.
- (4) The amount of the deemed chargeable gain or deemed allowable loss falling to be brought into account in accordance with sub-paragraph (3) above shall be treated as reduced by the extent (if any) to which it is, in relation to the company, an amount that already has been, or falls to be, taken into account for the purposes of corporation tax by virtue of the use of any accruals or mark to market basis of accounting—
- (a) for those purposes;
 - (b) as respects times before 1st April 1996; and
 - (c) in relation to the asset in question.
- (5) To the extent that any deemed chargeable gain or deemed allowable loss falling to be brought into account under sub-paragraph (3) above includes any gain or loss deemed to accrue under section 116(10)(b) of the 1992 Act (qualifying corporate bonds acquired in a reorganisation etc.), that gain or loss shall be deemed to have accrued for the purposes of that sub-paragraph and (without prejudice to its being brought into account in accordance with that sub-paragraph) shall not be taken to accrue again on the occurrence of the relevant event or any subsequent disposal of any asset.
- [^{F160}(5A) In any case where the relevant event has not occurred before 14th November 1996, the deemed chargeable gain or deemed allowable loss falling to be brought into account in accordance with sub-paragraph (3) above shall be computed without any account being taken of the provisions of section 119(6) and (7) of the 1992 Act (transfer of securities with or without accrued interest).]
- (6) In any case where—
- (a) the relevant company is one which at any time before 1st April 1996 was not resident in the United Kingdom,
 - (b) the asset was held by the relevant company at such a time, and
 - (c) if the asset had been disposed of at that time and a gain had accrued to the relevant company on that disposal, it would not have been included in the company’s chargeable profits by virtue of section [^{F161}10B] of the 1992 Act (gain [^{F162}attributable to a permanent establishment] of a non-resident company),
- the relevant company shall be deemed for the purposes of sub-paragraph (3) above to have acquired the asset, at market value, on the first day on which any relevant gain would have been included in the company’s chargeable profits for the purposes of corporation tax (whether because it is a day on which the company became resident, or the asset became situated, in the United Kingdom or for any other reason).

Status: Point in time view as at 31/01/2013.

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- (7) In sub-paragraph (6) above the reference, in relation to a company, to a relevant gain is a reference to any gain which would have accrued to the company on the following assumptions, that is to say—
- (a) that the relevant company disposed of the asset on the day in question;
 - (b) that that disposal gave rise to a gain; and
 - (c) that any allowable losses which might have been available for deduction under section 8(1) of, or Schedule 7A to, the 1992 Act were to be disregarded.
- (8) In any case where the company acquired the asset on a disposal on which, by virtue of any enactment specified in section 35(3)(d) of the 1992 Act, neither a gain nor a loss accrued to the person making the disposal, the reference in sub-paragraph (6) or (7) above to the relevant company includes—
- (a) a reference to the company from which it acquired the asset; and
 - (b) if that company also acquired the asset on such a disposal, a reference to the company from which the asset was acquired by that company, and so on through any number of such disposals.
- (9) In any case where section 176 of the 1992 Act (depreciatory transactions within a group) would have applied in relation to the disposal referred to in sub-paragraph (3) above if that disposal had actually taken place, that section shall apply for the calculation of any deemed allowable loss to be brought into account by virtue of that sub-paragraph.
- (10) For the purposes of this paragraph a company that ceases to be within the charge to corporation tax shall be deemed to make a disposal of all its assets at their market value immediately before ceasing to be within that charge.
- (11) In this section—
- “market value” has the same meaning as in the 1992 Act; and
 - “relevant qualifying asset” has the same meaning as in paragraph 5 above.

Textual Amendments

- F159** Words in Sch. 15 para. 8(2) substituted (28.7.2000 with effect in relation to disposals on or after 1.4.2000) by 2000 c. 17, s. 102, Sch. 29 paras. 3(2), 45
- F160** Sch. 15 para. 8(5A) inserted (19.3.1997 with effect as mentioned in Sch. 13 para. 7 of the amending Act) by 1997 c. 15, s. 83(6), Sch. 13 para. 5
- F161** Word in Sch. 15 para. 8(6)(c) substituted (with effect in accordance with s. 155(2) of the amending Act) by Finance Act 2003 (c. 14), Sch. 27 para. 8(a)
- F162** Words in Sch. 15 para. 8(6)(c) substituted (with effect in accordance with s. 155(2) of the amending Act) by Finance Act 2003 (c. 14), Sch. 27 para. 8(b)

Election for alternative treatment of amounts specified in paragraph 8

- 9 (1) Subject to the following provisions of this paragraph, where (apart from this paragraph) any amount representing a deemed allowable loss would fall in the case of any company to be brought into account for any accounting period in accordance with sub-paragraph (3) of paragraph 8 above, the chargeable company may elect for that amount to be brought into account for that period for the purposes of this Chapter

Status: Point in time view as at 31/01/2013.

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[^{F163}or Part 5 of the Corporation Tax Act 2009], instead of in accordance with that sub-paragraph.

- (2) An amount brought into account for the purposes of this Chapter [^{F164}or that Part] by virtue of an election under this paragraph shall be so brought into account as a debit given for that period for the purposes of this Chapter [^{F165}or, as the case may be, that Part].
- (3) The question whether or not any debit brought into account for any accounting period in accordance with sub-paragraph (2) above is to be brought into account for that period as a non-trading debit shall be determined according to how other credits or debits relating to the loan relationship in question are, or (if there were any) would be, brought into account for that period.
- (4) No election shall be made under this paragraph in respect of any deemed allowable loss in any case where the asset in respect of which that loss is deemed to have accrued was one which, as at 1st April 1996, either—
 - (a) fell in accordance with section 127 or 214(9) of the 1992 Act (equation of new holding with previous holding) to be treated as the same as an asset which was not an asset representing a loan relationship; or
 - (b) would have so fallen but for section 116(5) of that Act.
- (5) An election shall not be made under this paragraph at any time more than two years after the occurrence of the relevant event by virtue of which the amount to which the election relates would fall to be brought into account in accordance with paragraph 8(3) above.

Textual Amendments

F163 Words in Sch. 15 para. 9(1) inserted (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. 444\(5\)\(a\)](#) (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)

F164 Words in Sch. 15 para. 9(2) inserted (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. 444\(5\)\(b\)\(i\)](#) (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)

F165 Words in Sch. 15 para. 9(2) inserted (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. 444\(5\)\(b\)\(ii\)](#) (with Sch. 2 paras. 1-10, 54)

Adjustments of opening value for mark to market accounting in the case of chargeable assets

^{F166}10

Textual Amendments

F166 Sch. 15 para. 10 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. 444\(6\), Sch. 3 Pt. 1](#) (with Sch. 2 paras. 1-10, 54)

Other adjustments in the case of chargeable assets etc.

11 (1) Where—

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- (a) an authorised accruals basis of accounting is applied as respects any continuing loan relationship of a company for the company's first relevant accounting period,
- (b) an asset representing that relationship is a relevant asset or any liability under it is a relevant liability, and
- (c) the relationship is not one as respects which, if the company had ceased to be a party to the relationship on 31st March 1996, any amounts would have been brought into account in computing, for an accounting period ending on or after that date, the profits or losses of the company from any trade carried on by it,

that accounting method shall be taken for the purposes of [F167Part 5 of the Corporation Tax Act 2009] to require the asset or liability to be given a notional closing value as at 31st March 1996 in accordance with paragraph 12 below and the following provisions of this paragraph shall apply if there is any difference in the case of that relationship between the amounts mentioned in sub-paragraph (2) below.

[F168(2) Those amounts are—

- (a) the notional closing value of the relationship as at 31st March 1996; and
- (b) the amount which would be taken on a computation made—
 - (i) in accordance with an authorised accruals basis of accounting, and
 - (ii) on the assumption that such a basis of accounting had always been used as respects that relationship,

to represent the accrued value of the loan relationship in question on 1st April 1996.

[If, in a case where the continuing loan relationship is a creditor relationship,—

- F169(2A)
- (a) the company acquired its rights under the relationship on or before 31st March 1996 by virtue of an arm's length transaction,
 - (b) for the accounting period in which it acquired those rights—
 - (i) there was no connection (as defined in sub-paragraph (2C) below) between the company and the person from whom the company acquired the asset, but
 - (ii) there was such a connection between the company and a company standing in the position of a debtor as respects the money debt, and
 - (c) there had been no such connection between the companies mentioned in paragraph (b)(ii) above at any time in the period which—
 - (i) begins 4 years before the date on which the company acquired those rights, and
 - (ii) ends twelve months before that date,

this paragraph shall have effect as if the amount mentioned in sub-paragraph (2)(b) above were an amount equal to the greater of the amounts mentioned in sub-paragraph (2B) below.

(2B) Those amounts are—

- (a) the fair value of the rights at the time when the company ceases to be a party to the loan relationship; and
- (b) the fair value of the rights on 1st April 1996.

(2C) For the purposes of sub-paragraph (2A) above there is a connection between a company and another person at any time if at that time—

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- (a) the other person is a company and one of the companies has control of the other,
- (b) the other person is a company and both companies are under the control of the same person, or
- (c) the company is a close company and the other person is a participator in that company or the associate of a person who is such a participator,

and there is a connection between a company and another person for an accounting period if there is a connection (within paragraphs (a) to (c) above) between the company and the person at any time in that accounting period.

(2D) For the purposes of sub-paragraph (2C) above—

- [^{F170}(a) sections 450 and 451 of the Corporation Tax Act 2010 (meaning of control) apply as they apply for the purposes of Part 10 of that Act;
- (b) subject to paragraph (c) below, “associate” and “participator” have the same meaning as in that Part (see sections 448 and 454 of that Act);]
- (c) a person shall not be regarded as a participator in relation to a company by reason only that he is a loan creditor of the company.]

(3) Where there is a difference between the amounts mentioned in sub-paragraph (2) above, that difference shall be brought into account—

- (a) where the amount mentioned in paragraph (a) of that sub-paragraph is the smaller, as a credit given for the purposes of [^{F171}Part 5 of the Corporation Tax Act 2009] for the accounting period in which the company ceases to be a party to the relationship; and
- (b) in any other case, as a debit so given.]

(5) Where the company ceases to be within the charge to corporation tax, it shall be deemed for the purposes of this paragraph to have ceased to be a party to the relationship in question immediately before ceasing to be within that charge.

(6) A credit or debit brought into account under this paragraph shall be brought into account as a non-trading credit or non-trading debit [^{F172}under Part 5 of the Corporation Tax Act 2009] .

(7) In this paragraph—

“chargeable asset”, in relation to a company, means (subject to sub-paragraph (8) below) any asset held by the company on 31st March 1996 in the case of which one of the following conditions is satisfied, that is to say—

- (a) a gain accruing to the company on a disposal of that asset on that date would have fallen to be treated in relation to the company as a chargeable gain; or
- (b) a chargeable gain or allowable loss would be deemed to have accrued to the company on any disposal of that asset on that date;

and

“relevant asset” means a chargeable asset or a relevant qualifying asset.

(8) An asset is not a chargeable asset for the purposes of this paragraph if (disregarding the provisions of this Chapter [^{F173}and Part 5 of the Corporation Tax Act 2009]) it is an asset any disposal of which on 31st March 1996 would have fallen to be regarded for the purposes of the 1992 Act as a disposal of a qualifying corporate bond.

Status: Point in time view as at 31/01/2013.

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- (9) Expressions used in this paragraph and paragraph 5 above have the same meanings in this paragraph as in that paragraph.

Textual Amendments

- F167** Words in Sch. 15 para. 11(1) 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. 444\(7\)\(a\)](#) (with Sch. 2 Pts. 1, 2, [Sch. 2 para. 54](#))
- F168** Sch. 15 para. 11(2)(3) substituted (19.3.1997 with effect as mentioned in [Sch. 13 para. 7](#) of the amending Act) for Sch. 15 para. 11(2)-(4) by [1997 c. 15, s. 83\(6\)](#), [Sch. 13 para. 6](#)
- F169** Sch. 15 para. 11(2A)-(2D) inserted (24.7.2002 with effect as mentioned in [s. 82\(2\)](#) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 82\(1\)](#), [Sch. 25 Pt. 1 para. 41\(2\)](#)
- F170** [Sch. 15 para. 11\(2D\)\(a\)\(b\)](#) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\)](#), [Sch. 1 para. 293](#) (with [Sch. 2](#))
- F171** Words in Sch. 15 para. 11(3)(a) 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. 444\(7\)\(a\)](#) (with Sch. 2 Pts. 1, 2, [Sch. 2 para. 54](#))
- F172** Words in Sch. 15 para. 11(6) inserted (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. 444\(7\)\(b\)](#) (with [Sch. 2 paras. 1-10, 54](#))
- F173** Words in Sch. 15 para. 11(8) inserted (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. 444\(7\)\(c\)](#) (with Sch. 2 Pts. 1, 2, [Sch. 2 para. 54](#))

^{F174}Reduction of paragraph 11 credit where s.251(4) of 1992 Act prevents paragraph 8 loss

Textual Amendments

- F174** Sch. 15 para. 11A and cross-heading inserted (24.7.2002 with effect as mentioned in [s. 82\(2\)](#) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 82\(1\)](#), [Sch. 25 Pt. 1 para. 42](#)

- 11A (1) This paragraph applies where, in the case of any asset representing in whole or in part a loan relationship of a company, an amount representing a deemed allowable loss would (apart from this paragraph) fall or have fallen to be brought into account in accordance with paragraph 8(3) above for an accounting period (whenever beginning or ending), but for section 251(4) of the 1992 Act (no allowable loss on disposal of debt acquired from connected person).
- (2) Where this paragraph applies, the amount of any credit falling within sub-paragraph (3) below shall be treated for the purposes of ^{F175}Part 5 of the Corporation Tax Act 2009] as reduced (but not below nil) by the amount described in sub-paragraph (1) above.
- (3) A credit falls within this sub-paragraph if (apart from this paragraph)—
- the credit falls to be given by virtue of paragraph 11(3)(a) above for an accounting period beginning on or after 1st October 2002; and
 - the loan relationship mentioned in paragraph 11(1)(a) above in the case of the credit is the same loan relationship as the one mentioned in sub-paragraph (1) above.]

Status: Point in time view as at 31/01/2013.

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Textual Amendments

F175 Words in Sch. 15 para. 11A(2) 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. 444\(8\)](#) (with Sch. 2 paras. 1-10, 54)

Notional closing values of relevant assets

- 12 (1) Subject to sub-paragraph (2) below, the notional closing value as at 31st March 1996 of any relevant asset representing a loan relationship of a company, or of any relevant liability, shall be taken for the purposes of paragraphs 5 and 11 above, to be an amount equal to the following amount, that is to say—
- (a) in the case of a chargeable asset, its market value on that date;
 - (b) in the case of a relevant qualifying asset or relevant liability, the value given to it as at the company’s commencement day for the purpose of computing any attributed amount.
- (2) Sub-paragraph (3) below applies where a company, by notice in writing given on or before 30th September 1996 to an officer of the Board, [^{F176}made] an election for the purposes of that sub-paragraph in relation to all of its relevant qualifying assets which—
- (a) apart from the election, would be given a notional closing value as at 31st March 1996 by sub-paragraph (1) above; and
 - (b) but for Chapter II of Part II of the ^{M25}Finance Act 1993 (exchange gains and losses), would be chargeable assets.
- (3) Where such an election [^{F177}was made] as respects those assets—
- (a) sub-paragraph (1) above shall not apply as respects those assets; but
 - (b) the value of each of those assets as at 1st April 1996 shall be taken for the purposes of this Chapter [^{F178}and Part 5 of the Corporation Tax Act 2009] to be its market value on that date.
- (4) In this paragraph “chargeable asset” and “relevant asset” have the same meanings as in paragraph 11 above; and expressions used in this paragraph and paragraph 5 above have the same meanings in this paragraph as in that paragraph.

Textual Amendments

F176 Word in Sch. 15 para. 12(2) 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. 444\(9\)\(a\)](#) (with Sch. 2 paras. 1-10, 54)

F177 Words in Sch. 15 para. 12(3) 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. 444\(9\)\(b\)\(i\)](#) (with Sch. 2 paras. 1-10, 54)

F178 Words in Sch. 15 para. 12(3) inserted (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. 444\(9\)\(b\)\(ii\)](#) (with Sch. 2 paras. 1-10, 54)

Marginal Citations

M25 1993 c. 34.

Further transitional rules for interest under loan relationships

^{F179}13

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F179 Sch. 15 para. 13 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. 444(10)(a), **Sch. 3 Pt. 1** (with Sch. 2 paras. 1-10, 54)

Transitional in respect of incidental expenses already allowed

F180 14

Textual Amendments

F180 Sch. 15 para. 14 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. 444(10)(b), **Sch. 3 Pt. 1** (with Sch. 2 paras. 1-10, 54)

Holdings of unit trusts etc.

F181 15

Textual Amendments

F181 Sch. 15 para. 15 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. 444(10)(c), **Sch. 3 Pt. 1** (with Sch. 2 paras. 1-10, 54)

Bad debt relieved before commencement

- 16 (1) This paragraph applies where—
- (a) an amount becomes, or is to become, due and payable under a creditor relationship of a company in an accounting period ending on or after 1st April 1996, but
 - (b) by virtue of any of sub-paragraphs (i) to (iii) of section 74(1)(j) of the Taxes Act 1988 (or any enactment re-enacted in those sub-paragraphs), a deduction of an amount representing the whole or any part of the amount payable was authorised to be made, and was made, in computing for the purposes of corporation tax the profits of the company for any accounting period ending before that date.
- (2) Subject to sub-paragraph (3) below, nothing in this Chapter [^{F182}or Part 5 of the Corporation Tax Act 2009] shall require it to be assumed for the purposes of this Chapter [^{F183}or that Part] that any part of the amount to which the deduction relates will be paid in full as it becomes due.
- (3) Subject to sub-paragraph (4) below, where—
- (a) the deduction relates to an amount payable under a creditor relationship of a company which has been proved or estimated to be a bad debt, but
 - (b) in an accounting period ending on or after 1st April 1996 the whole or any part of the liability under that relationship to pay that amount is discharged by payment,
- this Chapter [^{F184}and Part 5 of the Corporation Tax Act 2009] shall have effect, in the case of that company, as if there were a credit equal to the amount of the payment to

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be brought into account for the purposes of this Chapter [^{F185}and that Part] for that period.

- (4) Sub-paragraph (3) above does not apply to so much of any payment as is an amount in relation to which a credit [^{F186}fell] to be brought into account for the purposes of this Chapter in accordance with paragraph 13(4) above.

Textual Amendments

- F182** Words in Sch. 15 para. 16(2) inserted (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. 444(11)(a)(i)** (with Sch. 2 paras. 1-10, 54)
- F183** Words in Sch. 15 para. 16(2) inserted (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. 444(11)(a)(ii)** (with Sch. 2 paras. 1-10, 54)
- F184** Words in Sch. 15 para. 16(3) inserted (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. 444(11)(b)(i)** (with Sch. 2 paras. 1-10, 54)
- F185** Words in Sch. 15 para. 16(3) inserted (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. 444(11)(b)(ii)** (with Sch. 2 paras. 1-10, 54)
- F186** Word in Sch. 15 para. 16(4) 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. 444(11)(c)** (with Sch. 2 paras. 1-10, 54)

Transitional for overseas sovereign debt etc.

- 17 (1) Subject to any regulations under sub-paragraph (4) below and notwithstanding anything in the preceding provisions of this Schedule, the value which for the purposes of this Chapter [^{F187}and Part 5 of the Corporation Tax Act 2009] is to be taken to be the value as at 1st April 1996 of a company's rights under any creditor relationship relating to a relevant overseas debt any part of which falls to be estimated as bad, is the following amount—
- (a) where the company was not entitled to the debt before the end of its last period of account to end before 1st April 1996, the amount for which the company acquired those rights; and
 - (b) in any other case, the amount of so much of that debt as did not fall, in accordance with section 88B of the Taxes Act 1988, to be estimated as at the end of that period to be bad.
- (2) Subject to any regulations under sub-paragraph (4) below, sub-paragraph (3) below shall apply where there is a loss incurred before 1st April 1996 to which section 88C of the Taxes Act 1988 has applied or applies by virtue of paragraph 2 above.
- (3) Where, apart from this Chapter [^{F188}and Part 5 of the Corporation Tax Act 2009], any amount would have been allowed in respect of the loss as a deduction for any accounting period ending after 31st March 1996, that amount shall not be so allowed but shall, instead, be brought into account for the purposes of this Chapter [^{F189}and that Part] as if it were a debit given for that accounting period by paragraph 9 of Schedule 9 to this Act in respect of a loss incurred on or after 1st April 1996.
- (4) The Treasury may by regulations—
- (a) make such transitional provision as they consider appropriate for purposes connected with the coming into force of paragraphs 8 and 9 of Schedule 9 to this Act and the repeal of sections 88A to 88C of the Taxes Act 1988 (which contained corresponding provisions); and

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- (b) in connection with any such provision, make such modifications of this Schedule (including sub-paragraphs (1) to (3) above) as they consider appropriate;
and regulations made by virtue of this sub-paragraph may have retrospective effect in relation to any accounting periods ending on or after 1st April 1996.
- (5) The Treasury shall not make any regulations under sub-paragraph (4) above unless a draft of them has been laid before and approved by a resolution of the House of Commons.
- (6) In this paragraph “relevant overseas debt” has the same meaning as in paragraphs 8 and 9 of Schedule 9 to this Act.

Textual Amendments

- F187** Words in Sch. 15 para. 17(1) inserted (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. 444\(12\)\(a\)](#) (with [Sch. 2 paras. 1-10, 54](#))
- F188** Words in Sch. 15 para. 17(3) inserted (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. 444\(12\)\(b\)\(i\)](#) (with [Sch. 2 paras. 1-10, 54](#))
- F189** Words in Sch. 15 para. 17(3) inserted (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. 444\(12\)\(b\)\(ii\)](#) (with [Sch. 2 paras. 1-10, 54](#))

Transitional for accrued income scheme

F190 18

Textual Amendments

- F190** Sch. 15 para. 18 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. 444\(13\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 paras. 1-10, 54](#))

Deep discount securities

19 **F191**(1)

F192(2)

- (3) The repeal by this Act of section 64 of the ^{M26}Finance Act 1993 (deemed transfers in the case of deep discount securities) and of enactments relating to that section shall not apply in relation to relevant times falling before 1st April 1996; but for the purposes of that section and this sub-paragraph 31st March 1996 shall be deemed (where it would not otherwise be so) to be the last day of an accounting period.
- [^{F193}(3A) Any income that is treated as arising at the time mentioned in subsection (5) of that section, as it applies by virtue of sub-paragraph (3) above, shall be brought into account as a non-trading credit given for the purposes of [^{F194}Part 5 of the Corporation Tax Act 2009] for the accounting period in which that time falls.]
- (4) Where—
- (a) a company issued a deep discount security before 1st April 1996 which was not redeemed before that date, and

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- (b) there is a difference between the adjusted issue price of the security as at 31st March 1996 and the adjusted closing value of that security as at that date, the amount of that difference shall, in the case of that company, be brought into account for the purposes of [F¹⁹⁵Part 5 of the Corporation Tax Act 2009] in accordance with sub-paragraph (5) below.
- (5) An amount falling to be brought into account for the purposes of [F¹⁹⁶Part 5 of the Corporation Tax Act 2009] in accordance with this sub-paragraph shall be brought into account for those purposes for the accounting period in which the security is redeemed—
- (a) if the adjusted issue price of the security as at 31st March 1996 is greater than the adjusted closing value of the security as at that date, as a non-trading credit; and
 - (b) if the adjusted closing value of the security as at that date is the greater, as a non-trading debit.
- (6) Where—
- (a) a company held a deep discount security on 31st March 1996,
 - (b) the company did not make any disposal of that security on that date,
 - (c) the security is not one in relation to which there is, or is deemed to be, a relevant time on that date for the purposes of section 64 of the ^{M27}Finance Act 1993, and
 - (d) there is an amount which, if the company had made a disposal of that security on that date, would have been treated under paragraph 4 of Schedule 4 to the Taxes Act 1988 as income chargeable to tax under Case III or IV of Schedule D,
- that amount shall be brought into account as a non-trading credit given for the purposes of [F¹⁹⁷Part 5 of the Corporation Tax Act 2009] for the accounting period mentioned in sub-paragraph (9) below.
- (7) Where—
- (a) a company held a deep discount security on 31st March 1996,
 - [F¹⁹⁸(b) the company did not make any disposal of that security on that date,]
 - (c) the security is not an asset falling to be treated as a relevant asset of the company for the purposes of paragraph 11 above, and
 - (d) there is a difference between the adjusted issue price of the security as at 31st March 1996 and the adjusted closing value of that security as at that date,
- the amount of that difference (in addition to any amount given by sub-paragraph (6) above) shall, in the case of that company, be brought into account for the purposes of [F¹⁹⁹Part 5 of the Corporation Tax Act 2009] in accordance with sub-paragraph (8) below.
- (8) An amount falling to be brought into account for the purposes of [F²⁰⁰Part 5 of the Corporation Tax Act 2009] in accordance with this sub-paragraph shall be brought into account for those purposes for the accounting period mentioned in sub-paragraph (9) below—
- (a) if the adjusted issue price of the security as at 31st March 1996 is greater than the adjusted closing value of the security as at that date, as a non-trading debit; and

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- (b) if the adjusted closing value of the security as at that date is the greater, as a non-trading credit.
- (9) That period is the accounting period in which falls whichever is the earliest of the following, that is to say—
- (a) the earliest day after 31st March 1996 on which, under the terms on which the security was issued, the company holding the security is entitled to require it to be redeemed;
 - (b) the day on which the security is redeemed; and
 - (c) the day on which the company makes a disposal of that security.
- ^{F201}(10)
- (11) For the purposes of this paragraph, in relation to any company—
- (a) the adjusted issue price of a deep discount security as at 31st March 1996 is whatever for the purposes of Schedule 4 to the Taxes Act 1988 would have been the adjusted issue price of that security for an income period beginning with 1st April 1996; and
 - (b) the adjusted closing value of a security as at 31st March 1996 is the amount which for the purposes of [^{F202}this Chapter was] is the opening value as at 1st April 1996 of the company’s rights and liabilities under the loan relationship of the company that is represented by that security;
- and sub-paragraph (7) of paragraph 5 above shall apply for the purposes of this sub-paragraph as it applies for the purposes of that paragraph.
- (12) In this paragraph “deep discount security”, “disposal” and “income period” have the same meanings as in Schedule 4 to the Taxes Act 1988.

Textual Amendments

- F191** Sch. 15 para. 19(1) 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. 444\(14\)\(a\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#), [Sch. 2 para. 54](#))
- F192** Sch. 15 para. 19(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. 1 para. 444\(14\)\(a\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#), [Sch. 2 para. 54](#))
- F193** Sch. 15 para. 19(3A) inserted (27.7.1999 with effect as mentioned in [s. 67\(6\)](#) of the amending Act) by [1999 c. 16](#), [s. 67\(1\)](#)
- F194** Words in Sch. 15 para. 19(3A) 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. 444\(14\)\(b\)](#) (with [Sch. 2 Pts. 1, 2](#), [Sch. 2 para. 54](#))
- F195** Words in Sch. 15 para. 19(4) 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. 444\(14\)\(b\)](#) (with [Sch. 2 paras. 1-10, 54](#))
- F196** Words in Sch. 15 para. 19(5) 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. 444\(14\)\(b\)](#) (with [Sch. 2 paras. 1-10, 54](#))
- F197** Words in Sch. 15 para. 19(6) 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. 444\(14\)\(b\)](#) (with [Sch. 2 Pts. 1, 2](#), [Sch. 2 para. 54](#))
- F198** Sch. 15 para. 19(7)(b) substituted (27.7.1999 with effect as mentioned in [s. 67\(7\)](#) of the amending Act) by [1999 c. 16](#), [s. 67\(3\)](#)

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- F199** Words in Sch. 15 para. 19(7) 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. 444(14)(b)** (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)
- F200** Words in Sch. 15 para. 19(8) 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. 444(14)(b)** (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)
- F201** Sch. 15 para. 19(10) 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. 444(14)(c)**, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)
- F202** Words in Sch. 15 para. 19(11)(b) 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. 444(14)(d)** (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)

Marginal Citations

- M26** 1993 c. 34.
M27 1993 c. 34.

Deep gain securities

- 20 ^{F203}(1)
- (2) The repeal by this Act of section 65 of the ^{M28}Finance Act 1993 (deemed transfers in the case of deep gain securities) and of enactments relating to that section shall not apply in relation to relevant days falling before 1st April 1996; but for the purposes of that section and this sub-paragraph 31st March 1996 shall be deemed (where it would not otherwise be so) to be the last day of an accounting period.
- ^{F204}(2A) Any income that is treated as arising on the day mentioned in subsection (5) of that section, as it applies by virtue of sub-paragraph (2) above, shall be brought into account as a non-trading credit given for the purposes of ^{F205}Part 5 of the Corporation Tax Act 2009] for the accounting period in which that day falls.]
- (3) Where—
- (a) a company held a deep gain security on 31st March 1996,
 - (b) the security was not transferred or redeemed by that company on that date,
 - (c) the security is not one in relation to which that date is, or is deemed to be, a relevant day for the purposes of section 65 of the Finance Act 1993, and
 - (d) there is an amount which, if the company had made a transfer of that security on that date by selling it for its adjusted closing value, would have been treated under paragraph 5 of Schedule 11 to the Finance Act 1989 as income chargeable to tax under Case III or IV of Schedule D,
- that amount shall be brought into account as a non-trading credit given for the purposes of ^{F206}Part 5 of the Corporation Tax Act 2009] for the accounting period mentioned in sub-paragraph (4) below.
- (4) That period is the accounting period in which falls whichever is the earliest of the following, that is to say—
- (a) the earliest day after 31st March 1996 on which, under the terms on which the security was issued, the company holding the security is entitled to require it to be redeemed;
 - (b) the day on which the security is redeemed; and
 - (c) the day on which the company makes a disposal of that security.

Status: Point in time view as at 31/01/2013.

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- (5) For the purposes of this paragraph the adjusted closing value of a deep gain security held by a company on 31st March 1996 shall be the amount which for the purposes of [F207 this Chapter (as it had effect immediately before 1st April 2009) was] the opening value as at 1st April 1996 of the company's rights and liabilities under the relationship represented by that security; and sub-paragraph (7) of paragraph 5 above shall apply for the purposes of this sub-paragraph as it applies for the purposes of that paragraph.
- (6) In this paragraph “deep gain security” and “transfer” have the same meanings as in Schedule 11 to the M29 Finance Act 1989.

Textual Amendments

- F203** Sch. 15 para. 20(1) 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. 444(15)(a), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)
- F204** Sch. 15 para. 20(2A) inserted (27.7.1999 with effect as mentioned in s. 67(6) of the amending Act) by 1999 c. 16, s. 67(2)
- F205** Words in Sch. 15 para. 20(2A) 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. 444(15)(b) (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)
- F206** Words in Sch. 15 para. 20(3) 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. 444(15)(b) (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)
- F207** Words in Sch. 15 para. 20(5) 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. 444(15)(c) (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)

Marginal Citations

- M28** 1993 c. 34.
M29 1989 c. 26.

Convertible securities

- 21 F208(1)
- (2) Where—
- (a) a company held a qualifying convertible security on 31st March 1996,
 - (b) that date was not a date on which any chargeable event occurred in relation to that security, and
 - (c) there is an amount which, if there had been a chargeable event on that date, would have been treated under paragraph 12 of Schedule 10 to the Finance Act 1990 as income chargeable to tax under Case III or IV of Schedule D,
- that amount shall be brought into account, in the case of that company, as a non-trading credit given for the purposes of [F209 Part 5 of the Corporation Tax Act 2009] for the accounting period mentioned in sub-paragraph (3) below.
- (3) That period is the accounting period in which falls whichever is the earliest of the following, that is to say—

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- (a) the earliest day after 31st March 1996 on which, under the terms on which the security was issued, the company holding the security is entitled to require it to be redeemed;
 - (b) the day on which the security is redeemed; and
 - (c) the day on which the company makes a disposal of that security.
- (4) Where—
- (a) any qualifying convertible security is redeemed, and
 - (b) that security is one in the case of which any amount falls to be brought into account under sub-paragraph (2) above,
- an amount equal to that amount shall be brought into account, in the case of the company that issued the security, as a non-trading debit given for the purposes of [F210Part 5 of the Corporation Tax Act 2009] for the accounting period in which the redemption occurs.
- (5) In this paragraph “chargeable event” and “qualifying convertible security” have the same meanings as in Schedule 10 to the Finance Act 1990.

Textual Amendments

F208 Sch. 15 para. 21(1) 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. 444(16)(a), **Sch. 3 Pt. 1** (with , Sch. 2 paras. 1-10, 54)

F209 Words in Sch. 15 para. 21(2) 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. 444(16)(b)** (with Sch. 2 paras. 1-10, 54)

F210 Words in Sch. 15 para. 21(4) 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. 444(16)(b)** (with Sch. 2 paras. 1-10, 54)

Transitional and savings for Chapter II of Part II of the Finance Act 1993

22 **F211**

Textual Amendments

F211 Sch. 15 para. 22-24 repealed (24.7.2002 with effect as mentioned in s. 79(3) of and Sch. 23 to the repealing Act) by Finance Act 2002 (c. 23), ss. 79(2), 141, **Sch. 23 Pt. 1 para. 16, Sch. 40 Pt. 3(10)** (with Sch. 23 Pt. 3 para. 25)

Carrying back non-trading losses against exchange profits etc.

23 **F212**

Textual Amendments

F212 Sch. 15 para. 22-24 repealed (24.7.2002 with effect as mentioned in s. 79(3) of and Sch. 23 to the repealing Act) by Finance Act 2002 (c. 23), ss. 79(2), 141, **Sch. 23 Pt. 1 para. 16, Sch. 40 Pt. 3(10)** (with Sch. 23 Pt. 3 para. 25)

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Exchange losses etc. carried forward from before 1st April 1996

24 F213

Textual Amendments

F213 Sch. 15 para. 22-24 repealed (24.7.2002 with effect as mentioned in s. 79(3) of and Sch. 23 to the repealing Act) by [Finance Act 2002 \(c. 23\)](#), ss. 79(2), 141, [Sch. 23 Pt. 1 para. 16](#), [Sch. 40 Pt. 3\(10\)](#) (with [Sch. 23 Pt. 3 para. 25](#))

Transitional for debt contracts and options to which Chapter II of Part IV of the Finance Act 1994 is applied

25 F214

Textual Amendments

F214 Sch. 15 para. 25 repealed (24.7.2002 with effect in accordance with s. 83(3) of the repealing Act) by [Finance Act 2002 \(c. 23\)](#), s. 141, [Sch. 40 Pt. 3\(13\)](#)

PART II

INCOME TAX AND CAPITAL GAINS TAX

Application and interpretation of Part II

- 26 (1) This Part of this Schedule (except paragraph 29) has effect for the purposes of income tax and capital gains tax but not for the purposes of corporation tax.
- (2) In this Part of this Schedule—
- “the 1992 Act” means the ^{M30}Taxation of Chargeable Gains Act 1992;
 - “market value” has the same meaning as in the 1992 Act;
 - “qualifying indexed security” has the meaning given by paragraph 2 of Schedule 11 to the ^{M31}Finance Act 1989; and
 - [^{F215}“deeply discounted security” has the same meaning as in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (see section 430)].
- (3) References in this Part of this Schedule to a disposal within marriage [^{F216}or civil partnership] are references to any disposal to which section 58 of the 1992 Act applies.

Textual Amendments

- F215** Words in Sch. 15 para. 26(2) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 491\(2\)](#) (with [Sch. 2](#))
- F216** Words in Sch. 15 para. 26(3) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), [130](#)

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Marginal Citations

M30 1992 c. 12.

M31 1989 c. 26.

Qualifying indexed securities

- 27 (1) This paragraph applies where—
- (a) on 5th April 1996 any person (“the relevant person”) held a qualifying indexed security;
 - (b) that person did not dispose of that security on that date and does not fall (apart from by virtue of this paragraph) to be treated for the purposes of the 1992 Act as having made a disposal of it on that date; and
 - (c) a relevant event occurs.
- (2) For the purposes of this paragraph a relevant event occurs on the first occasion after 5th April 1996 when the relevant person, or a person to whom that person has made a disposal of the security within marriage [^{F217}or civil partnership], falls to be treated for the purposes of the 1992 Act as making a disposal (otherwise than within marriage [^{F217}or civil partnership]) which is—
- (a) a disposal of the security in question; or
 - (b) a disposal of any such asset as falls to be treated for the purposes of that Act as the same as that security.
- (3) The amount of any chargeable gain or allowable loss which would have been treated as accruing to the relevant person if—
- (a) he had made a disposal of the asset on 5th April 1996, and
 - (b) that disposal had been for a consideration equal to the market value of the asset,
- shall be brought into account as one accruing to the person who makes the disposal constituting the relevant event in the year of assessment in which that event occurs.

Textual Amendments

F217 Words in Sch. 15 para. 27(2) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **130**

- 28 For the purposes of [^{F218}Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (profits from deeply discounted securities)] where—
- (a) a person held a qualifying indexed security both on and immediately after 5th April 1996, and
 - (b) that security is a [^{F218}deeply] discounted security,
- the amount which that person shall be taken to have paid in respect of his acquisition of that security on or before 5th April 1996 shall be an amount equal to its market value on that date.

Textual Amendments

F218 Words in Sch. 15 para. 28 substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 491\(3\)](#) (with Sch. 2)

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- 29 For the purposes of paragraph 2 of Schedule 10 to this Act, paragraphs 27 and 28 above shall have effect in relation to an authorised unit trust for the first of its accounting periods to end after 31st March 1996 as if references in those paragraphs to 5th April 1996 were references to 31st March 1996.

Transitional in relation to qualifying corporate bonds

- 30 (1) This paragraph applies where—
- (a) any person holds any asset on and immediately after 5th April 1996;
 - (b) that asset is one which came to be held by that person as a result of a transaction to which section 127 of the 1992 Act applies; and
 - (c) that asset falls from 5th April 1996 to be treated as a [^{F219}deeply] discounted security but is neither a qualifying indexed security nor such that it would have fallen to be treated as a qualifying corporate bond in relation to any disposal of it on that date.
- (2) Section 116 of the 1992 Act (reorganisations etc. involving qualifying corporate bonds) shall have effect as if—
- (a) there had been a transaction on 5th April 1996 by which the person holding the asset had disposed of it and immediately re-acquired it;
 - (b) the asset re-acquired had been a qualifying corporate bond; and
 - (c) the transaction had been a transaction to which section 127 of the 1992 Act would have applied but for section 116(5) of that Act.

Textual Amendments

F219 Word in Sch. 15 para. 30(1)(c) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 491\(4\)](#) (with Sch. 2)

^{F220}SCHEDULE 16

Section 114.

Textual Amendments

F220 Sch. 16 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)

SCHEDULE 17

Section 128.

CLAIMS FOR RELIEF INVOLVING TWO OR MORE YEARS

Preliminary

- 1 (1) In this Schedule—

Status: Point in time view as at 31/01/2013.

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- (a) any reference to a claim includes a reference to an election or notice; and
 - (b) any reference to the amount in which a person is chargeable to tax is a reference to the amount in which he is so chargeable after taking into account any relief or allowance for which a claim is made.
- (2) For the purposes of this Schedule, two or more claims to which this Schedule applies which are made by the same person are associated with each other in so far as the same year of assessment is the earlier year in relation to each of those claims.
- (3) In sub-paragraph (2) above, any reference to claims to which this Schedule applies includes a reference to amendments and revocations to which paragraph 4 below applies.

Loss relief

- 2
- (1) This paragraph applies 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”).
- (2) Section 42(2) of this Act shall not apply in relation to the claim.
- (3) The claim shall relate to the later year.
- (4) Subject to sub-paragraph (5) below, the claim shall be for an amount equal to the difference between—
- (a) the amount in which the person is chargeable to tax for the earlier year (“amount A”); and
 - (b) the amount in which he would be so chargeable on the assumption that effect could be, and were, given to the claim in relation to that year (“amount B”).
- (5) Where effect has been given to one or more associated claims, amounts A and B above shall each be determined on the assumption that effect could have been, and had been, given to the associated claim or claims in relation to the earlier year.
- (6) Effect shall be given to the claim in relation to the later year, whether by repayment or set-off, or by an increase in the aggregate amount given by section 59B(1)(b) of this Act, or otherwise.
- (7) For the purposes of this paragraph, any deduction made under section 62(2) of the 1992 Act (death: general provisions) in respect of an allowable loss shall be deemed to be made in pursuance of a claim requiring relief to be given in respect of that loss.

Relief for fluctuating profits of farming etc.

- 3
- (1) This paragraph applies where a person who is or has been carrying on a trade of farming or market gardening claims that subsection (2) or (3) of section 96 of the principal Act shall have effect in relation to his profits from that trade for two consecutive years of assessment (“the earlier year” and “the later year”).
- (2) The claim shall relate to the later year.
- (3) Subject to sub-paragraph (4) below, in so far as the claim relates to the profits of the earlier year, the claim shall be for an amount equal to the difference between—
- (a) the amount in which the person is chargeable to tax for the earlier year (“amount A”); and

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- (b) the amount in which he would be so chargeable on the assumption that effect could be, and were, given to the claim in relation to that year (“amount B”).
- (4) Where effect has been given to one or more associated claims, amounts A and B above shall each be determined on the assumption that effect could have been, and had been, given to the associated claim or claims in relation to the earlier year.
- (5) In so far as the claim relates to the profits of the earlier year, effect shall be given to the claim in relation to the later year by an increase in the amount of tax payable or, as the case may require, in the aggregate amount given by section 59B(1)(b) of this Act.
- (6) Where this paragraph applies twice in relation to the same year of assessment, the increase or reduction in the amount of tax payable for that year which is required by sub-paragraph (5) above on the earlier application shall be disregarded in determining amounts A and B above for the purposes of the later application.

Relief claimed by virtue of section 96(9)

- 4
- (1) This paragraph applies where—
 - (a) a person who claims that subsection (2) or (3) of section 96 of the principal Act shall have effect for two consecutive years of assessment (“the earlier year” and “the later year”) makes or amends a claim for relief under any other provision of the Income Tax Acts for either of those years; and
 - (b) the making or amendment of the claim would be out of time but for subsection (9) of that section.
 - (2) The claim or amendment shall relate to the later year.
 - (3) Subject to sub-paragraph (4) below, in so far as the claim or amendment relates to income of the earlier year, the amount claimed, or (as the case may be) the increase or reduction in the amount claimed, shall be equal to the difference between—
 - (a) the amount in which the person is chargeable to tax for the earlier year (“amount A”); and
 - (b) the amount in which he would be so chargeable on the assumption that effect could be, and were, given to the claim or amendment in relation to that year (“amount B”).
 - (4) Where effect has been given to one or more associated claims, amounts A and B above shall each be determined on the assumption that effect could have been, and had been, given to the associated claim or claims in relation to the earlier year.
 - (5) In so far as the claim or amendment relates to income of the earlier year, effect shall be given to the claim or amendment in relation to the later year by an increase in the amount of tax payable or, as the case may require, in the aggregate amount given by section 59B(1)(b) of this Act.
 - (6) In this paragraph “amend” includes revoke and “amendment” shall be construed accordingly.

Carry-back of post-cessation etc. receipts

- 5
- (1) This paragraph applies where a person who has received a sum to which section 108 of the principal Act applies (election for carry-back) makes an election under that section requiring tax to be charged as if the sum were received on the date on which

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the discontinuance took place or, as the case may be, on the last day of the period at the end of which the change of basis took place; and in this paragraph—

“the earlier year” means the year in which the sum is treated as received;

“the later year” means the year in which the sum is received.

- (2) The claim shall relate to the later year.
- (3) Subject to sub-paragraph (4) below, the claim shall be for an amount equal to the difference between—
 - (a) the amount in which the person is chargeable to tax for the earlier year (“amount A”); and
 - (b) the amount in which he would be so chargeable on the assumption that effect could be, and were, given to the claim in relation to that year (“amount B”).
- (4) Where effect has been given to one or more associated claims, amounts A and B above shall each be determined on the assumption that effect could have been, and had been, given to the associated claim or claims in relation to the earlier year.
- (5) In computing amount B for the purposes of this paragraph, no further deduction or relief shall be made or given in respect of any loss or allowance deducted in pursuance of section 105 of the principal Act.
- (6) Effect shall be given to the claim in relation to the later year by an increase in the amount of tax payable.

Backward spreading of certain payments

- 6 (1) This paragraph applies where a person who has received a payment to which any of the following sections applies, namely—
 - (a) section 534 of the principal Act (relief for copyright payments etc.);
 - (b) section 537A of that Act (relief for payments in respect of designs); and
 - (c) section 538 of that Act (relief for painters, sculptors and other artists),
 makes a claim under subsection (1) of that section requiring that effect be given to the following provisions of that section in connection with that payment.
- (2) The claim shall relate to the year of assessment in which the payment in question is receivable (“the payment year”); and for the purposes of this sub-paragraph a payment shall be regarded as receivable in the year of assessment in computing the amount of the profits or gains of which it would, but for the relevant section, be included.
- (3) Subject to sub-paragraph (4) below, in so far as the claim relates to the profits or gains of a year of assessment earlier than the payment year (“the earlier year”), the claim shall be for an amount equal to the difference between—
 - (a) the amount in which the person is chargeable to tax for the earlier year (“amount A”); and
 - (b) the amount in which he would be so chargeable on the assumption that effect could be, and were, given to the claim or amendment in relation to that year (“amount B”).
- (4) Where effect has been given to one or more associated claims, amounts A and B above shall each be determined on the assumption that effect could have been, and had been, given to the associated claim or claims in relation to the earlier year.

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- (5) In so far as the claim relates to the profits or gains of the earlier year, effect shall be given to the claim in relation to the payment year by an increase in the amount of tax payable.

SCHEDULE 18

Section 132.

OVERDUE TAX AND EXCESSIVE PAYMENTS BY THE BOARD

The Taxes Management Act 1970

- 1 In section 55 of the ^{M32}Taxes Management Act 1970 (recovery of tax not postponed) in subsection (1) (which specifies the appeals to which section 55 applies) for paragraph (b) (assessments under section 29) there shall be substituted—

“(b) an assessment to tax made otherwise than under section 9 of this Act,”.

Marginal Citations

M32 1970 c. 9.

- 2 (1) Section 59A of the Taxes Management Act 1970 (payments on account of income tax) shall be amended in accordance with the following provisions of this paragraph.
- (2) In subsection (2) (requirement to make payments on account and determination, subject to subsections (4) and (4A), of the amount of such payments) for “(4) and (4A)” there shall be substituted “ (4) to (4B) ”.
- (3) In subsection (4A) (determination, subject to subsections (3) and (4), of amount of payments on account in the case of late or amended assessments), after “subsections (3) and (4) above” there shall be inserted “ and subsection (4B) below ”.
- (4) After subsection (4A) there shall be inserted—
- “(4B) If as regards the year immediately preceding the year of assessment the taxpayer is assessed to income tax under section 29 of this Act in any amount, then, subject to subsections (3) and (4) above and to any subsequent application of this subsection, the amount of each payment on account shall be, and shall be deemed always to have been, the total of—
- (a) the amount which, immediately before the making of the assessment under section 29, is the amount of that payment, and
- (b) an amount equal to 50 per cent. of the amount in which he is assessed under that assessment;
- and if that assessment is varied, the amount in which he is assessed under it shall be taken for the purposes of paragraph (b) above to be the amount of the assessment as varied.”
- (5) In subsection (5) (adjustments to be made where subsection (4A) applies) after “subsection (4A)” there shall be inserted “ or (4B) ”.

Status: Point in time view as at 31/01/2013.

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- 3 (1) Section 86 of the ^{M33}Taxes Management Act 1970 (interest on overdue income tax and capital gains tax) shall be amended in accordance with the following provisions of this paragraph.
- (2) In subsection (4) (subsection (5) to apply with respect to interest in cases where taxpayer makes a claim under section 59A(3) or (4) but an amount becomes payable by him under certain provisions of section 59B) in paragraph (b), after “payable by him” there shall be inserted “ (i) ” and at the end of that paragraph there shall be added “or
- (ii) in accordance with section 59B(6) of this Act in respect of income tax assessed under section 29 of this Act.”
- (3) In subsection (6) (determination of what amount is payable in accordance with section 59B(3), (4) or (5)) after “section 59B(3), (4) or (5) of this Act” there shall be inserted “ or, in respect of income tax assessed under section 29 of this Act, in accordance with section 59B(6) of this Act ”.

Marginal Citations

M33 1970 c. 9.

- 4 (1) Section 88 of the Taxes Management Act 1970 (which relates to interest on tax recovered to make good loss due to the taxpayer’s fault and which is superseded by section 86 of that Act, as substituted by the ^{M34}Finance Act 1995) shall cease to have effect.
- (2) In consequence of the repeal of section 88 of the ^{M35}Taxes Management Act 1970—
- (a) section 88A of that Act (determinations under section 88) shall cease to have effect;
- (b) in section 91 of that Act (effect of interest on reliefs) in subsection (1)—
- (i) the words “or section 88” shall cease to have effect; and
- (ii) for the words “those provisions”, in each place where they occur, there shall be substituted “ that section ”; and
- (c) in section 113 of that Act (form of returns and other documents) subsection (1C) shall cease to have effect.

Marginal Citations

M34 1995 c. 4.

M35 1970 c. 9.

The Taxes Act 1988

- 5 In section 307 of the Taxes Act 1988 (enterprise investment scheme and business expansion scheme: withdrawal of relief) in subsection (6) (application of section 86 of the Taxes Management Act 1970 to assessments made by virtue of section 307 as if the reckonable date were as specified in that subsection) for “the reckonable date” there shall be substituted “ the relevant date ”.
- 6 (1) Section 369 of the Taxes Act 1988 (MIRAS) shall be amended in accordance with the following provisions of this paragraph.

Status: Point in time view as at 31/01/2013.

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(2) In subsection (7)—

- (a) for paragraph (a) (which applies section 29(3)(c) of the Taxes Management Act 1970) there shall be substituted—
 - “(a) section 29(1)(c) (excessive relief) as it has effect apart from section 29(2) to (10) of that Act;”;
- (b) in paragraph (b) (which applies section 30 of the Taxes Management Act 1970) after the words in parentheses there shall be inserted “ apart from subsection (1B) ”;
- (c) in paragraph (c) (which applies section 88 of the Taxes Management Act 1970) for “section 88” there shall be substituted “ section 86 ”; and
- (d) in the words following paragraph (d) after “as if it had been repaid” there shall be inserted “ as respects a chargeable period ”.

(3) After subsection (7) there shall be inserted—

- “(8) In the application of section 86 of the Management Act by virtue of subsection (7) above in relation to sums due and payable by virtue of an assessment made for the whole or part of a year of assessment (“the relevant year of assessment”) under section 29(1)(c) or 30 of that Act, as applied by that subsection, the relevant date—
 - (a) is 1st January in the relevant year of assessment in a case where the person falling within subsection (6) above has made a relevant interim claim; and
 - (b) in any other case, is the later of the following dates, that is to say—
 - (i) 1st January in the relevant year of assessment; or
 - (ii) the date of the making of the payment by the Board which gives rise to the assessment.

(9) In this section—

“financial year”, in relation to any person, means a financial year of that person for the purposes of the relevant regulations;

“interim claim” means an interim claim within the meaning of the relevant regulations;

“relevant interim claim” means, in relation to an assessment made for a period coterminous with, or falling wholly within, a person’s financial year, an interim claim made for a period falling wholly or partly within that financial year; and

“the relevant regulations” means regulations made under section 378(3) for the purposes of subsection (6) above.”

7 In section 374A of the Taxes Act 1988 (interest which never has been relevant loan interest etc) in subsection (4) (which provides for the application of the ^{M36}Taxes Management Act 1970 to an assessment under subsection (3) of that section as if it were an assessment to income tax and as if certain other things were the case) the words from “and as if” onwards shall be omitted.

Marginal Citations

M36 1970 c. 9.

Status: Point in time view as at 31/01/2013.

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- 8 In section 375 of the Taxes Act 1988 (interest ceasing to be relevant loan interest etc) in subsection (4) (which provides for the application of the Taxes Management Act 1970 to an assessment under subsection (3) of that section as it applies by virtue of section 374A(4) to an assessment under section 374A(3)) for “as it applies, by virtue of subsection (4) of section 374A, to an assessment under subsection (3) of that section” there shall be substituted “ as if it were an assessment to income tax for the year of assessment in which the deduction was made ”.
- 9 In section 412(4) of the Taxes Act 1988 (group relief: power to assess under section 412(3) is without prejudice to the making of assessments under section 29(3)(c) of the Taxes Management Act 1970) for “section 29(3)(c)” there shall be substituted “ section 29(1)(c) ”.

F221 10

Textual Amendments

F221 Sch. 18 para. 10 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\)](#), [Sch. 3](#) (with [Sch. 2](#))

- 11 (1) Schedule 14 to the Taxes Act 1988 (life assurance premium relief: provisions ancillary to section 266) shall be amended in accordance with the following provisions of this paragraph.
- (2) In paragraph 6(2) (which provides for the application of the ^{M37}Taxes Management Act 1970 to an assessment under paragraph 6 of that Schedule as if it were an assessment to tax for the year of assessment in which the relief was given and as if certain other things were the case) the words from “and as if” onwards shall be omitted.
- (3) In paragraph 7(3) (which applies specified provisions of the Taxes Management Act 1970 to the payment of a sum claimed under section 266(5)(b))—
- (a) for paragraph (a) (which applies section 29(3)(c) of the Taxes Management Act 1970) there shall be substituted—
 - “(a) section 29(1)(c) (excessive relief) as it has effect apart from section 29(2) to (10) of that Act;”;
 - (b) in paragraph (b) (which applies section 30 of the Taxes Management Act 1970) after the words in parentheses there shall be inserted “ apart from subsection (1B) ”;
 - (c) in paragraph (c) (which applies section 88 of the Taxes Management Act 1970) for “section 88” there shall be substituted “ section 86 ”; and
 - (d) for the words following paragraph (d) there shall be substituted—

“shall apply in relation to an amount which is paid to any person by the Board as an amount recoverable by virtue of section 266(5)(b) but to which that person is not entitled as if it were income tax which ought not to have been repaid and, where that amount was claimed by that person, as if it had been repaid as respects a chargeable period as a relief which was not due.”
- (4) After paragraph 7(3) there shall be added—
- “(4) In the application of section 86 of the Management Act by virtue of subparagraph (3) above in relation to sums due and payable by virtue of an

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assessment made for the whole or part of a year of assessment (“the relevant year of assessment”) under section 29(1)(c) or 30 of that Act, as applied by that sub-paragraph, the relevant date—

- (a) is 1st January in the relevant year of assessment in a case where the person falling within section 266(5)(b) has made a relevant interim claim; and
- (b) in any other case, is the later of the following dates, that is to say—
 - (i) 1st January in the relevant year of assessment; or
 - (ii) the date of the making of the payment by the Board which gives rise to the assessment.

(5) In this paragraph—

“financial year”, in relation to any person, means a financial year of that person for the purposes of the relevant regulations;

“interim claim” means an interim claim within the meaning of the relevant regulations;

“relevant interim claim” means, in relation to an assessment made for a period coterminous with, or falling wholly within, a person’s financial year, an interim claim made for a period falling wholly or partly within that financial year;

“the relevant regulations” means regulations made under sub-paragraph (1) above.”

Marginal Citations

M37 1970 c. 9.

The Finance Act 1989

[^{F222}12(1) Section 57 of the ^{M38}Finance Act 1989 (medical insurance: supplementary) shall be amended in accordance with the following provisions of this paragraph.

(2) In subsection (3) (which applies specified provisions of the ^{M39}Taxes Management Act 1970 to the payment of an amount claimed under section 54(6)(b))—

(a) for paragraph (a) (which applies section 29(3)(c) of the Taxes Management Act 1970) there shall be substituted—

“(a) section 29(1)(c) (excessive relief) as it has effect apart from section 29(2) to (10) of that Act;”;

(b) in paragraph (b) (which applies section 30 of the Taxes Management Act 1970) after the words in parentheses there shall be inserted “ apart from subsection (1B) ”;

(c) in paragraph (c) (which applies section 88 of the Taxes Management Act 1970) for “section 88” there shall be substituted “ section 86 ”; and

(d) for the words following paragraph (d) there shall be substituted—

“shall apply in relation to an amount which is paid to any person by the Board as an amount recoverable by virtue of section 54(6)(b) above but to which that person is not entitled as if it were income tax which ought not to have been repaid and, where that amount was claimed by that person, as if it had been repaid as respects a chargeable period as a relief which was not due.”

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(3) After subsection (3) there shall be inserted—

“(3A) In the application of section 86 of the Taxes Management Act 1970 by virtue of subsection (3) above in relation to sums due and payable by virtue of an assessment made under section 29(1)(c) or 30 of that Act, as applied by that subsection, the relevant date—

- (a) in a case where the person falling within section 54(6) above has made any interim claim, within the meaning of regulations made under subsection (1) and section 54(4) above, as respects some part of the year of assessment for which the assessment is made, is 1st January in that year of assessment; and
- (b) in any other case, is the later of the following dates, that is to say—
 - (i) 1st January in the year of assessment for which the assessment is made; or
 - (ii) the date of the making of the payment by the Board which gives rise to the assessment.”]

Textual Amendments

F222 Sch. 18 para. 12 repealed (31.7.1997 with effect as mentioned in Sch. 8 Pt. II(2), Note of the amending Act) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(2)**

Marginal Citations

M38 1989 c. 26.

M39 1970 c. 9.

13 In section 178 of the Finance Act 1989 (setting rates of interest) in subsection (2) (f) (which specifies the provisions of the Taxes Management Act 1970 to which the section applies) the words “88” shall be omitted.

The Finance Act 1991

[^{F223}14(1) Section 33 of the ^{M40}Finance Act 1991 (vocational training) shall be amended in accordance with the following provisions of this paragraph.

(2) In subsection (3) (which applies specified provisions of the Taxes Management Act 1970 to the payment of an amount claimed under section 32(5)(b))—

- (a) for paragraph (a) (which applies section 29(3)(c) of the Taxes Management Act 1970) there shall be substituted—
 - “(a) section 29(1)(c) (excessive relief) as it has effect apart from section 29(2) to (10) of that Act;”;
- (b) in paragraph (b) (which applies section 30 of the ^{M41}Taxes Management Act 1970) after the words in parentheses there shall be inserted “ apart from subsection (1B) ”;
- (c) in paragraph (c) (which applies section 88 of the Taxes Management Act 1970) for “section 88” there shall be substituted “ section 86 ”; and
- (d) for the words following paragraph (d) there shall be substituted—

“shall apply in relation to an amount which is paid to any person by the Board as an amount recoverable by virtue of section 32(5)(b) above but to which that person is not entitled as if it were income tax which ought not

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

to have been repaid and, where that amount was claimed by that person, as if it had been repaid as respects a chargeable period as a relief which was not due.”

(3) After subsection (3) there shall be inserted—

“(3A) In the application of section 86 of the Taxes Management Act 1970 by virtue of subsection (3) above in relation to sums due and payable by virtue of an assessment made under section 29(1)(c) or 30 of that Act, as applied by that subsection, the relevant date—

- (a) in a case where the person falling within section 32(5) above has made any interim claim, within the meaning of regulations made under subsection (1) above, as respects some part of the year of assessment for which the assessment is made, is 1st January in that year of assessment; and
- (b) in any other case, is the later of the following dates, that is to say—
 - (i) 1st January in the year of assessment for which the assessment is made; or
 - (ii) the date of the making of the payment by the Board which gives rise to the assessment.”]

Textual Amendments

F223 Sch. 18 para. 14 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(15), Note of the amending Act) by 1999 c. 16, s. 139, Sch. 20 Pt. III(15)

Marginal Citations

M40 1991 c. 31.

M41 1970 c. 9.

The Taxation of Chargeable Gains Act 1992

- 15 (1) Section 281 of the ^{M42}Taxation of Chargeable Gains Act 1992 (payment by instalments of tax on gifts) shall be amended in accordance with the following provisions of this paragraph.
- (2) In subsection (5), for paragraph (a) (tax payable by instalments to carry interest in accordance with Part IX of the Taxes Management Act 1970, except section 88) there shall be substituted—
- “(a) tax payable by instalments by virtue of this section carries interest in accordance with Part IX of the Management Act as that Part applies where no election is made under subsection (2) above, and”.
- (3) In subsection (6) (power to pay at any time unpaid tax payable by instalments, with interest to the date of payment) after “with interest” there shall be inserted “ (determined in accordance with subsection (5)(a) above) ”.
- (4) In subsection (7) (cases where tax payable by instalments, with interest to the date of payment, becomes due and payable immediately) after “with interest” there shall be inserted “ (determined in accordance with subsection (5)(a) above as if the tax were tax payable by instalments by virtue of this section) ”.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Marginal Citations

M42 1992 c. 12.

The Finance Act 1995

- 16 In section 73(4) of the ^{M43}Finance Act 1995 (power to apply certain provisions of the Taxes Management Act 1970 in relation to certain sums payable in connection with venture capital trusts)—
- (a) for “section 29(3)(c)” there shall be substituted “ section 29(1)(c) ”;
 - (b) for “section 88” there shall be substituted “ section 86 ”; and
 - (c) after paragraph (d) there shall be added—

“and section 86 of that Act may be so applied with such modifications as respects the relevant date as may be specified in the regulations.”

Marginal Citations

M43 1995 c. 4.

Commencement

- 17 (1) Paragraphs 1 to 3, 6(2)(a) and (b), 8, ^{F224}... 11(3)(a) and (b), [^{F225}12(2)(a) and (b)], 14(2)(a) and (b) and 16(a) above have effect, subject to sub-paragraph (2) below—
- (a) for the purposes of income tax and capital gains tax, as respects the year 1996-97 and subsequent years of assessment; and
 - (b) for the purposes of corporation tax, as respects accounting periods ending on or after the day appointed under section 199 of the ^{M44}Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (self-assessment management provisions).
- (2) Paragraphs 1, 3, 6(2)(a) and (b), ^{F224}... 11(3)(a) and (b), [^{F225}12(2)(a) and (b)] and 14(2)(a) and (b) above, so far as relating to partnerships whose trades, professions or businesses were set up and commenced before 6th April 1994, has effect as respects the year 1997-98 and subsequent years of assessment.
- (3) Paragraphs 4, 5, 6(2)(c) and (3), 11(3)(c) and (4), [^{F225}12(2)(c) and (3)], 13, 14(2)(c) and (3), 15 and 16(b) and (c) above have effect, subject to sub-paragraph (4) below—
- (a) as respects the year 1996-97 and subsequent years of assessment; and
 - (b) in relation to any income tax or capital gains tax which—
 - (i) is charged by an assessment made on or after 6th April 1998; and
 - (ii) is for the year 1995-96 or any earlier year of assessment;
- and where sub-paragraph (4) of paragraph 11, sub-paragraph (3) of paragraph 12, or sub-paragraph (3) of paragraph 14 has effect by virtue of paragraph (b) of this sub-paragraph it shall have effect with the substitution, in the provision inserted by that sub-paragraph, for “section 29(1)(c)” of “ section 29(3)(c) ”.

Status: Point in time view as at 31/01/2013.

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- (4) Paragraphs 4, 6(2)(c) and (3), 11(3)(c) and (4), [F²²⁵12(2)(c) and (3)], 13 and 14(2)(c) and (3) above, so far as relating to partnerships whose trades, professions or businesses were set up and commenced before 6th April 1994 have effect—
- (a) as respects the year 1997-98 and subsequent years of assessment; and
 - (b) in relation to any income tax which—
 - (i) is charged by an assessment made on or after 6th April 1998; and
 - (ii) is for the year 1995-96 or any earlier year of assessment.
- (5) Paragraphs 7 and 11(2) above have effect—
- (a) as respects the year 1996-97 and subsequent years of assessment; and
 - (b) subject to sub-paragraphs (6) and (7) below, in relation to any income tax or capital gains tax which—
 - (i) is charged by an assessment made on or after 6th April 1998; and
 - (ii) is for the year 1995-96 or any earlier year of assessment.
- (6) Sub-paragraph (5)(b) above does not apply to paragraph 7 above so far as paragraph 7 provides for the omission of—
- (a) paragraph (a) of subsection (4) of section 374A of the Taxes Act 1988, and
 - (b) the words “and as if” so far as they relate to paragraph (a) of that subsection.
- (7) Sub-paragraph (5)(b) above does not apply to paragraph 11(2) above so far as paragraph 11(2) provides for the omission of—
- (a) the words “sections 55(1) (recovery of tax not postponed) and”, and
 - (b) the words “and as if—
 - (a) the assessment were among those specified in”
- so far as those words relate to the words mentioned in paragraph (a) of this sub-paragraph.
- (8) Paragraphs 6(2)(d), 11(3)(d), [F²²⁵12(2)(d)] and 14(2)(d) above shall not apply in relation to any payment if the payment, or the claim on which it is made, was made before the day on which this Act is passed.
- (9) Paragraph 9 above has effect as respects accounting periods ending on or after the day appointed under section 199 of the ^{M45}Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (self-assessment management provisions).
- (10) Any power to make regulations exercisable by virtue of an amendment made by any of the preceding provisions of this Schedule may be exercised so as to make provision having effect in relation to any year of assessment in relation to which that provision has effect in accordance with sub-paragraphs (1) to (9) above.

Textual Amendments

F224 Word in Sch. 18 para. 17(1)(2) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3 \(with Sch. 2\)](#)

F225 Words in Sch. 18 para. 17(1)-(4)(8) repealed (31.7.1997 with effect as mentioned in Sch. 8 Pt. II(2), Note of the amending Act) by [1997 c. 58, s. 52, Sch. 8 Pt. II\(2\)](#)

Marginal Citations

M44 [1994 c. 9.](#)

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

M45 1994 c. 9.

SCHEDULE 19

Section 133.

SELF-ASSESSMENT: CLAIMS AND ENQUIRIES

Introductory

- 1 The ^{M46}Taxes Management Act 1970, as it has effect—
- (a) for the purposes of income tax and capital gains tax, as respects the year 1996-97 and subsequent years of assessment, and
 - (b) for the purposes of corporation tax, as respects accounting periods ending on or after the day appointed under section 199 of the Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (self-assessment management provisions),
- shall be amended in accordance with the following provisions of this Schedule.

Marginal Citations
M46 1970 c. 9.

Matters subject to enquiry

- 2 In each of sections ^{F226} . . . [^{F227}11AB(1)], . . . (matters subject to enquiry), after paragraph (b) there shall be inserted “or
- (c) any claim or election included in the return (by amendment or otherwise)”.

Textual Amendments
F226 Words in [Sch. 19 para. 2](#) repealed (11.5.2001 with effect as mentioned in [Sch. 33 Pt. 2\(13\)](#), Note of the amending Act) by [2001 c. 9, s. 110](#), [Sch. 33 Pt. 2\(13\)](#)
F227 Words in [Sch. 19 para. 2](#) 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\(28\)](#)

Power to call for documents

^{F228}3

Textual Amendments
F228 [Sch. 19 para. 3](#) omitted (1.4.2009) by virtue of [Finance Act 2008 \(c. 9\), s. 113\(2\)](#), [Sch. 36 para. 92\(e\)](#) (with [Sch. 36 para. 38](#)); [S.I. 2009/404, art. 2](#) (with [art. 12](#))

Status: Point in time view as at 31/01/2013.

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Further amendments of section 28A

F229⁴

Textual Amendments

F229 Sch. 19 para. 4 repealed (11.5.2001 with effect as mentioned in Sch. 33 Pt. 2(13), Note of the amending Act) by 2001 c. 9, s. 110, **Sch. 33 Pt. 2(13)**

Further amendments of section 28B

F230⁵

Textual Amendments

F230 Sch. 19 para. 5 repealed (11.5.2001 with effect as mentioned in Sch. 33 Pt. 2(13), Note of the amending Act) by 2001 c. 9, s. 110, **Sch. 33 Pt. 2(13)**

Right of appeal against notice disallowing claim in return

F231⁶

Textual Amendments

F231 Sch. 19 para. 6 repealed (11.5.2001 with effect as mentioned in Sch. 33 Pt. 2(13), Note of the amending Act) by 2001 c. 9, s. 110, **Sch. 33 Pt. 2(13)**

7 In section 50 (procedure on appeals), after subsection (7) there shall be inserted the following subsection—

“(7A) If, on appeal, it appears to the Commissioners that a claim or election specified in a notice under section 28A(4A) of this Act should have been allowed or disallowed to an extent different from that specified in the notice, the claim or election shall be allowed or disallowed accordingly to the extent that appears to them appropriate, but otherwise the decision in the notice shall stand good.”

Claims not included in returns

8 (1) In Schedule 1A (claims not included in returns), in paragraph 4 (giving effect to claims and amendments), in sub-paragraph (1) for “(1A) and (3)” there shall be substituted “ (1A), (3) and (4) ”.

(2) In sub-paragraph (2) of that paragraph, for “sub-paragraph (3)” there shall be substituted “ sub-paragraphs (3) and (4) ”.

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

“(4) Nothing in this paragraph applies in relation to a claim or an amendment of a claim if the claim is not one for discharge or repayment of tax.”

F232⁹

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F232 Sch. 19 para. 9 repealed (11.5.2001 with effect as mentioned in Sch. 33 Pt. 2(13), Note of the amending Act) by 2001 c. 9, s. 110, Sch. 33 Pt. 2(13)

Right of appeal against notice disallowing claim not in return

10 ^{F233}(1)

(2) In sub-paragraph (2) of that paragraph, for “making of the amendment under paragraph 7(3) above” there shall be substituted “ date mentioned in sub-paragraph (1) above ”.

(3) In sub-paragraph (3) of that paragraph, for “under this paragraph” there shall be substituted “ against an amendment under paragraph 7(3) above ”.

(4) After sub-paragraph (4) of that paragraph there shall be inserted the following sub-paragraph—

“(5) If, on appeal, it appears to the Commissioners that a claim specified in a notice under paragraph 7(3A) above should have been allowed or disallowed to an extent different from that specified in the notice, the claim shall be allowed or disallowed accordingly to the extent that appears to them appropriate, but otherwise the decision in the notice shall stand good.”

Textual Amendments

F233 Sch. 19 para. 10(1) repealed (11.5.2001 with effect as mentioned in Sch. 33 Pt. 2(13), Note of the amending Act) by 2001 c. 9, s. 110, Sch. 33 Pt. 2(13)

SCHEDULE 20

Section 134.

SELF-ASSESSMENT: DISCRETIONS EXERCISABLE BY THE BOARD ETC.

The Taxes Act 1988

1 In section 24(2) of the Taxes Act 1988 (presumption as to sums being paid by way of premium unless the contrary is shown) for “is” there shall be substituted “ can be ”.

^{F234}2

Textual Amendments

F234 Sch. 20 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)

^{F235}3

Status: Point in time view as at 31/01/2013.

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Textual Amendments

F235 Sch. 20 para. 3 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

4 In section 74(1)(j) of the Taxes Act 1988 (Case I or II of Schedule D: no deduction in respect of debts), in sub-paragraph (i) (deduction allowed for a bad debt proved to be such) the words “proved to be such” shall cease to have effect.

F236⁵

Textual Amendments

F236 Sch. 20 para. 5 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F237⁶

Textual Amendments

F237 Sch. 20 paras. 6-10 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](#))

F237⁷

Textual Amendments

F237 Sch. 20 paras. 6-10 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](#))

F237⁸

Textual Amendments

F237 Sch. 20 paras. 6-10 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](#))

F237⁹

Textual Amendments

F237 Sch. 20 paras. 6-10 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](#))

F237¹⁰

Textual Amendments

F237 Sch. 20 paras. 6-10 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](#))

Status: Point in time view as at 31/01/2013.

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- 11 In section 186(10) of the Taxes Act 1988 (value of the proceeds of certain disposals)
 - (a) for paragraph (b) there shall be substituted the following paragraph—
 - “(b) any other disposal falling within that subsection is not at arm’s length,”; and
 - (b) in paragraph (c) for “that sub-paragraph” there shall be substituted “ that subsection ”.

F238 12

Textual Amendments
F238 Sch. 20 para. 12 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\)](#), [Sch. 3](#) (with [Sch. 2](#))

- 13 In section 257 of the Taxes Act 1988 (personal allowance)—
 - (a) in subsection (2) (claimant entitled to deduction if he proves that he is 65 or over), and
 - (b) in subsection (3) (claimant entitled to deduction if he proves that he is 75 or over),
 the words “proves that he” shall cease to have effect.

14 (1) Section 257A of the Taxes Act 1988 (married couple’s allowance) shall be amended in accordance with the following provisions of this paragraph.

[^{F239}(2) In subsection (1) (claimant entitled to reduction if he proves that he is a married man whose wife is living with him) for the words from the beginning to “he is” there shall be substituted “ If the claimant is, for the whole or any part of the year of assessment, ”.]

^{F240}(3)

Textual Amendments
F239 Sch. 20 para. 14(2) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(3), Note 2 of the amending Act) by [1999 c. 16, s. 139](#), [Sch. 20 Pt. III\(3\)](#)
F240 Sch. 20 para. 14(3) omitted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 1 para. 6\(g\)](#)

- [^{F241}15 In section 257E(1) of the Taxes Act 1988 (claimant entitled to relief if his wife lives with him and he proves that for the year 1989-90 he was entitled as described in paragraph (a) or (b))—
 - (a) the words “he proves” shall cease to have effect; and
 - (b) the word “that”, in the first and third places where it occurs in each of paragraphs (a) and (b), shall cease to have effect.]

Textual Amendments
F241 Sch. 20 para. 15 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(3), Note 2 of the amending Act) by [1999 c. 16, s. 139](#), [Sch. 20 Pt. III\(3\)](#)

Status: Point in time view as at 31/01/2013.

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- [^{F242}16(1) Section 257F of the Taxes Act 1988 (transitional relief: effect of preceding sections where claimant who does not live with his wife proves that paragraphs (a) to (c) apply) shall be amended in accordance with the following provisions of this paragraph.
- (2) The words “the claimant proves” shall cease to have effect.
- (3) In paragraph (a)—
- (a) for “that he” there shall be substituted “ the claimant ”; and
- (b) the word “that” in the second place where it occurs shall cease to have effect.
- (4) In paragraph (b) the word “that” in the first place where it occurs shall cease to have effect.
- (5) In paragraph (c) the word “that” in the first and third places where it occurs shall cease to have effect.]

Textual Amendments

F242 Sch. 20 para. 16 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(3), Note 2 of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(3)**

- [^{F243}17(1) Section 259 of the Taxes Act 1988 (additional relief in respect of children) shall be amended in accordance with the following provisions of this paragraph.
- (2) In subsection (2) (claimant entitled to reduction if he proves that a qualifying child is resident with him) for the words from “if the claimant” to “he shall be entitled” there shall be substituted
- (a) the claimant is a person to whom this section applies, and
- (b) a qualifying child is resident with him for the whole or a part of a year of assessment,
- the claimant shall be entitled ”.
- (3) In subsection (6) (circumstances in which the reference in subsection (5) to a child receiving full-time instruction includes a child undergoing training for a trade, profession or vocation) the second paragraph (inspector’s power to require particulars of training) shall cease to have effect.]

Textual Amendments

F243 Sch. 20 para. 17 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(4), Note of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(4)**

- [^{F244}18 In section 261A(1) of the Taxes Act 1988 (person who proves that a qualifying child is resident with him in the year in which he and his wife separate is entitled to relief) for “who proves that a qualifying child is resident with him” there shall be substituted “ with whom a qualifying child is resident ”.]

Textual Amendments

F244 Sch. 20 para. 18 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(4), Note of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(4)**

Status: Point in time view as at 31/01/2013.

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- 19 In section 265(1) of the Taxes Act 1988 (claimant entitled to blind person’s allowance if he proves that he is a registered blind person) the words “proves that he” shall cease to have effect.
- 20 In section 274(4) of the Taxes Act 1988 (effect of war insurance premiums on the limit on relief under section 266 or 273) in the second paragraph (definition of war insurance premiums: to include any part of any premium paid in respect of a life insurance policy which appears to the inspector to be attributable to risks arising from war or war service abroad) for “appears to the inspector to be” there shall be substituted “ is ”.
- 21 In section 278(2) of the Taxes Act 1988 (bar on relief for non-residents not to apply to an individual who satisfies the Board that he or she is a Commonwealth citizen etc) the words “satisfies the Board that he or she” shall cease to have effect.

F245 22

Textual Amendments
F245 Sch. 20 para. 22 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 2** (with [Sch. 2](#))

F246 23

Textual Amendments
F246 Sch. 20 para. 23 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 2** (with [Sch. 2](#))

- 24 In section 381(4) of the Taxes Act 1988 (no relief unless it is shown that trade was on a commercial basis) the words “it is shown that” shall cease to have effect.
- 25 (1) In section 384 of the Taxes Act 1988 (restrictions on right of set-off) in subsection (1) (no relief unless it is shown that trade was on a commercial basis and with a view to the realisation of profits) the words “it is shown that” shall cease to have effect.

F247 (2)

Textual Amendments
F247 Sch. 20 para. 25(2) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

F248 26

Textual Amendments
F248 Sch. 20 paras. 26-29 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

F248 27

Status: Point in time view as at 31/01/2013.

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Textual Amendments

F248 Sch. 20 paras. 26-29 repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

F248 28

Textual Amendments

F248 Sch. 20 paras. 26-29 repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

F248 29

Textual Amendments

F248 Sch. 20 paras. 26-29 repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

[F249 30 In section 503(6) of the Taxes Act 1988 (apportionments where a letting relates only in part to holiday accommodation) for “appear to the inspector, or on appeal the Commissioners, to be” there shall be substituted “are ”.]

Textual Amendments

F249 Sch. 20 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

31 In section 570(2) of the Taxes Act 1988 (schemes for rationalizing industry: treatment of certain payments made under such schemes)—
(a) the words “on a claim it is shown in accordance with the provisions of Part II of Schedule 21 that” shall cease to have effect;
(b) after “the Tax Acts” there shall be inserted “ and a claim is made to that effect, ”;
(c) for “that Schedule”, where those words first occur, there shall be substituted “ Schedule 21 ”; and
(d) at the end there shall be added—

“and paragraph 6 of that Schedule applies for the purposes of this subsection as it applies for the purposes of that Schedule.”

32 In section 582(2)(b) of the Taxes Act 1988 (cases where retention of funding bonds is impracticable)—
(a) the words “the Board are satisfied that” shall cease to have effect; and
F250(b)

Textual Amendments

F250 Sch. 20 para. 32(b) repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F251³³

Textual Amendments

F251 Sch. 20 para. 33 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)

F252³⁴

Textual Amendments

F252 Sch. 20 para. 34 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 3** (with Sch. 2)

F253³⁵

Textual Amendments

F253 Sch. 20 para. 35 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

F254³⁶

Textual Amendments

F254 Sch. 20 para. 36 omitted (with effect in accordance with s. 66(8) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), s. 66(4)(g)(i)

F255³⁷

Textual Amendments

F255 Sch. 20 para. 37 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

F256³⁸

Textual Amendments

F256 Sch. 20 para. 38 repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\)](#), s. 3(2), **Sch. 1 Pt. 10** Group 1

F257³⁹

Textual Amendments

F257 Sch. 20 para. 39 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), **Sch. 10 Pt. 1** (with Sch. 9 paras. 1-9, 22)

F258⁴⁰

Status: Point in time view as at 31/01/2013.

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Textual Amendments

F258 Sch. 20 para. 40 repealed (28.7.2000 with effect as mentioned in s. 59 of the amending Act) by 2000 c. 17, s. 156, **Sch. 40 Pt. II(3)** Note

F259 41

Textual Amendments

F259 Sch. 20 para. 41 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)

F260 42

Textual Amendments

F260 Sch. 20 para. 42 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)

43 In Schedule 21 to the Taxes Act 1988 (tax relief in connection with schemes for rationalizing industry and other redundancy schemes), paragraph 3 (no relief in respect of payments under schemes unless certain amounts are shown) shall cease to have effect.

The Capital Allowances Act 1990

F261 44

Textual Amendments

F261 Sch. 20 para. 44 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 580, **Sch. 4**

The Taxation of Chargeable Gains Act 1992

45 In the following provisions of this Schedule “the Gains Act” means the ^{M47}Taxation of Chargeable Gains Act 1992.

Marginal Citations

M47 1992 c. 12.

46 In section 30(4) of the Gains Act (section not to apply if it is shown that there was no tax avoidance purpose) for “if it is shown that” there shall be substituted “ in a case where ”.

47 In each of—
(a) subsections (5) and (6) of section 30 of the Gains Act (consideration to be increased or reduced by such amount as appears to the inspector etc to be just and reasonable),

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F262(b)

F262(c)

for “appears to the inspector, or on appeal the Commissioners concerned, to be” there shall be substituted “ is ”.

Textual Amendments

F262 Sch. 20 para. 47(b)(c) repealed (with effect in accordance with Sch. 9 para. 6 of the amending Act) by Finance Act 2011 (c. 11), Sch. 9 para. 5(a)

- 48 In section 48 of the Gains Act (consideration due after time of disposal and irrecoverable consideration) for the words following “if any part of the consideration so brought into account” there shall be substituted “ subsequently proves to be irrecoverable, there shall be made, on a claim being made to that effect, such adjustment, whether by way of discharge or repayment of tax or otherwise, as is required in consequence. ”
- 49 In section 49 of the Gains Act (contingent liabilities) for subsection (2) (adjustment to be made if it is shown to the satisfaction of the inspector that a contingent liability has become enforceable) there shall be substituted—
- “(2) If any such contingent liability subsequently becomes enforceable and is being or has been enforced, there shall be made, on a claim being made to that effect, such adjustment, whether by way of discharge or repayment of tax or otherwise, as is required in consequence.”
- 50 In section 52(4) of the Gains Act (apportionments by such method as appears to the inspector etc to be just and reasonable) the words “such method as appears to the inspector or on appeal the Commissioners concerned to be” shall cease to have effect.
- 51 In section 116(13) of the Gains Act (subsection (12) not to apply where inspector, being satisfied sum is comparatively small, so directs) the words “the inspector is satisfied that” and “and so directs,” shall cease to have effect.
- 52 (1) In section 122 of the Gains Act (distribution which is not a new holding) in subsection (2) (treatment of distributions which the inspector is satisfied are comparatively small) the words “the inspector is satisfied that” and “and so directs” shall cease to have effect.
- (2) Subsection (3) of that section (appeals from decisions of inspectors under subsection (2)) shall cease to have effect.
- (3) In subsection (4)(a) of that section (subsections (2) and (3) not to apply in certain cases) for “subsections (2) and (3)” there shall be substituted “ subsection (2) ”.
- 53 (1) In section 133 of the Gains Act (premiums on conversion of securities) in subsection (2) (treatment of premiums which the inspector is satisfied are comparatively small) the words “the inspector is satisfied that” and “and so directs” shall cease to have effect.
- (2) Subsection (3) of that section (appeals from decisions of inspectors under subsection (2)) shall cease to have effect.
- (3) In subsection (4)(a) of that section (subsections (2) and (3) not to apply in certain cases) for “subsections (2) and (3)” there shall be substituted “ subsection (2) ”.

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- 54 In each of sections 150(10)(a) and 150A(9)(a) of the Gains Act (reductions in relief to be apportioned in such a way as appears to the inspector etc to be just and reasonable) for “such a way as appears to the inspector, or on appeal to the Commissioners concerned, to be” there shall be substituted “a way which is”.
- 55 In section 164F(8)(a) of the Gains Act (section not to apply where it is shown that winding up etc is bona fide) the words “it is shown that” shall cease to have effect.
- 56 In section 164FG of the Gains Act (multiple claims for reductions under section 164A(2) or 164F(10A) of the Gains Act) in subsection (2) (reductions to be treated as claimed separately in such sequence as the claimant elects or an officer of the Board in default of an election determines) the words “or an officer of the Board in default of an election determines” shall cease to have effect.
- 57 (1) In each of subsections (4) and (6) of section 176 of the Gains Act (losses or gains on disposals where there have been depreciatory transactions to be reduced to such extent as appears to the inspector etc to be just and reasonable) for “appears to the inspector, or, on appeal, the Commissioners concerned, to be” there shall be substituted “is”.
- (2) In subsection (5) of that section (footing on which decision under subsection (4) is to be made) for “The inspector or the Commissioners shall make the decision under subsection (4) above” there shall be substituted “A reduction under subsection (4) above shall be made”.
- 58 In section 181(1)(b) of the Gains Act (sections 178 and 179 not to apply where it is shown that merger was bona fide) the words “it is shown that”, and the word “that” in the second place where it occurs, shall cease to have effect.
- 59 (1) Section 222 of the Gains Act (relief on disposal of residence and land up to the permitted area, which is 0.5 of a hectare) shall be amended in accordance with the following provisions of this paragraph.
- (2) For subsection (3) (which provides for the permitted area in certain cases to be such area, larger than 0.5 of a hectare, as the Commissioners may determine) there shall be substituted—
- “(3) Where the area required for the reasonable enjoyment of the dwelling-house (or of the part in question) as a residence, having regard to the size and character of the dwelling-house, is larger than 0.5 of a hectare, that larger area shall be the permitted area.”
- (3) In subsection (5) (determination of individual’s main residence)—
- (a) paragraph (b) (which, subject to conclusive notice by the individual under paragraph (a), provides for the question to be determined by an inspector), and
- (b) the words following that paragraph (right of appeal against inspector’s determination),
- shall cease to have effect.
- (4) In subsection (6), paragraph (b) (further provision about the right of appeal against determinations under subsection (5)(b)) and the word “and” immediately preceding it shall cease to have effect.
- 60 In section 224(2) of the Gains Act (adjustment of relief given by section 223 for changes occurring during period of ownership) for “may be adjusted in such manner

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- as the Commissioners concerned may consider to be just and reasonable” there shall be substituted “ may be adjusted in a manner which is just and reasonable ”.
- 61 In section 226 of the Gains Act (relief in respect of private residence occupied by dependent relative before 6th April 1988) subsection (5) (power of inspector, before granting a claim for relief under that section, to require claimant to show that granting the claim will not preclude relief to claimant’s wife or husband) shall cease to have effect.
- 62 In section 241(7) of the Gains Act (apportionments where a letting relates only in part to holiday accommodation) for “appear to the inspector, or on appeal the Commissioners, to be” there shall be substituted “ are ”.
- 63 (1) In section 271 of the Gains Act (miscellaneous exemptions) in subsections (1)(g) and (2), for “such extent as the Board are satisfied” there shall be substituted “ the extent ”.
- (2) In subsection (2) of that section, in the second paragraph, the words “the Board are satisfied that” shall cease to have effect.
- 64 In section 279(1) of the Gains Act (claimant for deduction in respect of gains accruing from the disposal of foreign assets must show that conditions in subsection (3) are satisfied) for paragraph (b) there shall be substituted—
- “(b) the person charged or chargeable makes a claim, and
- (c) the conditions set out in subsection (3) below are, so far as applicable, satisfied as respects those gains (“the qualifying gains”);”.
- 65 In section 280 of the Gains Act (payment of tax by instalments where consideration payable by instalments) for “if the person making the disposal satisfies the Board that he would otherwise suffer undue hardship, the tax on a chargeable gain accruing on the disposal may, at his option,” there shall be substituted “ at the option of the person making the disposal, the tax on a chargeable gain accruing on the disposal may ”.
- [^{F263}66(1) Schedule 6 to the Gains Act (retirement relief) shall be amended in accordance with the following provisions of this paragraph.
- (2) In paragraph 3, in sub-paragraphs (1), (3) and (4) (under each of which a person is treated as having retired on ill-health grounds if, on production of such evidence as the Board may reasonably require, the Board are satisfied as there mentioned)—
- (a) the words “on production of such evidence as the Board may reasonably require, the Board are satisfied” shall cease to have effect, and
- (b) for “that he” (in each place where those words occur) there shall be substituted “ he ”.
- (3) At the end of that paragraph there shall be added—
- “(5) In any case where—
- (a) an officer of the Board gives notice to any person under section 9A(1) of, or paragraph 5(1) of Schedule 1A to, the Management Act (notice of intention to enquire into a return or claim or an amendment of a return or claim), and
- (b) the enquiry to any extent relates to the question whether or not a person falls to be treated as having retired on ill-health grounds by virtue of the foregoing provisions of this paragraph,

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then, without prejudice to any other powers of such an officer in relation to such an enquiry, an officer of the Board may at the same or any subsequent time by notice in writing require that person, within such time (which shall not be less than 30 days) as may be specified in the notice, to produce such evidence relating to the question mentioned in paragraph (b) above as may reasonably be specified in the notice.”

- (4) In paragraph 10 (limitation of retirement relief in certain cases)—
- (a) in sub-paragraph (1) for “appears to the Board to be” there shall be substituted “is”; and
 - (b) in sub-paragraph (2) for “the Board shall have regard” there shall be substituted “regard shall be had”.]

Textual Amendments

F263 Sch. 20 para. 66 repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(31), Note of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(31)**

- 67 In Schedule 8 to the Gains Act (leases) in paragraph 10(2) (presumption as to sums being paid by way of premium unless the contrary is shown) for the words following “in so far as” there shall be substituted “ other sufficient consideration for the payment can be shown to have been given ”.

The Finance Act 1993

- 68 **F264**

Textual Amendments

F264 Sch. 20 paras. 68-70 repealed (24.7.2002 with effect in accordance with s. 79(3) of and Sch. 23 to the repealing Act) by **Finance Act 2002 (c. 23)**, s. 141, **Sch. 40 Pt. 3(10)**

- 69 **F265**

Textual Amendments

F265 Sch. 20 paras. 68-70 repealed (24.7.2002 with effect in accordance with s. 79(3) of and Sch. 23 to the repealing Act) by **Finance Act 2002 (c. 23)**, s. 141, **Sch. 40 Pt. 3(10)**

- 70 **F266**

Textual Amendments

F266 Sch. 20 paras. 68-70 repealed (24.7.2002 with effect in accordance with s. 79(3) of and Sch. 23 to the repealing Act) by **Finance Act 2002 (c. 23)**, s. 141, **Sch. 40 Pt. 3(10)**

The Finance Act 1994

- 71 **F267**

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F267 Sch. 20 para. 71 repealed (24.7.2002 with effect in accordance with s. 83(3) of the repealing Act) by [Finance Act 2002 \(c. 23\)](#), s. 141, **Sch. 40 Pt. 3(13)**

SCHEDULE 21

Section 135.

SELF-ASSESSMENT: TIME LIMITS

The Taxes Act 1988

F268¹

Textual Amendments

F268 Sch. 21 para. 1 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 3** (with [Sch. 2](#))

F269²

Textual Amendments

F269 Sch. 21 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](#))

F270³

Textual Amendments

F270 Sch. 21 para. 3 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](#))

F271⁴

Textual Amendments

F271 Sch. 21 para. 4 omitted (1.4.2010) by virtue of [Finance Act 2008 \(c. 9\)](#), s. 118(2), **Sch. 39 para. 65(b)**; [S.I. 2009/403](#), art. 2(2) (with [art. 10](#))

F272⁵

Textual Amendments

F272 Sch. 21 paras. 4-6 omitted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 6(g)**

F273⁶

Status: Point in time view as at 31/01/2013.

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Textual Amendments

F273 Sch. 21 para. 6 omitted (1.4.2010) by virtue of [Finance Act 2008 \(c. 9\)](#), s. 118(2), [Sch. 39 para. 65\(b\)](#); [S.I. 2009/403](#), art. 2(2) (with art. 10)

F2747

Textual Amendments

F274 Sch. 21 para. 7 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 2](#) (with [Sch. 2](#))

[**F275**8 (1) Section 356B of the Taxes Act 1988 (residence basis: married couples) shall be amended in accordance with the following provisions of this paragraph.

(2) In subsection (2)(a) (election to be made before the end of the period of twelve months beginning with the end of the first year of assessment for which it is made or such longer period as the Board may in any particular case allow) for the words following “shall be made” there shall be substituted

- (i) the first anniversary of the 31st January next following the first year of assessment for which it is made, or
- (ii) such later date as the Board may in any particular case allow.”.

(3) In subsection (4)(b) (notice of withdrawal not to be given after the end of the period of twelve months beginning with the end of the first year of assessment for which it is given or such longer period as the Board may in any particular case allow) for the words following “shall not be given after” there shall be substituted—

- “(i) the first anniversary of the 31st January next following the year of assessment for which it is given, or
- (ii) such later date as the Board may in any particular case allow, and”.]

Textual Amendments

F275 Sch. 21 para. 8 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\(7\)](#)

[**F276**9 In section 356C(6) of the Taxes Act 1988, for paragraph (a) (election to have effect for the period in which it is made and subsequent periods) there shall be substituted—

- “(a) shall be made on or before the first anniversary of the 31st January next following the year of assessment in which falls the first period for which it is made and shall have effect for that period and subsequent periods.”.]

Textual Amendments

F276 Sch. 21 para. 9 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\(7\)](#)

F27710

Status: Point in time view as at 31/01/2013.

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Textual Amendments

F277 Sch. 21 para. 10 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F278 11

Textual Amendments

F278 Sch. 21 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](#))

[**F279** 12 In section 471 of the Taxes Act 1988 (exchange of securities in connection with conversion operations, nationalisation etc.) for subsection (2) (tax treatment under subsection (1) not to apply to a person who gives notice to the inspector that he desires not to be treated as mentioned in that subsection) there shall be substituted—

“(2) Subsection (1) above shall not apply to a person who elects, by notice given to an officer of the Board, not to be treated as mentioned in that subsection.

(2A) A notice under subsection (2) above—

- (a) for the purposes of income tax, shall be given on or before the first anniversary of the 31st January next following the year of assessment in whose basis period the exchange takes place;
- (b) for the purposes of corporation tax, shall be given no later than two years after the end of the accounting period in which the exchange takes place.

(2B) In paragraph (a) of subsection (2A) above “basis period” means—

- (a) in relation to a year of assessment for which a basis period is given by sections 60 to 63, that basis period;
- (b) in relation to a year of assessment for which no basis period is given by those sections, the year of assessment.”]

Textual Amendments

F279 Sch. 21 para. 12 repealed (31.7.1998 with effect as mentioned in s. 101(3) of the amending Act) by [1998 c. 36, s. 165, Sch. 27 Pt. III\(23\)](#), Note 1

[**F280** 13(1) In section 472 of the Taxes Act 1988 (distribution of securities issued in connection with nationalisation etc.) in subsection (1) (dealer to be treated for tax purposes in the manner specified in subsections (2) and (3), unless he gives notice to the inspector that he desires not to be so treated) for “gives notice to the inspector not later than two years after the end of the chargeable period in which the distribution takes place that he desires” there shall be substituted “ elects, by notice given to an officer of the Board, ”.

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

“(3A) A notice under subsection (1) above—

- (a) for the purposes of income tax, shall be given on or before the first anniversary of the 31st January next following the year of assessment in whose basis period the distribution takes place;

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- (b) for the purposes of corporation tax, shall be given no later than two years after the end of the accounting period in which the distribution takes place.

(3B) In paragraph (a) of subsection (3A) above “basis period” means—

- (a) in relation to a year of assessment for which a basis period is given by sections 60 to 63, that basis period;
- (b) in relation to a year of assessment for which no basis period is given by those sections, the year of assessment.”]

Textual Amendments

F280 Sch. 21 para. 13 repealed (31.7.1998 with effect as mentioned in s. 101(4) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(23)**, Note 2

14 (1) Section 504 of the Taxes Act 1988 shall be amended in accordance with the following provisions of this paragraph.

(2) In subsection (6) (claim to be made within two years after the year of assessment or accounting period in which holiday accommodation is let) for “two years after that year or period” there shall be substituted “ the time specified in subsection (6A) below ”.

(3) After subsection (6) there shall be inserted—

“(6A) The time mentioned in subsection (6) above is—

- (a) in the case of a claim for the purposes of income tax, the period ending with the first anniversary of the 31st January next following the year of assessment in which the accommodation was let;
- (b) in the case of a claim for the purposes of corporation tax, the period of two years beginning at the end of the accounting period in which the accommodation was let.”

F281 15

Textual Amendments

F281 Sch. 21 para. 15 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)

F282 16

Textual Amendments

F282 Sch. 21 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)

F283 17

Status: Point in time view as at 31/01/2013.

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Textual Amendments

F283 Sch. 21 para. 17 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

F284 18

Textual Amendments

F284 Sch. 21 para. 18 repealed (28.7.2000 with effect as mentioned in Sch. 40 Pt. II(4) Note 3 of the amending Act) by [2000 c. 17, s. 156](#), [Sch. 40 Pt. II\(4\)](#)

F285 19

Textual Amendments

F285 [Sch. 21 para. 19](#) repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\)](#), s. 3(2), [Sch. 1 Pt. 10](#) Group 1

F286 20

Textual Amendments

F286 Sch. 21 para. 20 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](#))

F287 21

Textual Amendments

F287 Sch. 21 para. 21 repealed: (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 10 Pt. 9](#) (with [Sch. 9 paras. 1-9, 22](#)) and (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 2](#) (with [Sch. 2](#))

F288 22

Textual Amendments

F288 Sch. 21 paras. 22, 23 repealed (1.4.2010) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 10 Pt. 1](#) (with [Sch. 9 paras. 1-9, 22](#))

F288 23

Textual Amendments

F288 Sch. 21 paras. 22, 23 repealed (1.4.2010) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 10 Pt. 1](#) (with [Sch. 9 paras. 1-9, 22](#))

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

[^{F289}24 In Schedule 11 to the Taxes Act 1988, in paragraph 12 (election to be made by notice given to the inspector within six years after the year of assessment in which payment made) for “the inspector within six years after” there shall be substituted “an officer of the Board on or before the fifth anniversary of the 31st January next following”.]

Textual Amendments

F289 Sch. 21 para. 24 repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(9), Note of the amending Act) by 1998 c. 36, s. 165, [Sch. 27 Pt. III\(9\)](#)

The Finance Act 1988 (c. 39)

[^{F290}25 In section 39(2)(b) of the Finance Act 1988 (election to be made not later than twelve months after the end of the first year of assessment for which it is to have effect) for “not later than twelve months after the end of” there shall be substituted “on or before the first anniversary of the 31st January next following”.]

Textual Amendments

F290 Sch. 21 para. 25 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\(6\)](#)

The Capital Allowances Act 1990 (c. 1)

^{F291}26

Textual Amendments

F291 Sch. 21 paras. 26-34 repealed (22.3.2001 with effect as mentioned in [s. 579\(1\)](#) of the amending Act) by 2001 c. 2, s. 580, [Sch. 4](#)

^{F292}27

Textual Amendments

F292 Sch. 21 paras. 26-34 repealed (22.3.2001 with effect as mentioned in [s. 579\(1\)](#) of the amending Act) by 2001 c. 2, s. 580, [Sch. 4](#)

^{F293}28

Textual Amendments

F293 Sch. 21 paras. 26-34 repealed (22.3.2001 with effect as mentioned in [s. 579\(1\)](#) of the amending Act) by 2001 c. 2, s. 580, [Sch. 4](#)

^{F294}29

Status: Point in time view as at 31/01/2013.

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Textual Amendments

F294 Sch. 21 paras. 26-34 repealed (22.3.2001 with effect as mentioned in [s. 579\(1\)](#) of the amending Act) by [2001 c. 2, s. 580, Sch. 4](#)

F295 30

Textual Amendments

F295 Sch. 21 paras. 26-34 repealed (22.3.2001 with effect as mentioned in [s. 579\(1\)](#) of the amending Act) by [2001 c. 2, s. 580, Sch. 4](#)

F296 31

Textual Amendments

F296 Sch. 21 paras. 26-34 repealed (22.3.2001 with effect as mentioned in [s. 579\(1\)](#) of the amending Act) by [2001 c. 2, s. 580, Sch. 4](#)

F297 32

Textual Amendments

F297 Sch. 21 paras. 26-34 repealed (22.3.2001 with effect as mentioned in [s. 579\(1\)](#) of the amending Act) by [2001 c. 2, s. 580, Sch. 4](#)

F298 33

Textual Amendments

F298 Sch. 21 paras. 26-34 repealed (22.3.2001 with effect as mentioned in [s. 579\(1\)](#) of the amending Act) by [2001 c. 2, s. 580, Sch. 4](#)

F299 34

Textual Amendments

F299 Sch. 21 para. 34 repealed (19.3.1997 with effect in accordance with [Sch. 15 para. 9\(1\)](#) of the amending Act) by [1997 c. 16, s. 85, Sch. 18 Pt. VI\(11\)](#) and Sch. 21 para. 34 repealed (22.3.2001 with effect as mentioned in [s. 579\(1\)](#) of the amending Act) by [2001 c. 2, s. 580, Sch. 4](#)

The Taxation of Chargeable Gains Act 1992 (c. 12)

- 35 In section 35(6) of the Taxation of Chargeable Gains Act 1992 (elections under section 35(5) to be made by notice to the inspector within period ending 2 years after the end of the year of assessment or accounting period in which the disposal is made or at such later time as the Board may allow)—
- (a) for “the inspector” there shall be substituted “an officer of the Board”; and
 - (b) for paragraphs (a) and (b) there shall be substituted—

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- “(a) in the case of an election for the purposes of capital gains tax, with the first anniversary of the 31st January next following the year of assessment in which the disposal is made;
- (aa) in the case of an election for the purposes of corporation tax, 2 years after the end of the accounting period in which the disposal is made; or
- (b) in either case, at such later time as the Board may allow;”.
- 36 In section 161 of the Taxation of Chargeable Gains Act 1992 (appropriations to and from stock) after subsection (3) there shall be inserted—
- “(3A) An election under subsection (3) above shall be made—
- (a) for the purposes of capital gains tax, on or before the first anniversary of the 31st January next following the year of assessment in which ends the period of account in which the asset is appropriated for the purposes of the trade as trading stock;
- (b) for the purposes of corporation tax, within 2 years after the end of the accounting period in which the asset is appropriated for the purposes of the trade as trading stock;
- and in paragraph (a) above “period of account” means a period for which the accounts of the trade are made up.”
- 37 In section 242 of the Taxation of Chargeable Gains Act 1992 (small part disposals) after subsection (2) there shall be inserted—
- “(2A) A claim under subsection (2) above shall be made—
- (a) for the purposes of capital gains tax, on or before the first anniversary of the 31st January next following the year of assessment in which the transfer is made;
- (b) for the purposes of corporation tax, within 2 years after the end of the accounting period in which the transfer is made.”
- 38 In section 243 of the Taxation of Chargeable Gains Act 1992 (part disposal to authority with compulsory powers) after subsection (2) there shall be inserted—
- “(2A) A claim under subsection (2) above shall be made—
- (a) for the purposes of capital gains tax, on or before the first anniversary of the 31st January next following the year of assessment in which the transfer is made;
- (b) for the purposes of corporation tax, within 2 years after the end of the accounting period in which the transfer is made.”
- 39 In section 244 of the Taxation of Chargeable Gains Act 1992 (part disposal: consideration exceeding allowable expenditure) after subsection (2) there shall be inserted—
- “(3) An election under subsection (2)(b) above shall be made—
- (a) for the purposes of capital gains tax, on or before the first anniversary of the 31st January next following the year of assessment in which the part disposal is made;
- (b) for the purposes of corporation tax, within 2 years after the end of the accounting period in which the part disposal is made.”

Status: Point in time view as at 31/01/2013.

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- 40 In section 253 of the Taxation of Chargeable Gains Act 1992 (relief for loans to traders) after subsection (4) there shall be inserted—
- “(4A) A claim under subsection (4) above shall be made—
- (a) for the purposes of capital gains tax, on or before the fifth anniversary of the 31st January next following the year of assessment in which the payment was made;
 - (b) for the purposes of corporation tax, within 6 years after the end of the accounting period in which the payment was made.”
- 41 In section 279 of the Taxation of Chargeable Gains Act 1992 (foreign assets: delayed remittances) for subsection (5) (no claim under section 279 to be made more than 6 years after end of year of assessment in which chargeable gain accrues) there shall be substituted—
- “(5) No claim under this section in respect of a chargeable gain shall be made—
- (a) in the case of a claim for the purposes of capital gains tax, at any time after the fifth anniversary of the 31st January next following the year of assessment in which the gain accrues; or
 - (b) in the case of a claim for the purposes of corporation tax, more than 6 years after the end of the accounting period in which the gain accrues.”
- 42 (1) Schedule 2 to the Taxation of Chargeable Gains Act 1992 shall be amended in accordance with the following provisions of this paragraph.
- (2) In paragraph 4 (election for pooling) in sub-paragraph (11) (election to be made by notice to the inspector not later than the expiration of 2 years from the end of the year of assessment or accounting period of a company in which the first relevant disposal is made, or such further time as the Board may allow) for the words following “notice to” there shall be substituted “an officer of the Board given—
- (a) in the case of an election for the purposes of capital gains tax, on or before the first anniversary of the 31st January next following the year of assessment in which the first relevant disposal is made;
 - (b) in the case of an election for the purposes of corporation tax, not later than the expiration of 2 years from the end of the accounting period in which the first relevant disposal is made; or
 - (c) in either case, within such further time as the Board may allow.”
- (3) In paragraph 17 (election for valuation at 6th April) in sub-paragraph (3) (election to be made by notice to the inspector given within 2 years from the end of the year of assessment or accounting period of a company in which the disposal is made, or such further time as the Board may by notice allow) for the words following “by notice to” there shall be substituted “an officer of the Board given—
- (a) in the case of an election for the purposes of capital gains tax, on or before the first anniversary of the 31st January next following the year of assessment in which the disposal is made;
 - (b) in the case of an election for the purposes of corporation tax, within 2 years from the end of the accounting period in which the disposal is made; or
 - (c) in either case, within such further time as the Board may by notice allow.”

Status: Point in time view as at 31/01/2013.

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Textual Amendments

F300 Sch. 21 para. 43 omitted (with effect in accordance with Sch. 2 para. 76 of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 2 para. 75**

[^{F301}44(1) Schedule 6 to the Taxation of Chargeable Gains Act 1992 (retirement relief etc.) shall be amended in accordance with the following provisions of this paragraph.

- (2) In paragraph 2(1) (election to be made by notice given to the Board not more than 2 years after the end of the year of assessment in which the disposal occurred) for “not more than 2 years after the end of” there shall be substituted “ on or before the first anniversary of the 31st January next following ”.
- (3) In paragraph 5(2) (claim for relief to be made not later than 2 years after the end of the year of assessment in which the disposal occurred) for “not later than 2 years after the end of” there shall be substituted “ on or before the first anniversary of the 31st January next following ”.
- (4) In paragraph 12(5)(b) (election to be made by giving notice to the inspector not later than 2 years after the end of the year of assessment in which capital distribution received)—
 - (a) for “not later than 2 years after the end of” there shall be substituted “ on or before the first anniversary of the 31st January next following ”; and
 - (b) for “the inspector” there shall be substituted “ an officer of the Board ”.
- (5) In paragraph 16 (aggregation of spouse’s interest in the business: election to be made by giving notice to the inspector not later than 2 years after the end of the year of assessment in which material disposal occurred)—
 - (a) in sub-paragraph (1)(e) for “not later than 2 years after the end of” there shall be substituted “ on or before the first anniversary of the 31st January next following ”; and
 - (b) in sub-paragraph (2) for “the inspector” there shall be substituted “ an officer of the Board ”.]

Textual Amendments

F301 Sch. 21 para. 44 repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(31), Note of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(31)**

The Finance (No. 2) Act 1992 (c. 48)

^{F302}45

Textual Amendments

F302 Sch. 21 paras. 45, 46 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1

^{F302}46

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F302 Sch. 21 paras. 45, 46 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1

F303 47

Textual Amendments

F303 Sch. 21 para. 47 repealed (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), **Sch. 3** (with Sch. 2)

The Finance Act 1994 (c. 9)

F304 48

Textual Amendments

F304 Sch. 21 para. 48 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1

SCHEDULE 22

Section 136.

SELF-ASSESSMENT: APPEALS

The Taxes Management Act 1970

1 The ^{M48}Taxes Management Act 1970 shall be amended in accordance with paragraphs 2 to 10 below.

Marginal Citations

M48 1970 c. 9.

F305 2

Textual Amendments

F305 Sch. 22 para. 2 omitted (1.4.2009) by virtue of Finance Act 2008 (c. 9), s. 113(2), **Sch. 36 para. 92(e)** (with Sch. 36 para. 38); S.I. 2009/404, art. 2 (with art. 12)

F306 3

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F306 Sch. 22 para. 3 repealed (11.5.2001 with effect as mentioned in Sch. 33 Pt. 2(13), Note of the amending Act) by 2001 c. 9, s. 110, Sch. 33 Pt. 2(13)

F307 4

Textual Amendments

F307 Sch. 22 para. 4 repealed (11.5.2001 with effect as mentioned in Sch. 33 Pt. 2(13), Note of the amending Act) by 2001 c. 9, s. 110, Sch. 33 Pt. 2(13)

5 In section 33A (error or mistake in partnership statement), for subsection (8) there shall be substituted the following subsections—

“(8) Subject to subsection (8A) below, the determination of the Special Commissioners of an appeal under subsection (6) above shall be final and conclusive (notwithstanding any provision having effect by virtue of section 56B of this Act).

(8A) Subsection (8) above does not apply in relation to a point of law arising in connection with the computation of profits.”

6 Section 42(12) and Schedule 2 (Commissioners to whom appeal lies where appeal is against amendment of claim not included in return) shall be omitted.

7 For section 47 there shall be substituted the following sections—

“46B Questions to be determined by Special Commissioners.

(1) In so far as the question in dispute on an appeal to which this section applies is a question which under this section is to be determined by the Special Commissioners, the question shall be determined by them.

(2) This section applies to—

- (a) an appeal against an amendment under section 28A(2) or (4) of this Act of a self-assessment;
- (b) an appeal against a decision contained in a notice under section 28A(4A) of this Act disallowing a claim or election in whole or in part;
- (c) an appeal against an amendment under section 28B(3) or 30B(1) of this Act of a partnership statement;
- (d) an appeal against an assessment to tax which is not a self-assessment;
- (e) an appeal against an amendment under paragraph 7(3) of Schedule 1A to this Act of a claim or election made otherwise than by being included in a return;
- (f) an appeal against a decision contained in a notice under paragraph 7(3A) of Schedule 1A to this Act disallowing in whole or in part a claim or election made otherwise than by being included in a return.

(3) Any question—

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- (a) of the value of any shares or securities in a company resident in the United Kingdom, other than shares or securities quoted in The Stock Exchange Daily Official List, and
 - (b) arising in relation to the taxation of chargeable gains (whether under capital gains tax or corporation tax) or in relation to a claim under the 1992 Act,
- is a question to be determined by the Special Commissioners.
- (4) Any question as to the application of any of the following provisions of the principal Act is a question to be determined by the Special Commissioners—
- (a) Chapter IA or IB of Part XV (settlements);
 - (b) Part XVI (administration of estates);
 - (c) sections 740 and 743(1) (liability in respect of transfer of assets abroad);
 - (d) section 747(4)(a) (liability in respect of controlled foreign company).
- (5) Any question as to the application of—
- (a) section 830 of the principal Act, or
 - (b) section 276 of the 1992 Act,
- (liability in relation to territorial sea and designated areas) is a question to be determined by the Special Commissioners.

46C Jurisdiction of Special Commissioners over certain claims included in returns.

- (1) In so far as the question in dispute on an appeal to which this section applies concerns a claim made—
- (a) to the Board, or
 - (b) under any of the provisions of the principal Act listed in subsection (3) below,
- the question shall be determined by the Special Commissioners.
- (2) This section applies to—
- (a) an appeal against an amendment under section 28A(2) or (4) of this Act of a self-assessment;
 - (b) an appeal against an amendment under section 28B(3) or 30B(1) of this Act of a partnership statement.
- (3) The provisions of the principal Act mentioned in subsection (1) above are—
- (a) section 121(1) and (2) (management expenses of owner of mineral rights);
 - (b) sections 459 and 460 (exemption for certain friendly societies);
 - (c) section 467 (exemption for certain trade unions and employers' associations);
 - (d) sections 527, 534, 536 and 538 (reliefs in respect of royalties, copyright payments etc.);
 - (e) Chapter I of Part XVIII.

Status: Point in time view as at 31/01/2013.

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46D Questions to be determined by Lands Tribunal.

(1) In so far as the question in dispute on an appeal to which this section applies—

- (a) is a question of the value of any land or of a lease of land, and
- (b) arises in relation to the taxation of chargeable gains (whether under capital gains tax or corporation tax) or in relation to a claim under the 1992 Act,

the question shall be determined by the relevant Lands Tribunal.

(2) This section applies to—

- (a) an appeal against an amendment under section 28A(2) or (4) of this Act of a self-assessment;
- (b) an appeal against a decision contained in a notice under section 28A(4A) of this Act disallowing a claim or election in whole or in part;
- (c) an appeal against an amendment under section 28B(3) or 30B(1) of this Act of a partnership statement;
- (d) an appeal against an assessment to tax which is not a self-assessment;
- (e) an appeal against an amendment under paragraph 7(3) of Schedule 1A to this Act of a claim or election made otherwise than by being included in a return;
- (f) an appeal against a decision contained in a notice under paragraph 7(3A) of Schedule 1A to this Act disallowing in whole or in part a claim or election made otherwise than by being included in a return.

(3) In this section “the relevant Lands Tribunal” means—

- (a) in relation to land in England and Wales, the Lands Tribunal;
- (b) in relation to land in Scotland, the Lands Tribunal for Scotland;
- (c) in relation to land in Northern Ireland, the Lands Tribunal for Northern Ireland.”

8 In section 57(3)(c) (power to make regulations authorising conditional decisions where more than one tribunal is determining questions in the proceedings), for “section 47” there shall be substituted “section 46B, 46C or 46D”.

9 In Schedule 1A (claims not included in returns), after paragraph 9 there shall be inserted the following paragraphs—

“10 An appeal against an amendment under paragraph 7(3) above of a claim made—

- (a) to the Board,
- (b) under Part XVI of the principal Act (administration of estates), or
- (c) under any of the provisions of the principal Act listed in section 46C(3) of this Act,

shall be to the Special Commissioners.

11 (1) Subject to paragraph 10 above and the following provisions of this paragraph, an appeal under paragraph 9(1) above shall be to the General Commissioners.

Status: Point in time view as at 31/01/2013.

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- (2) The appellant may elect (in accordance with section 46(1) of this Act) to bring the appeal before the Special Commissioners.
- (3) Such an election shall be disregarded if—
 - (a) the appellant and the officer of the Board agree in writing, at any time before the determination of the appeal, that it is to be disregarded; or
 - (b) the General Commissioners have given a direction under subparagraph (5) below and have not revoked it.
- (4) At any time before the determination of an appeal in respect of which an election has been made an officer of the Board after giving notice to the appellant may refer the election to the General Commissioners.
- (5) On any such reference the Commissioners shall, unless they are satisfied that the appellant has arguments to present or evidence to adduce on the merits of the appeal, give a direction that the election be disregarded.
- (6) If, at any time after the giving of such a direction (but before the determination of the appeal) the General Commissioners are satisfied that the appellant has arguments to present or evidence to adduce on the merits of the appeal, they shall revoke the direction.
- (7) Any decision to give or revoke such a direction shall be final.
- (8) If—
 - (a) a person bringing an appeal under paragraph 9(1) above has another appeal pending to either body of Commissioners concerning an assessment on him, and
 - (b) the appeals relate to the same source of income,
 the appeal under paragraph 9(1) above shall be to the body of Commissioners before whom the appeal concerning the assessment is being brought.
- (9) This paragraph is subject to provision made by or under Part V of this Act.”

10 The following Schedule shall be substituted for Schedule 3—

“SCHEDULE 3

RULES FOR ASSIGNING PROCEEDINGS TO GENERAL COMMISSIONERS

Introductory

1 In this Schedule—

“the relevant place” means the place referred to in section 44(1) of this Act, which is used to identify the General Commissioners before whom proceedings are to be brought; and

“the taxpayer”, in relation to any proceedings, means the party to the proceedings who is neither the Board nor an officer of the Board.

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General rule for income and capital gains tax proceedings

- 2 (1) In the case of any proceedings relating to income tax or capital gains tax the relevant place is whichever of the places specified in sub-paragraph (2) below is identified—
 - (a) except where the proceedings are commenced by an officer of the Board, by an election made by the taxpayer; and
 - (b) where the proceedings are so commenced, by an election made by the officer.
- (2) Those places are—
 - (a) the place (if any) in the United Kingdom which, at the time when the election is made, is the taxpayer's place of residence;
 - (b) the place (if any) which at that time is the taxpayer's place of business in the United Kingdom;
 - (c) the place (if any) in the United Kingdom which at that time is the taxpayer's place of employment;and, in the case of a place of employment, it shall be immaterial for the purposes of this paragraph whether the proceedings in question relate to matters connected with the employment of the taxpayer.
- (3) Where the taxpayer fails to make an election for the purposes of this paragraph before the time limit given by paragraph 5 below, an officer of the Board may elect which of the places specified in sub-paragraph (2) above is to be the relevant place.
- (4) In sub-paragraph (2)(a) above "place of residence" means—
 - (a) in relation to an election made by the taxpayer, his usual place of residence; and
 - (b) in relation to an election made by an officer of the Board, the taxpayer's usual place of residence or, if that is unknown, his last known place of residence.
- (5) In sub-paragraph (2)(b) above "place of business" means—
 - (a) the place where the trade, profession, vocation or business with which the proceedings are concerned is carried on, or
 - (b) if the trade, profession, vocation or business is carried on at more than one place, the head office or place where it is mainly carried on.
- (6) This paragraph does not apply in the case of any proceedings to which paragraph 3, 4 or 7 below applies.

PAYE appeals

- 3 (1) In the case of an appeal in exercise of a right of appeal conferred by regulations under section 203 of the principal Act, the relevant place is—
 - (a) except in a case falling in paragraph (b) below, the place determined by the regulations, and
 - (b) if the appellant elects for one of the places specified in paragraph 2(2) above to be the relevant place instead, the place identified by the election.

Status: Point in time view as at 31/01/2013.

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- (2) This paragraph does not apply in the case of any proceedings to which paragraph 4 or 7 below applies.

Corporation tax etc.

- 4 (1) In the case of the proceedings mentioned in sub-paragraph (2) below the relevant place is whichever of the places specified in sub-paragraph (3) below is identified—
- (a) except where the proceedings are commenced by an officer of the Board, by an election made by the company or other body corporate which is a party to the proceedings (“the corporate taxpayer”); and
 - (b) where the proceedings are so commenced, by an election made by the officer.
- (2) The proceedings are—
- (a) proceedings relating to corporation tax;
 - (b) proceedings relating to income tax which are proceedings to which a company resident in the United Kingdom and within the charge to corporation tax is a party;
 - (c) proceedings relating to tax assessable under sections 419 and 420 of the principal Act (close company loans).
- (3) The places are—
- (a) the place where, at the time when the election is made, the corporate taxpayer carries on its trade or business;
 - (b) the place where, at that time, the head office or principal place of business of the corporate taxpayer is situated;
 - (c) the place where, at that time, the corporate taxpayer resides.
- (4) Where the corporate taxpayer fails to make an election for the purposes of this paragraph before the time limit given by paragraph 5 below, an officer of the Board may elect which of the places specified in sub-paragraph (3) above is to be the relevant place.
- (5) This paragraph does not apply in the case of any proceedings to which paragraph 7 below applies.

Procedure for making elections, etc.

- 5 (1) An election by a taxpayer for the purposes of this Schedule shall be made by notice in writing to an officer of the Board.
- (2) The time limit for the making of such an election in relation to proceedings is—
- (a) the time when the taxpayer gives notice of appeal or, if the proceedings are not an appeal, otherwise commences the proceedings; or
 - (b) such later date as the Board allows.
- (3) Such an election shall be irrevocable.
- 6 An election by an officer of the Board for the purposes of this Schedule shall be made by notice in writing served on the taxpayer.

Status: Point in time view as at 31/01/2013.

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Partnerships

- 7 In the case of proceedings relating to a partnership to which a partner of that partnership is a party, the relevant place is—
- (a) the place where the trade, profession or business of the partnership is carried on, or
 - (b) if the trade, profession or business is carried on at more than one place, the place where it is mainly carried on.

Directions by the Board

- 8 (1) The Board may give a direction in relation to any class of proceedings specified in the direction that, notwithstanding the preceding provisions of this Schedule, the relevant place shall be taken to be a place in a division specified in the direction.
- (2) A direction given under this paragraph shall not have effect in relation to any proceedings unless an officer of the Board has served on the taxpayer a notice in writing stating the effect of the direction in relation to those proceedings.
- (3) A direction given under this paragraph shall not have effect if the taxpayer gives a notice in accordance with sub-paragraph (4) below objecting to the direction.
- (4) The taxpayer gives a notice in accordance with this sub-paragraph if he gives it in writing to the Board within the period of 30 days beginning with the day on which the notice under sub-paragraph (2) above was served on him.
- 9 (1) The Board may give directions for determining the relevant place in cases where—
- (a) the proceedings fall within paragraph 2, 4 or 7 above, but there is no place falling within paragraph 2(2), 4(3) or, as the case may be, paragraph 7; or
 - (b) the relevant place would, apart from the direction, be a place outside the United Kingdom.
- (2) A direction given under this paragraph by the Board shall not have effect in relation to any proceedings unless an officer of the Board has served on the taxpayer a notice in writing stating the effect of the direction in relation to those proceedings.
- (3) A direction under sub-paragraph (1) above may be given in relation to—
- (a) proceedings falling within that sub-paragraph;
 - (b) any class of such proceedings specified in the direction; or
 - (c) proceedings specified in the direction.

Other provisions

- 10 The provisions of this Schedule have effect subject to sections 44(2), 46A and 57 of this Act, sections 102(1), 113(5), 343(10) and 783(9) of the principal Act and section 151 of the ^{M49}Capital Allowances Act 1990.”

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Marginal Citations

M49 1990 c. 1.

Section 102 of the Taxes Act 1988

- 11 In section 102(1)(a) of the Taxes Act 1988 (cases where jurisdiction exercised by General Commissioners) for “both the trades, professions or vocations” there shall be substituted “ each of the persons whose trade, profession or vocation is one of those ”.

Commencement of Schedule

- 12 This Schedule has effect in relation to—
- (a) any proceedings relating to the year 1996-97 or any subsequent year of assessment, and
 - (b) any proceedings relating to an accounting period ending on or after the day appointed under section 199 of the ^{M50}Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (self-assessment).

Marginal Citations

M50 1994 c. 9.

^{F308}SCHEDULE 23

Section 137.

Textual Amendments

F308 Sch. 23 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

SCHEDULE 24

Section 138.

SELF-ASSESSMENT: ACCOUNTING PERIODS ETC.

PART I

AMENDMENTS OF THE TAXES MANAGEMENT ACT 1970

Introductory

- 1 The ^{M51}Taxes Management Act 1970 shall be amended in accordance with this Part of this Schedule.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Marginal Citations

M51 1970 c. 9.

[^{F309}2 In section 11 (return of profits), after subsection (9) there shall be inserted the following subsection—

“(10) In the following provisions of this Act “section 11 notice” means a notice under this section.”]

Textual Amendments

F309 Sch. 24 para. 2 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)

Power to enquire into return for wrong period, etc.

[^{F310}3 In section 11AA (return of profits to include self-assessment), after subsection (4) there shall be inserted the following subsections—

“(5) This section, except subsection (4) above, applies in relation to a return for a period—

- (a) which ends in or at the end of the period specified in the section 11 notice;
- (b) which in the return is treated as an accounting period; but
- (c) which is not, or may not be, an accounting period.

(6) In relation to such a return, “the filing date” means, in this section and section 11AB of this Act, the day which would be the day mentioned in section 11(4) of this Act if the period for which the return is made were an accounting period.”]

Textual Amendments

F310 Sch. 24 para. 3 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)

[^{F311}4 (1) In section 11AB(1) (power to enquire into return of profits), after paragraph (c) (which is inserted by paragraph 2 of Schedule 19 to this Act), there shall be inserted

(d) if it appears to the officer that a return delivered in response to a section 11 notice—

- (i) is or may be a return for the wrong period, or
- (ii) has become a return for the wrong period as a result of a direction under section 12(5A) of the principal Act,

the period for which the return should have been made;”.

(2) After subsection (3) of that section there shall be inserted the following subsections—

“(4) For the purposes of subsection (1)(d) above a return is a return for the wrong period in each of the cases set out below.

(5) The first case is where—

Status: Point in time view as at 31/01/2013.

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- (a) the return is made for a period which ends in or at the end of the period specified in the section 11 notice and which in the return is treated as an accounting period; but
 - (b) the period for which the return is made is not an accounting period of the company.
- (6) The second case is where—
- (a) the return is made for a part of the period specified in the section 11 notice which in the return is treated as not falling within an accounting period of the company; but
 - (b) there is an accounting period ending in or at the end of the period specified in the section 11 notice.”]

Textual Amendments

F311 Sch. 24 para. 4 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)

F312⁵

Textual Amendments

F312 Sch. 24 para. 5 repealed (11.5.2001 with effect as mentioned in Sch. 33 Pt. 2(13), Note of the amending Act) by 2001 c. 9, s. 110, Sch. 33 Pt. 2(13)

Amendment of return for wrong period

[^{F313}6 After section 28A there shall be inserted the following sections—

“ **Amendment of return of profits made for wrong period.**

- (1) Where an officer of the Board gives notice under section 11AB(1) of this Act to a company of his intention to enquire into the period for which a return should have been made, the officer’s enquiries shall be treated as completed at such time as he by notice—
 - (a) informs the company that he has completed his enquiries; and
 - (b) states his conclusions on the subject of his enquiries.
- (2) Subsections (3) and (4) below apply where the officer in the conclusions stated under subsection (1) above designates a period, in accordance with subsections (6) to (8) below, as the accounting period for which the return should have been made.
- (3) At any time in the period of 30 days beginning with the day on which the officer’s enquiries are completed, the company may amend the return for the purpose of making it a return appropriate to the designated period.
- (4) At any time in the period of 30 days beginning immediately after the period mentioned in subsection (3) above, the officer may by notice to the company amend the return for the purpose of making it a return appropriate to the designated period.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (5) The power under subsections (3) and (4) above to amend a return includes the power to amend a self-assessment so as to make clear that it is a self-assessment for the designated period.
- (6) If there is only one accounting period ending in or at the end of the period specified in the section 11 notice, the only period which the officer may designate is that period.
- (7) If there is more than one accounting period ending in or at the end of the period specified in the section 11 notice, the only period which the officer may designate is the earliest of those accounting periods for which no return has been delivered.
- (8) In designating a period, the officer must specify the dates on which the period begins and ends.

Provisions supplementary to section 28AA.

- (1) On an application made by the company, the Commissioners shall direct the officer to give a notice under section 28AA(1) of this Act within a period specified in the direction, unless they are satisfied that the officer has reasonable grounds for not giving such a notice.
- (2) Proceedings under subsection (1) above shall be heard and determined in the same way as an appeal.
- (3) An appeal may be brought against an amendment made under section 28AA(4) of this Act within the period of 30 days beginning with the date on which the notice of the amendment was issued.
- (4) The provisions of this Act relating to appeals shall have effect in relation to an appeal under subsection (3) above as they have effect in relation to an appeal against an assessment to tax.
- (5) Subsection (6) below applies where—
 - (a) a return is delivered in response to a section 11 notice;
 - (b) following a statement of conclusions under section 28AA of this Act, a period is finally determined to be the accounting period for which the return should have been made;
 - (c) the effect of the determination is that there is a period (“a further period”) which—
 - (i) before the determination was not an accounting period ending in or at the end of the period specified in the section 11 notice, and
 - (ii) as a result of the determination, becomes a period so ending;and
 - (d) there is no return which can be amended under section 28AA of this Act so as to become a return for that further period.
- (6) Where this subsection applies, the section 11 notice shall be taken to require a return for the further period before the postponed final day.
- (7) The postponed final day is whichever is the later of—

Status: Point in time view as at 31/01/2013.

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- (a) the final day determined under section 11(4) of this Act; and
 - (b) the last day of the period of 30 days beginning with the day on which the accounting period for the return mentioned in subsection (5)(a) above is finally determined.
- (8) In relation to any return for the further period the provisions of this Act shall have effect as if any reference to the filing date in relation to that return were a reference to the postponed final day.”]

Textual Amendments

F313 Sch. 24 para. 6 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)

Failure to deliver return: determinations

[^{F3147} After section 28C there shall be inserted the following sections—

“ **Determination of corporation tax where no return delivered.**

- (1) Where—
 - (a) a section 11 notice has been served on a company, and
 - (b) no return is delivered to an officer of the Board in response to the notice before the relevant day,
 the officer may make a determination of the amounts in which, to the best of his information and belief, the company is chargeable to corporation tax for the relevant period.
- (2) In subsection (1) above “the relevant period” means—
 - (a) if there is only one accounting period ending in or at the end of the period specified in the section 11 notice, that accounting period;
 - (b) if there is more than one accounting period ending in or at the end of the period so specified, each of those accounting periods;
 - (c) if the officer has insufficient information to identify the accounting periods of the company, such period or periods ending in or at the end of the period so specified as he may determine.
- (3) Subject to subsections (4) and (5) below, a determination under subsection (1) above shall have effect for the purposes of Parts VA, VI, IX and XI of this Act as if—
 - (a) it were a self-assessment made under section 11AA of this Act; and
 - (b) (where subsection (2)(c) above applies) the period for which the determination is made were an accounting period of the company.
- (4) If—
 - (a) the company delivers a return for a period ending in or at the end of the period specified in the section 11 notice,
 - (b) the period is, or is treated in the return as, an accounting period, and
 - (c) the return includes a self-assessment under section 11AA of this Act,
 the self-assessment shall supersede the determination under subsection (1) above or, if there is more than one determination under that subsection, the

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determination for the period which is, or most closely approximates to, the period for which the return is made.

- (5) If the company shows—
- (a) that there is no period ending in or at the end of the period specified in the section 11 notice which is an accounting period of the company, or
 - (b) that it has delivered a return containing a self-assessment for the accounting period, or each accounting period, ending in or at the end of the period specified in the section 11 notice,
- any determination under subsection (1) above shall be of no effect.

Determination of corporation tax where notice complied with in part.

- (1) Where—
- (a) a company delivers a return for an accounting period ending in or at the end of the period specified in a section 11 notice served on the company, but
 - (b) there is another period so ending (an “outstanding period”) which it appears to an officer of the Board is or may be an accounting period but for which no return has been delivered before the relevant day,
- the officer may make a determination of the amounts in which, to the best of his information and belief, the company is chargeable to corporation tax for the outstanding period.
- (2) Subject to subsections (3) and (4) below, a determination under subsection (1) above shall have effect for the purposes of Parts VA, VI, IX and XI of this Act as if—
- (a) it were a self-assessment made under section 11AA of this Act; and
 - (b) where the officer has insufficient information to determine whether the outstanding period is an accounting period, the period for which the determination is made were an accounting period of the company.
- (3) If, after the determination is made—
- (a) the company delivers a further return for a period ending in or at the end of the period specified in the section 11 notice,
 - (b) the period is, or is treated in the return as, an accounting period, and
 - (c) the return includes a self-assessment under section 11AA of this Act,
- the self-assessment shall supersede the determination under subsection (1) above.
- (4) If the company shows that it has delivered a return containing a self-assessment for the accounting period, or each accounting period, ending in or at the end of the period specified in the section 11 notice, the determination under subsection (1) above shall be of no effect.

Corporation tax determinations: supplementary.

- (1) Notice of any determination under section 28D or 28E of this Act shall be served on the person in respect of whom it is made and shall state the date on which it is issued.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (2) No determination may be made under section 28D or 28E of this Act after the end of the period of five years beginning with the relevant day.
- (3) A self-assessment shall not supersede a determination under section 28D or 28E of this Act if it is made after whichever is the later of—
- (a) the end of the period of five years beginning with the relevant day; and
 - (b) the end of the period of twelve months beginning with the date of the determination.
- (4) Where—
- (a) an officer of the Board has commenced any proceedings for the recovery of any tax charged by a determination under section 28D or 28E of this Act, and
 - (b) before those proceedings are concluded, the determination is superseded by a self-assessment,
- those proceedings may be continued as if they were proceedings for the recovery of so much of the tax charged by the self-assessment as is due and payable and has not been paid.
- (5) In sections 28D and 28E of this Act and this section “the relevant day” means, in relation to a section 11 notice—
- (a) if the final day for the delivery of any return required by the notice can be ascertained in accordance with section 11(4) of this Act, that day;
 - (b) in any other case, the day determined in accordance with subsection (6) below.
- (6) The day is whichever is the later of—
- (a) the last day of the period of 30 months from the end of the period specified in the section 11 notice; and
 - (b) the last day of the period of three months from the day on which the section 11 notice was served.”]

Textual Amendments

F314 Sch. 24 para. 7 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)

Commencement

- 8 (1) Paragraphs 3 to 6 above have effect in relation to returns made for periods ending on or after the day appointed under section 199 of the ^{M52}Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (self-assessment).
- [^{F315}(2) Paragraph 7 above has effect in relation to notices under section 11 of the ^{M53}Taxes Management Act 1970 specifying a period ending on or after the day so appointed.]

Status: Point in time view as at 31/01/2013.

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Textual Amendments

F315 Sch. 24 para. 8(2) 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)**

Marginal Citations

M52 1994 c. 9.

M53 1970 c. 9.

PART II

OTHER AMENDMENTS

General

9 In this Part of this Schedule “the appointed day” means the day appointed as mentioned in paragraph 8(1) above.

Repeal of section 8A of the Taxes Act 1988

10 Section 8A of the Taxes Act 1988 (resolutions to reduce corporation tax) shall cease to have effect.

Determination of accounting date

^{F316}11

Textual Amendments

F316 Sch. 24 para. 11 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)

Companies in liquidation

^{F317}12

Textual Amendments

F317 Sch. 24 para. 12 repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

Construction of references to assessments

[^{F318}13 In section 197(1) of the ^{M54}Finance Act 1994 (construction of certain references), in paragraph (b) after “28C” there shall be inserted “, 28D or 28E ”.]

Status: Point in time view as at 31/01/2013.

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Textual Amendments

F318 Sch. 24 para. 13 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)

Marginal Citations

M54 1994 c. 9.

[^{F319}SCHEDULE 25

Section 139.

SELF-ASSESSMENT: SURRENDERS OF ADVANCE CORPORATION TAX]

Textual Amendments

F319 Sch. 25 repealed (31.7.1998 with effect in accordance with Sch. 3 of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(2), Note

[^{F320}Amendments of section 240 of the Taxes Act 1988]

Textual Amendments

F320 Sch. 25 repealed (31.7.1998 with effect in accordance with Sch. 3 of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(2), Note

[^{F321}1 (1) Section 240 of the Taxes Act 1988 (set-off of company’s advance corporation tax against subsidiary’s liability to corporation tax) shall be amended as follows.

(2) For subsection (1) there shall be substituted the following subsections—

“(1) Where a company (“the surrendering company”) has paid an amount of advance corporation tax in respect of a dividend or dividends paid by it in an accounting period, it may under this section surrender the benefit of so much of that amount as is available for surrender, or any part of that amount that is available for surrender, to any company which was a subsidiary of it throughout that accounting period.

(1A) The surrender shall take effect on the surrendering company making a claim in accordance with Schedule 13A.

(1B) A claim to surrender an amount exceeding the amount the benefit of which, at the time the claim is made, is available for surrender shall be of no effect.”

(3) For subsections (6) and (7) there shall be substituted the following subsections—

“(5A) A claim under subsection (1A) above may be withdrawn by the surrendering company with the consent of the subsidiary to whom the surrender was made.

(5B) The withdrawal of a claim under subsection (1A) above to make a surrender for an accounting period of the surrendering company shall not prevent the

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making of a further claim under that subsection for that accounting period (whether to the same or a different subsidiary).

(5C) Where the surrendering company withdraws a claim by virtue of which an amount of advance corporation tax was treated under subsection (2) above as paid by its subsidiary in respect of a distribution made on a date determined under that subsection—

- (a) the subsidiary shall be treated as if it had not paid that amount in respect of a distribution made by it on the date so determined; and
- (b) subject to the effect of any further claim, the surrendering company shall be treated as having paid a corresponding amount of advance corporation tax in respect of a distribution made by it on the date so determined.

(5D) The amount of advance corporation tax the benefit of which is at any time available for surrender is the amount referred to in subsection (1) above less any amount which at that time falls within subsection (5E) below.

(5E) The amounts are—

- (a) any amount which has been repaid to the surrendering company;
- (b) any amount which has been dealt with under section 239(3);
- (c) any amount surrendered under a claim for that period which has not been withdrawn.

(5F) Subject to subsection (5C)(b) above, no amount of advance corporation tax the benefit of which has been surrendered under this section shall be treated for the purposes of section 239 as advance corporation tax paid by the surrendering company.”

(4) After subsection (13) there shall be inserted the following subsection—

“(14) Schedule 13A (which makes supplementary provision with respect to surrenders of advance corporation tax) shall have effect.”]

Textual Amendments

F321 Sch. 25 repealed (31.7.1998 with effect in accordance with Sch. 3 of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(2), Note

[^{F322}The new Schedule 13A to the Taxes Act 1988]

Textual Amendments

F322 Sch. 25 repealed (31.7.1998 with effect in accordance with Sch. 3 of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(2), Note

[^{F323}2 After Schedule 13 to the Taxes Act 1988 there shall be inserted the following Schedule—

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

“SCHEDULE 13A

SURRENDERS OF ADVANCE CORPORATION TAX

General

- 1 (1) In this Schedule any reference to a claim is to a claim under section 240(1A).
- (2) In this Schedule “the relevant accounting period of the surrendering company” means, in relation to a claim by the surrendering company, the accounting period referred to in section 240(1).

Multiple claims

- 2 (1) Surrenders to different subsidiaries or to the same subsidiary at different times shall be treated as made by separate claims (however the claims are presented).
- (2) Where a surrendering company makes more than one claim at the same time, the claims shall be treated as made in such sequence as the surrendering company at that time elects or as, in default of such an election, an officer of the Board determines.

Content of claims etc.

- 3 (1) A claim must specify—
 - (a) the amount the benefit of which is surrendered; and
 - (b) the subsidiary to whom the surrender is made.
- (2) The amount specified in compliance with sub-paragraph (1)(a) above must be an amount which is quantified at the time when the claim is made.

Time limit for claims

- 4 A claim by the surrendering company must be made within the period of six years from the end of the relevant accounting period of the surrendering company.

Claim to be included in return where possible

- 5 (1) Where a claim could be made by being included in a return under section 11 of the Management Act, or an amendment of such a return, it must be so made.
- (2) Section 42 of and Schedule 1A to the Management Act (procedure for making claims) shall not apply to the making of claims.
- 6 (1) A claim not included in a return or an amendment of a return must be made to an officer of the Board and must be supported by such documents as the officer may require.
- (2) The claim shall be made in such form as the Board may determine.

Status: Point in time view as at 31/01/2013.

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- (3) The form of claim shall provide for a declaration to the effect that all the particulars given in the form are correctly stated to the best of the information and belief of the person making the claim.

Contents of notices of withdrawal, etc.

- 7 (1) A claim shall not be withdrawn except by a notice given to an officer of the Board in such form as the Board may determine.
- (2) A notice withdrawing a claim must specify—
- (a) the surrendering company which made the claim;
 - (b) the amount the benefit of which was surrendered under the claim;
 - (c) the subsidiary to whom the surrender was made; and
 - (d) the relevant accounting period of the surrendering company in relation to the claim.
- (3) A notice withdrawing a claim must be accompanied by a notice signifying the consent required by section 240(5A).
- (4) Where a claim included in a return is withdrawn and the withdrawal could be made by an amendment of the return, it must be so made.

Simultaneous claims and withdrawals of claims

- 8 Where—
- (a) a claim (“claim A”) is withdrawn, and
 - (b) at the time when claim A is withdrawn, another claim (“claim B”) is made,
- claim A shall be treated as being withdrawn before claim B is treated as made.

Time limit for withdrawing claims

- 9 (1) Subject to sub-paragraph (3) below, a claim shall not be withdrawn after the earlier of—
- (a) the end of the period of six years from the end of the relevant accounting period of the surrendering company; and
 - (b) the date on which an assessment for any relevant accounting period of the subsidiary in whose favour the claim was made becomes final.
- (2) In this paragraph “relevant accounting period of the subsidiary” means, in relation to a claim, any period in which a distribution is treated under section 240(2) as made by virtue of the claim.
- (3) In the circumstances given by sub-paragraph (4) below, a claim may be withdrawn at any time before the end of the period of six years from the end of the relevant accounting period of the surrendering company.
- (4) The circumstances are that—
- (a) the claim was made—

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- (i) after the date on which an assessment for a relevant accounting period of the subsidiary in whose favour the claim is made becomes final; and
 - (ii) after a further assessment has been made on the subsidiary for that period by an officer of the Board or the Board; and
 - (b) immediately before the claim is withdrawn, none of the advance corporation tax which, by virtue of the claim, is treated as paid by the subsidiary has been finally dealt with to the subsidiary's advantage.
- (5) For the purposes of sub-paragraph (4) above, advance corporation tax is finally dealt with to the subsidiary's advantage if—
- (a) it is set against any liability of the subsidiary under any assessment to corporation tax which has become final; or
 - (b) any of it is repaid to the subsidiary.

No amendment of claims

- 10 Nothing in the Management Act shall be read as allowing a claim to be amended.

Further self-assessments by the surrendering company

- 11 (1) Where—
- (a) a claim is made after an assessment to corporation tax for the relevant accounting period of the surrendering company has become final,
 - (b) under section 239(1), advance corporation tax has been set against the company's liability to corporation tax for that period, and
 - (c) the claim is a claim to surrender the benefit of an amount which is or includes the whole or a part of the amount set-off,
- the claim must be accompanied by an assessment (a self-assessment) of the corporation tax due as a result of the claim.
- (2) The tax shall be treated as due and payable, in accordance with section 59D of the Management Act, on the day following the expiry of nine months from the end of the relevant accounting period.
- (3) The standard provisions about enquiries into self-assessments (given by paragraph 14 below) apply to self-assessments provided under this paragraph.
- 12 (1) Where—
- (a) by virtue of section 239(4), advance corporation tax paid in the relevant accounting period of the surrendering company has been set against the company's liability to corporation tax for a later accounting period,
 - (b) the claim is made after assessments to corporation tax for both periods have become final, and
 - (c) the claim is a claim to surrender the benefit of an amount which is or includes the whole or a part of the amount set-off,
- the claim must be accompanied by an assessment (a self-assessment) of the corporation tax due as a result of the claim.

Status: Point in time view as at 31/01/2013.

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- (2) The tax shall be treated as due and payable, in accordance with section 59D of the Management Act, on the day following the expiry of nine months from the end of the later accounting period.
- (3) The standard provisions about enquiries into self-assessments (given by paragraph 14 below) apply to self-assessments provided under this paragraph.
- (4) For the purposes of sub-paragraph (1)(a) above, advance corporation tax which was in fact paid in the relevant accounting period of the surrendering company shall be treated as set against the liability of the company to corporation tax for the later accounting period after any other advance corporation tax available to be so treated.

Further self-assessments by subsidiary

- 13 (1) Sub-paragraph (3) below applies where—
 - (a) under section 239(1), advance corporation tax has been set against the subsidiary’s liability to corporation tax for an accounting period (“the relevant accounting period”),
 - (b) the advance corporation tax is, includes or is part of advance corporation tax which is treated as paid by the subsidiary in respect of that period on the assumption that section 240(2) required that treatment, and
 - (c) after an assessment to corporation tax for that period has become final, the subsidiary becomes aware of facts (“the true facts”) which, by virtue of section 240(1B), make that treatment incorrect.
- (2) Sub-paragraph (3) below also applies where—
 - (a) by virtue of section 239(4), advance corporation tax has been set against the subsidiary’s liability to corporation tax for an accounting period (“the relevant accounting period”),
 - (b) the advance corporation tax is, includes or is part of advance corporation tax which is treated as paid by the subsidiary in respect of a previous accounting period on the assumption that section 240(2) required that treatment, and
 - (c) after an assessment to corporation tax for that period has become final, the subsidiary becomes aware of facts (“the true facts”) which, by virtue of section 240(1B), make that treatment incorrect.
- (3) The subsidiary must, before the end of the period of three months beginning with the day on which it becomes aware of the true facts, provide an officer of the Board with an assessment (a self-assessment) of the amount of corporation tax which was due for the relevant accounting period on the basis of the true facts.
- (4) The tax shall be treated as due and payable, in accordance with section 59D of the Management Act, on the day following the expiry of nine months from the end of the relevant accounting period of the subsidiary.
- (5) The standard provisions about enquiries into self-assessments (given by paragraph 14 below) apply to self-assessments provided under this paragraph.

Status: Point in time view as at 31/01/2013.

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- (6) For the purposes of this paragraph it shall be assumed that advance corporation tax actually paid (or correctly treated as paid) by the subsidiary has been set against the subsidiary's liability to corporation tax before any advance corporation tax incorrectly treated as paid by the subsidiary.

Standard provisions about enquiries into self-assessments

- 14 (1) The standard provisions about enquiries into self-assessments (which correspond, in general terms, to certain provisions of section 28A of the Management Act) are as follows.
- (2) An officer of the Board may, at any time before the end of the period of one year beginning with the day on which the self-assessment is received, give notice of his intention to enquire into the self-assessment.
- (3) The officer's enquiries shall end on such day as he by notice—
- (a) informs the company that he has completed his enquiries, and
 - (b) states his conclusions as to the amount of tax which should be contained in the company's self-assessment.
- (4) At any time in the period of 30 days beginning with the day on which the enquiries end, the company may amend its self-assessment so as to make good any deficiency or eliminate any excess in the amount of tax contained in the self-assessment.
- (5) At any time in the period of 30 days beginning immediately after the period mentioned in sub-paragraph (4) above, the officer may by notice to the company amend the company's self-assessment so as to make good any deficiency or eliminate any excess in the amount of tax contained in the self-assessment.
- (6) The provisions of the Management Act apply to an amendment of a self-assessment under sub-paragraph (5) above as they apply to an amendment of a self-assessment under section 28A(4) of that Act.
- (7) At any time before a notice is given under sub-paragraph (3) above, the company may apply for a direction that the officer shall give such a notice within such period as may be specified in the direction.
- (8) Subject to sub-paragraph (9) below, an application under sub-paragraph (7) above shall be heard and determined in the same way as an appeal against an amendment of a self-assessment under section 28A(2) or (4) of the Management Act.
- (9) The Commissioners hearing an application under sub-paragraph (7) above shall give the direction applied for unless they are satisfied that the officer has reasonable grounds for not giving the notice.

Repayments

- 15 (1) Where—
- (a) a claim is withdrawn after an assessment for the relevant accounting period of the surrendering company has become final, and

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- (b) an amount of corporation tax paid by the surrendering company in respect of that period would not have been payable if the claim had not been made,
- the surrendering company shall be entitled by notice to claim repayment of that amount.
- (2) Where—
- (a) a claim is made after the date on which an assessment for any relevant accounting period of the subsidiary in whose favour the claim is made becomes final, and
- (b) an amount of corporation tax paid by the subsidiary in respect of that period would not have been payable if the claim had not been made,
- the subsidiary shall be entitled by notice to claim repayment of that amount.
- (3) In this paragraph “relevant accounting period of the subsidiary” has the same meaning as in paragraph 9.”]

Textual Amendments

F323 Sch. 25 repealed (31.7.1998 with effect in accordance with Sch. 3 of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(2), Note

[^{F324} Paragraphs 1 and 2 above have effect where the accounting period of the surrendering company ends on or after the day appointed under section 199 of the ^{M55}Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (self-assessment).]

Textual Amendments

F324 Sch. 25 repealed (31.7.1998 with effect in accordance with Sch. 3 of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(2), Note

Marginal Citations

M55 1994 c. 9.

[^{F325} Other amendments]

Textual Amendments

F325 Sch. 25 repealed (31.7.1998 with effect in accordance with Sch. 3 of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(2), Note

[^{F326} Section 239(5) of the Taxes Act 1988 (manner in which claims under section 239(1) and (4) to be given effect) shall cease to have effect in relation to accounting periods ending on or after the day appointed as mentioned in paragraph 3 above.]

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F326 Sch. 25 repealed (31.7.1998 with effect in accordance with Sch. 3 of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(2), Note

[^{F327}5 In the Table in section 98 of the ^{M56}Taxes Management Act 1970 (penalties in respect of certain information provisions), after the entry in the second column relating to Schedule 13 to the Taxes Act 1988, there shall be inserted the following entry—

“Schedule 13A, paragraphs 11, 12 and 13;”.]

Textual Amendments

F327 Sch. 25 repealed (31.7.1998 with effect in accordance with Sch. 3 of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(2), Note

Marginal Citations

M56 1970 c. 9.

^{F328}SCHEDULE 26

Section 150.

DAMAGES AND COMPENSATION FOR PERSONAL INJURY

Textual Amendments

F328 Sch. 26 repealed (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), Sch. 3 (with Sch. 2)

SCHEDULE 27

Section 153.

FOREIGN INCOME DIVIDENDS

Companies that pay FIDs

[^{F329}1 (1) In section 246A(1) of the Taxes Act 1988 (foreign income dividends) after “a company” there shall be inserted “ resident in the United Kingdom ”.

(2) This paragraph has effect in relation to dividends paid on or after 28th November 1995.]

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F329 Sch. 27 para.1 repealed (31.7.1997 with effect in accordance with s. 36, Sch. 6 of the amending Act) by 1997 c. 58, s. 52, Sch. 8 Pt. II(11), Note

Recipients of FIDs

[^{F330}2 Section 246D(5) of that Act (exclusion of section 233(1) and (1A) in the case of foreign income dividends) shall have effect, and be deemed always to have had effect, as if at the end there were inserted “ to which an individual is beneficially entitled, a foreign income dividend paid to personal representatives or a foreign income dividend paid to trustees in a case in which the dividend is income to which section 686 applies. ”]

Textual Amendments

F330 Sch. 27 para. 2 repealed (31.7.1997 with effect in accordance with s. 36, Sch. 6 of the amending Act) by 1997 c. 58, s. 52, Sch. 8 Pt. II(11), Note

Calculation of the distributable foreign profit and the notional foreign source ACT

- [^{F331}3 (1) In section 246I(6) of that Act, for the words from “an amount equal” onwards there shall be substituted “ the amount of corporation tax payable, before double taxation relief is afforded, in respect of the foreign source profit. ”
- (2) In section 246P(2) of that Act (assumptions to apply for the purposes of calculating the notional foreign source ACT), the following paragraph shall be inserted before the “and” at the end of paragraph (e)—
- “(ea) where any of the matched foreign source profits represent an amount (“a gross profit”) reduced by one or more such deductions as are mentioned in section 246I(2), the amount of double taxation relief which is to be taken, in finding the amount of corporation tax falling finally to be borne, to have been available (after the reduction) to be allowed by reference to the amount representing the gross profit was equal to the amount that would have been available to be so allowed had no reduction been made;”.
- (3) In section 246P of that Act, after subsection (12) there shall be inserted the following subsection—
- “(12A) In this section “double taxation relief” has the same meaning as in section 246I.”
- (4) Subject to sub-paragraph (5) below, this paragraph has effect in relation to accounting periods ending after 28th November 1995.
- (5) This paragraph, so far as applicable as respects authorised unit trusts, has effect in relation to any distribution period ending after 28th November 1995.]

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F331 Sch. 27 para. 3 repealed (31.7.1997 with effect in accordance with s. 36, Sch. 6 of the amending Act) by 1997 c. 58, s. 52, Sch. 8 Pt. II(11), Note

International headquarters company

- [^{F332}4 (1) Section 246S of that Act (conditions for treatment as international headquarters company) shall be amended as follows.
- (2) In subsection (3) (wholly-owned subsidiary of foreign quoted parent company), in paragraph (a), for “wholly owned by” there shall be substituted “ a 100 per cent. subsidiary of”.
- (3) Subsection (8) (extension of subsection (3)) shall cease to have effect.
- (4) After subsection (10) there shall be inserted the following subsection—
- “(10A) For the purposes of this section a company is a 100 per cent. subsidiary of another if and so long as it is a body corporate all of whose share capital would fall to be treated for the purposes of section 838 as owned directly or indirectly by the other and that other is a body corporate; but for this purpose references in that section to owning share capital shall be construed in accordance with subsection (12) below.”
- (5) Subject to sub-paragraph (6) below, this paragraph has effect in relation to any accounting period ending after 28th November 1995.
- (6) Where—
- (a) this paragraph has effect under sub-paragraph (5) above in relation to an accounting period in which a dividend is paid, and
- (b) the immediately preceding period ended on or before 28th November 1995, subsection (9) (requirement to be international headquarters company in the period before that in which a dividend is paid) shall have effect in the case of that dividend as if this paragraph also had effect in relation to that immediately preceding period.]

Textual Amendments

F332 Sch. 27 para. 4 repealed (31.7.1997 with effect in accordance with s. 36, Sch. 6 of the amending Act) by 1997 c. 58, s. 52, Sch. 8 Pt. II(11), Note

Life assurance business charged under Case I of Schedule D

- [^{F333}5 (1) In section 440B of that Act (modifications for life assurance business charged under Case I of Schedule D), after subsection (1) there shall be inserted the following subsection—
- “(1A) Nothing in section 208 shall prevent foreign income dividends from being taken into account in any computation of the profits of the company’s life assurance business charged in accordance with Case I of Schedule D.”
- (2) This paragraph has effect in relation to accounting periods beginning on or after 1st January 1996.]

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F333 Sch. 27 para. 5 repealed (31.7.1997 with effect as mentioned in Sch. 8 Pt. II(6), Note of the amending Act) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(6)**

Foreign income distributions to corporate unit holders

^{F334}6 (1) In section 468R of that Act (foreign income distributions to corporate unit holders), after subsection (3) there shall be inserted the following subsection—

“(4) No repayment shall be made of any tax which is deemed to have been deducted by virtue of the application of paragraph (b) of section 468Q(2) in relation to a foreign income distribution.”

(2) This paragraph applies in relation to any distribution period ending on or after 28th November 1995.]

Textual Amendments

F334 Sch. 27 para. 6 repealed (31.7.1997 with effect in accordance with s. 36, **Sch. 6** of the amending Act) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(11)**, Note

SCHEDULE 28

Section 154.

FOTRA SECURITIES: CONSEQUENTIAL AMENDMENTS

The Taxes Act 1988

- 1 Section 47 of the Taxes Act 1988 (FOTRA securities) shall cease to have effect.
- 2 Section 474(2) of that Act (which prevents the deduction of expenses in respect of securities the income on which is exempt from tax) shall cease to have effect.
- 3 (1) In section 475 of that Act (tax-free securities: exclusion of interest on borrowed money), ^{F335} ...
^{F336}(2)
(3) Subsections (6) and (7) of that section shall cease to have effect.

Textual Amendments

F335 Words in **Sch. 28 para. 3(1)** repealed (with effect in accordance with s. 381(1) of the amending Act) by **Taxation (International and Other Provisions) Act 2010 (c. 8)**, s. 381(1), **Sch. 10 Pt. 12** (with **Sch. 9 paras. 1-9, 22**)

F336 **Sch. 28 para. 3(2)** repealed (with effect in accordance with s. 381(1) of the amending Act) by **Taxation (International and Other Provisions) Act 2010 (c. 8)**, s. 381(1), **Sch. 10 Pt. 12** (with **Sch. 9 paras. 1-9, 22**)

^{F337}4

Status: Point in time view as at 31/01/2013.

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Textual Amendments

F337 Sch. 28 para. 4 repealed (1.9.2000 with effect in relation to accounting periods of a company beginning on or after 1.1.2000 and ending on or after 1.9.2000) by S.I. 2000/2188, arts. 1, 6(2)

F338⁵

Textual Amendments

F338 Sch. 28 para. 5 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

- 6 In paragraph 1(3) of Schedule 24 to that Act ^{F339}... (amount taken into account in computing tax of company on the assumption that it is resident in the United Kingdom), for “by virtue of section 47 or 48” there shall be substituted, in each case, “ and have been so received by virtue of section 154(2) of the Finance Act 1996 ”.

Textual Amendments

F339 Words in Sch. 28 para. 6 repealed (with effect in accordance with art. 1(2)(3), Sch. 1 of the amending S.I.) by The Offshore Funds (Tax) Regulations 2009 (S.I. 2009/3001), reg. 1(1), Sch. 2

The Inheritance Tax Act 1984 (c. 51)

- 7 In section 6(2) of the Inheritance Tax Act 1984 (FOTRA securities to be excluded property in specified circumstances), for the words from “neither” to “United Kingdom” there shall be substituted “ of a description specified in the condition ”.
- 8 In each of paragraphs (a) and (b) of section 48(4) of that Act (excluded property in the case of settlements), for the words from “neither” to “United Kingdom” there shall be substituted “ of a description specified in the condition in question ”.

[^{F340}SCHEDULE 29

Section 156.]

PAYING AND COLLECTING AGENTS ETC.

Textual Amendments

F340 Sch. 29 repealed (28.7.2000 with effect as mentioned in Sch. 40 Pt. II(17) Notes 1-3 of the amending Act) by 2000 c. 17, s. 156, Sch. 40 Pt. II(17)

PART I

THE NEW CHAPTER

- [^{F341}1 In Part IV of the Taxes Act 1988 (provisions relating to the Schedule D charge) the following Chapter shall be inserted after Chapter VII—

Status: Point in time view as at 31/01/2013.

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“CHAPTER VIIA

PAYING AND COLLECTING AGENTS

Definitions.

118A In this Chapter—

- (a) except in the terms “agent concerned”, “collecting agent” and “paying agent”, references to an “agent” include a person acting as nominee or sub-agent for an agent;
- (b) “bank” has the meaning given by section 840A;
- (c) the “chargeable date”—
 - (i) in the case of a relevant payment, has the meaning given by section 118B(5); and
 - (ii) in the case of a relevant receipt, has the meaning given by section 118C(4);
- (d) “collecting agent” has the meaning given by section 118C(1), and in relation to any relevant receipt or chargeable receipt, a reference to the collecting agent is a reference to the collecting agent by virtue of whose performance of a relevant function that receipt was received or arose;
- (e) in relation to any dividends, references to “coupons” include warrants for and bills of exchange purporting to be drawn or made in payment of those dividends;
- (f) references to a depositary include references to a person acting as agent or nominee for a depositary;
- (g) except in paragraph (h) below, references to “dividends” are references to foreign dividends, United Kingdom public revenue dividends or relevant dividends as the context requires;
- (h) “foreign dividends” means any annual payments, interest or dividends payable out of or in respect of foreign holdings;
- (i) “foreign holdings” means the stocks, funds, shares or securities of any body of persons not resident in the United Kingdom or of a government or public or local authority in a country outside the United Kingdom;
- (j) “gilt-edged securities” means any securities which—
 - (i) are gilt-edged securities for the purposes of the 1992 Act; or
 - (ii) will be such securities on the making of any order under paragraph 1 of Schedule 9 to that Act the making of which is anticipated in the prospectus under which they were issued;
- (k) “international organisation” has the meaning given by section 51A(8);
- (l) references to a “nominee” include a person acting as agent or nominee for a nominee;
- (m) “paying agent” has the meaning given by section 118B(1);
- (n) “prescribed” means prescribed in regulations made by the Board under this Chapter or prescribed by the Board in accordance with such regulations;

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- (o) “quoted Eurobond” means a quoted Eurobond within the meaning of section 124 the interest on which is chargeable to tax under Case III of Schedule D, and “quoted Eurobond interest” means interest on such a quoted Eurobond;
- (p) “relevant dividends” means foreign dividends and quoted Eurobond interest;
- (q) “relevant holdings” means foreign holdings and quoted Eurobonds;
- (r) “relevant payment” has the meaning given by section 118B(5);
- (s) “relevant receipt” has the meaning given by section 118C(2);
- (t) “securities” includes any loan stocks or similar securities, whether secured or unsecured; and
- (u) “United Kingdom public revenue dividends” means income from securities which is payable out of the public revenue of the United Kingdom or Northern Ireland.

Paying agents.

- 118B) A person specified in column 1 of Table A below shall be a paying agent for the purposes of this Chapter in relation to such dividends as are—
- (a) of a description set out in column 2 of that Table opposite his specification; and
 - (b) entrusted to him for payment or distribution.

Table A

1	2
1. Any person in the United Kingdom.	United Kingdom public revenue dividends
2. The Bank of England	United Kingdom public revenue dividends paid on securities entered in the register of the Bank of Ireland in Dublin
3. Any person in the United Kingdom	foreign dividends which are payable to persons in the United Kingdom and do not fall within subsection (4) below

- (2) The Bank of England and the Bank of Ireland shall be treated as paying agents for the purposes of this Chapter in relation to United Kingdom public revenue dividends which are payable to them.
- (3) The National Debt Commissioners shall be treated as paying agents for the purposes of this Chapter in relation to United Kingdom public revenue dividends payable by them.
- (4) Foreign dividends fall within this subsection if they are payable out of, or in respect of, the stocks, funds, shares or securities of an organisation which is for the time being designated for the purposes of this subsection pursuant to section 582A(1).

Status: Point in time view as at 31/01/2013.

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- (5) Any payment in relation to which a person is a paying agent shall be a relevant payment for the purposes of this Chapter; and the chargeable date is—
- (a) in relation to such a payment as is mentioned in subsection (2) above, the date on which the payment is received; and
 - (b) in relation to any other relevant payment, the date on which the payment is made.

Collecting agents.

- 118(1) Subject to subsection (3) below, a person described in column 1 of Table B below shall be a collecting agent for the purposes of this Chapter in relation to such functions performed by him as are set out in that description, which shall be relevant functions for the purposes of this Chapter.
- (2) Such dividends or proceeds of sale or other realisation as—
- (a) are set out in column 2 of Table B below opposite the description of a collecting agent in column 1; and
 - (b) are received or arise by virtue of that collecting agent's performance of a relevant function comprised in that description
- shall be relevant receipts for the purposes of this Chapter.

Table B

1	2
1. Any person in the United Kingdom who, in the course of a trade or profession, acts as custodian of any relevant holdings	any relevant dividends in respect of those relevant holdings which are received by him or are paid to another person at his direction or with his consent
2. Any person in the United Kingdom who, in the course of a trade or profession, by means of coupons collects or secures payment of or receives relevant dividends for another person	the relevant dividends which he so collects or receives or of which he so secures payment
3. Any person in the United Kingdom who, in the course of a trade or profession, otherwise acts for another person in arranging to collect or secure payment of relevant dividends	the relevant dividends which he so collects or of which he so secures payment
4. Any bank in the United Kingdom which sells or otherwise realises coupons for relevant dividends and pays over the proceeds or carries them into an account	the proceeds of sale or other realisation of those coupons
5. Any dealer in coupons in the United Kingdom who purchases any coupons for relevant dividends otherwise than from a bank or another dealer in coupons	the proceeds of sale of those coupons

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- (3) Neither the clearing of a cheque, nor the arranging for the clearing of a cheque, shall of itself be a relevant function.
- (4) The chargeable date, in relation to a relevant receipt, is—
 - (a) in the case of a relevant receipt falling within paragraph 4 or 5 of Table B above, the date on which the sale or realisation is effected, and
 - (b) in any other case, the date on which the dividends are paid.
- (5) For the purposes of paragraph 1 of Table B above, a person acts as a custodian of relevant holdings if he holds them, or an entitlement to them, for another person.
- (6) The Board may by regulations provide for the application of the provisions of this Chapter relating to collecting agents where—
 - (a) a person in the United Kingdom—
 - (i) holds, beneficially or otherwise, a right (the relevant right) which is a right to delivery of, or to amounts representing the whole or substantially the whole of the value of, a specified quantity of shares or securities comprised in a relevant holding which is held by a person outside the United Kingdom, and
 - (ii) is entitled to receive income (the relevant income) which is derived from, or which represents, foreign dividends or quoted Eurobond interest on that quantity of shares or securities; and
 - (b) apart from the provisions of the regulations, the relevant right is not a relevant holding, or the relevant income does not constitute foreign dividends or quoted Eurobond interest.
- (7) Regulations under subsection (6) above may—
 - (a) treat the relevant right as a foreign holding or, as the case may be, a holding of quoted Eurobonds (the notional holding); and
 - (b) treat the relevant income as foreign dividends or, as the case may be, quoted Eurobond interest paid on the notional holding.

Chargeable payments and chargeable receipts.

- 118D) For the purposes of this Chapter, every relevant payment shall be a chargeable payment unless—
- (a) it is made in respect of a foreign dividend—
 - (i) which is payable on foreign holdings held in a recognised clearing system; and
 - (ii) in respect of which any conditions imposed by virtue of subsection (8) below are satisfied; or
 - (b) it is a payment of interest on an exempted certificate of deposit; or
 - (c) the making of the payment is excluded from being a chargeable payment by subsections (4), (5) or (6) below or by section 118G.
- (2) For the purposes of this Chapter, every relevant receipt shall be a chargeable receipt, unless—

Status: Point in time view as at 31/01/2013.

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- (a) it arises in respect of relevant holdings which are held in a recognised clearing system and—
 - (i) the collecting agent pays or accounts for the relevant receipt directly or indirectly to the recognised clearing system, and
 - (ii) any conditions imposed by virtue of subsection (8) below are satisfied; or
 - (b) it arises in respect of relevant holdings which are held in a recognised clearing system for which the collecting agent is acting as depositary; or
 - (c) it is excluded from being a chargeable receipt by subsection (7) below or by section 118G.
- (3) In subsection (1)(b) above, “exempted certificate of deposit” means a certificate of deposit (within the meaning of section 56(5)) issued by a person in the United Kingdom relating to a deposit with a branch in the United Kingdom through which a company resident outside, and not resident in, the United Kingdom carries on a trade.
- (4) The payment of United Kingdom public revenue dividends on securities the interest on which is, by virtue of directions given (or treated by section 51 as having been given) under section 50(1), payable without deduction of income tax shall not be a chargeable payment unless the interest is for the time being payable under deduction of income tax pursuant to an application made (or treated by section 51 as having been made) under section 50(2).
- (5) The payment of United Kingdom public revenue dividends in respect of securities standing in the name of the official custodian for charities, or in respect of which there is given to the paying agent a certificate from the Board to the effect that the dividends are subject only to charitable trusts and are exempt from tax, shall not be a chargeable payment.
- (6) In a case where—
- (a) foreign dividends are entrusted by a company which at the time they are entrusted (the “relevant time”) is not resident in the United Kingdom,
 - (b) they are entrusted for payment to a company which at the relevant time is resident in the United Kingdom, and
 - (c) at the relevant time the company mentioned in paragraph (b) above directly or indirectly controls not less than 10 per cent. of the voting power in the company mentioned in paragraph (a) above,
- the payment of those dividends shall not be a chargeable payment.
- (7) In a case where—
- (a) foreign dividends are payable by a company which at the time of the payment (the “relevant time”) is not resident in the United Kingdom,
 - (b) payment of those dividends is collected, received or secured, or coupons for those dividends are realised, on behalf of a company which at the relevant time is resident in the United Kingdom, and
 - (c) at the relevant time the company mentioned in paragraph (b) above directly or indirectly controls not less than 10 per cent. of the voting power in the company mentioned in paragraph (a) above,

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those dividends or, as the case may be, the proceeds of realisation of those coupons shall not be a chargeable receipt.

- (8) The Board may by regulations provide that subsection (1)(a) above does not apply in respect of a relevant payment, or that subsection (2)(a) above does not apply in respect of a relevant receipt, unless the paying agent or, as the case may be, the collecting agent has obtained a declaration from the recognised clearing system or its depositary in such form, and containing such information, as may be required by those regulations.
- (9) The Board may by regulations make such provision as they may consider appropriate for requiring paying agents and collecting agents to deliver returns setting out particulars of—
- (a) any relevant payments made by them which would have been chargeable payments but for the provisions of section 118D(1)(a);
 - (b) any relevant receipts which would have been chargeable receipts but for the provisions of section 118D(2)(a) or (b);

and for the keeping and production to, or to an officer of, the Board of any document in which any such declaration as is mentioned in subsection (8) above is contained.

Deduction of tax from chargeable payments and chargeable receipts.

118E) Subject to subsection (2) below, where a paying agent makes a chargeable payment—

- (a) he shall, on making the payment, deduct from it a sum representing the amount of income tax thereon;
 - (b) he shall become liable to account for that sum;
 - (c) the person to whom the chargeable payment is made shall allow the deduction on receipt of the residue of the payment, and the paying agent shall be acquitted and discharged of so much money as is represented by the deduction, as if that sum had actually been paid; and
 - (d) the deduction shall be treated as income tax paid by the person entitled to the chargeable payment.
- (2) In relation to United Kingdom public revenue dividends payable to the Bank of Ireland out of the public revenue of the United Kingdom, or which are entrusted to the Bank of Ireland for payment and distribution and are not payable by that Bank out of its principal office in Belfast, subsection (1) above shall not apply, but—
- (a) the money which, apart from this subsection, would be issuable to the Bank of Ireland under section 14 of the ^{M57}National Debt Act 1870, or otherwise payable to the Bank of Ireland for the purpose of dividends on securities of the United Kingdom government entered in the register of the Bank of Ireland in Dublin, shall be issued and paid to the Bank of England;
 - (b) the Bank of England shall deduct from the money so issued and paid to it a sum representing the amount of income tax on the dividends payable to the Bank of Ireland, and on the dividends on the securities of the United Kingdom government entered in the register of the

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- Bank of Ireland in Dublin, and shall become liable to account for the same under section 118F(1);
- (c) the Bank of England shall pay to the Bank of Ireland the residue of the money so issued and paid to it, to be applied by the Bank of Ireland in payment of the dividends; and
 - (d) the deduction shall be treated as income tax paid by the person entitled to the dividends, and the Bank of England and the Bank of Ireland shall be acquitted and discharged of so much money as is represented by the deduction, as if that sum had actually been paid.
- (3) Where a collecting agent performs a relevant function—
- (a) he shall on the chargeable date become liable to account for a sum representing the amount of income tax on any chargeable receipt in relation to which he is the collecting agent;
 - (b) he shall be entitled—
 - (i) to be indemnified by the person entitled to the chargeable receipt against the income tax for which he is liable to account in accordance with paragraph (a) above; and
 - (ii) to deduct out of the chargeable receipt or to retain from any other sums otherwise due from him to the person entitled to the chargeable receipt, or received by him on behalf of that person, amounts sufficient for meeting any liability to account for such income tax which he has discharged or to which he is subject;
 - (c) the person entitled to the chargeable receipt shall allow the deduction or retention on receipt of the residue of the chargeable receipt, and the collecting agent shall be acquitted and discharged of so much money as is represented by the deduction, as if that sum had actually been paid; and
 - (d) the amount for which the collecting agent is liable to account shall be treated as income tax paid by the person entitled to the chargeable receipt.
- (4) A paying agent who makes a chargeable payment, or a collecting agent who is required to account for tax on a chargeable receipt, shall, if the person entitled to the chargeable payment or, as the case may be, the chargeable receipt so requests in writing, furnish him within thirty days after receiving that request with a certificate showing—
- (a) the gross amount of the payment or receipt;
 - (b) the amount of income tax treated as paid by him;
 - (c) the actual amount actually paid or accounted for to him; and
 - (d) the chargeable date.
- (5) The Board may by regulations—
- (a) require a certificate furnished pursuant to subsection (4) above to contain information additional to that set out in paragraphs (a) to (d) of that subsection or a declaration made by or on behalf of the paying agent or collecting agent;
 - (b) make provision for the form of such a certificate or declaration.
- (6) The duty imposed by subsection (4) above shall be enforceable at the suit or instance of the person requesting the certificate.

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Accounting for tax on chargeable payments and chargeable receipts.

- 118(F) Income tax in respect of United Kingdom public revenue dividends for which the Bank of England, the Bank of Ireland, the National Debt Commissioners or any public office or department of the Crown are liable to account pursuant to section 118E(1) or (2) shall become due and payable on the seventh day after the chargeable date and shall be paid into the general account of the Board at the Bank of England or, in the case of the Bank of Ireland, at the Bank of Ireland.
- (2) Any other income tax for which a paying agent is liable to account under section 118E(1), and any income tax for which a collecting agent is liable to account under section 118E(3), shall become due and payable on the fourteenth day from the end of the month in which the chargeable date falls.
- (3) Any tax due under subsection (1) or (2) above shall carry interest, at the rate applicable under section 178 of the ^{M58}Finance Act 1989, from the date on which it becomes due until it is paid.
- (4) The Board may by regulations make such provision as they may consider appropriate—
- (a) for requiring paying agents and collecting agents to deliver returns setting out particulars of—
 - (i) chargeable payments made by them;
 - (ii) chargeable receipts in respect of which they are liable to account for tax;
 - (iii) any relevant payments made by them which would have been chargeable payments but for the provisions of section 118G;
 - (iv) any relevant receipts which would have been chargeable receipts but for the provisions of section 118G;
 - (v) the amount of any tax accounted for by them, or for which they are liable to account, in relation to chargeable payments or chargeable receipts;
 - (vi) in the case of relevant payments falling within subparagraph (iii) above, the paragraphs of subsection (3) or (4) of section 118G that applied to them;
 - (vii) in the case of relevant receipts falling within subparagraph (iv) above, the paragraphs of subsection (4) of section 118G that applied to them;
 - (viii) the names and addresses of the persons entitled to the relevant payments or relevant receipts;
 - (b) with respect to the furnishing of information by paying agents or collecting agents, including the inspection of books, documents and other records on behalf of the Board;
 - (c) for the assessment under the regulations of amounts due and for appeals against such assessments;
 - (d) for the repayment in specified circumstances of amounts paid (or purporting to be paid) under this Chapter.

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Relevant securities of eligible persons.

- 118G Subject to subsection (2) below, and to the provisions of any regulations under section 118H—
- (a) any relevant payment to which subsection (3) or (4) below applies shall not be a chargeable payment; and
 - (b) any relevant receipt to which subsection (4) below applies shall not be a chargeable receipt.
- (2) Regulations made under paragraph (g), (h) or (i) of subsection (4) below may provide that only one of paragraphs (a) and (b) of subsection (1) above is to apply by virtue of those regulations in relation to relevant payments or relevant receipts of a particular kind or from a particular source.
- (3) This subsection applies to payments of United Kingdom public revenue dividends so long as—
- (a) they are exempt from tax by virtue of section 46, 49, 516 or 517;
 - (b) they are payable in respect of gilt-edged securities which for the time being are treated by section 51A as issued subject to the condition that interest on them is paid without deduction of income tax;
 - (c) they are payable in respect of securities which have been issued with such a condition as is authorised by section 22(1) of the ^{M59}Finance (No. 2) Act 1931 and which are for the time being beneficially owned by a person who is not ordinarily resident in the United Kingdom;
 - (d) they are eligible for relief from tax by virtue of section 505(1)(c) or (d), or would be so eligible but for section 505(3);
 - (e) they are eligible for relief from tax by virtue of section 592(2), 608(2)(a), 613(4), 614(2), (3) or (4) or 643(2); or
 - (f) they are payable in respect of securities held by or on behalf of a person of such a description as may be prescribed.
- (4) This subsection applies to relevant payments (not being payments of United Kingdom public revenue dividends) and relevant receipts—
- (a) to which a person who, at the chargeable date—
 - (i) is not resident in the United Kingdom, and
 - (ii) beneficially owns the relevant holdings from which they are derived,is beneficially entitled;
 - (b) which consist of, or of the proceeds of sale or other realisation of coupons for, interest (other than quoted Eurobond interest) to which a bank which, at the chargeable date—
 - (i) is resident in the United Kingdom, and
 - (ii) beneficially owns the foreign holdings from which they are derived,is beneficially entitled;
 - (c) which arise to the trustees of a qualifying discretionary or accumulation trust in their capacity as such in respect of relevant holdings held on the trusts thereof;

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- (d) which are eligible for relief from tax by virtue of section 505(1)(c) or (d), or would be so eligible but for section 505(3);
 - (e) which are eligible for relief from tax by virtue of section 592(2), 608(2)(a), 613(4), 614(2), (3) or (4), 620(6) or 643(2);
 - (f) which consist of, or of the proceeds of sale or other realisation of coupons for, dividends payable out of the public revenue of the Republic of Ireland or out of or in respect of shares or securities issued by or on behalf of any Republic of Ireland company, society, adventure or concern;
 - (g) to which a person of such a description as may be prescribed and who, at the chargeable date, beneficially owns the securities from which they are derived, is beneficially entitled;
 - (h) which are derived from relevant holdings held by or on behalf of a person of such a description as may be prescribed;
 - (i) which are of such a description as may be prescribed; or
 - (j) which fall to be treated as the income of, or of the government of, a sovereign power or of an international organisation.
- (5) For the purposes of subsection (4)(c) above, a trust is a qualifying discretionary or accumulation trust if—
- (a) it is such that some or all of any income arising to the trustees would fall (unless treated as income of the settlor or applied in defraying expenses of the trustees) to be comprised for the year of assessment in which it arises in income to which section 686 (liability to additional rate tax of certain income of discretionary trusts) applies;
 - (b) the trustees are not resident in the United Kingdom; and
 - (c) none of the beneficiaries of the trust is resident in the United Kingdom.
- (6) The persons who are to be taken for the purposes of subsection (5) above to be the beneficiaries of a discretionary or accumulation trust shall be every person who, as a person falling wholly or partly within any description of actual or potential beneficiaries, is either—
- (a) a person who is, or will or may become, entitled under the trust to receive the whole or any part of any income under the trust; or
 - (b) a person to or for the benefit of whom the whole or any part of such income may be paid or applied in exercise of any discretion conferred by the trust;
- and for the purposes of this subsection references, in relation to a trust, to income under the trust shall include references to so much (if any) of any property falling to be treated as capital under the trust as represents amounts originally received by the trustees as income.
- (7) The Board may by regulations provide that a paying agent who is entrusted with the payment or distribution of—
- (a) United Kingdom public revenue dividends on securities which are held by a nominee approved for the purposes of this subsection, or
 - (b) foreign dividends on foreign holdings held by such a nominee,
- shall treat those dividends as not being chargeable payments.

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- (8) For the purpose of giving relief from tax pursuant to arrangements which have effect by virtue of section 788, the Board may by regulations provide that a paying agent who is entrusted with the payment or distribution of United Kingdom public revenue dividends on gilt-edged securities held by a nominee approved for the purposes of this subsection shall—
- (a) treat those dividends as not being chargeable payments, or
 - (b) deduct tax from them at such reduced rates (being lower than the rate that would otherwise be applicable by virtue of section 118E(1)) as may be prescribed.
- (9) Where, pursuant to subsection (7) or (8) above, dividends are paid without deduction of tax, or subject to deduction of tax at a reduced rate, the provisions of this Chapter shall apply, subject to subsection (10) below and to the provisions of regulations under section 118H, as though the nominee was the paying agent in relation to those dividends and the chargeable date was the date on which he received them.
- (10) Where tax has been deducted from dividends at a reduced rate pursuant to regulations under subsection (8) above, the tax for which the nominee is liable to account by virtue of subsection (9) above shall not exceed the difference between the amount of tax on those dividends at the rate that is applicable by virtue of section 118E(1) and the tax already deducted from them.

Relevant securities of eligible persons: administration.

- 118H) The Board may by regulations provide that section 118G(1) shall not apply as regards relevant payments or relevant receipts—
- (a) unless such conditions as may be prescribed are fulfilled;
 - (b) where the Board have reason to believe that section 118G(3) does not apply to, or to the whole of, any relevant payments; or
 - (c) where the Board have reason to believe that section 118G(4) does not apply to, or to the whole of, any relevant payments or relevant receipts.
- (2) In subsection (3) below, references to the relevant exclusion are to exclusion from being a chargeable payment or chargeable receipt pursuant to section 118G(1) or regulations made under section 118G(7) or (8), or to the deduction of tax at a reduced rate pursuant to regulations under section 118G(8), as the case may be; and references to the agent concerned are to the paying agent or collecting agent or, as the case may be, to the nominee approved for the purpose of section 118G(7) or (8).
- (3) Regulations under this section or section 118G(7) or (8) may—
- (a) disapply the relevant exclusion in respect of any relevant payments or relevant receipts derived from any securities or relevant holdings unless the appropriate person has made a declaration in writing to the agent concerned, in such form as may be prescribed or authorised by the Board, confirming that the requirements for the exclusion are satisfied;

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- (b) require the person who makes such a declaration to undertake in the declaration to notify the agent concerned if the circumstances set out in the declaration change;
 - (c) require the agent concerned to consider the accuracy of any declaration made pursuant to a requirement imposed by virtue of paragraph (a) above;
 - (d) impose obligations—
 - (i) on persons having any rights in relation to relevant payments or relevant receipts in respect of which the relevant exclusion applies or is claimed to apply; and
 - (ii) on persons who are the agents concerned in relation to such relevant payments or relevant receipts as are mentioned in sub-paragraph (i) above
 as to the provision of information, and the production of documents, to the Board or, on request, to an officer of the Board;
 - (e) provide for notices to be issued by the Board to persons who fail to comply with requirements for the provision of information or documents mentioned in paragraph (d) above, disapplying the relevant exclusion in relation to relevant payments or relevant receipts in relation to which they have any rights or in relation to which they are the agents concerned;
 - (f) impose requirements as to—
 - (i) the form and contents of any declaration to be made in accordance with the regulations under this section;
 - (ii) the appropriate person to make such a declaration;
 - (iii) the form and manner in which, and the time at which, any declaration is to be made or provided; and
 - (iv) the keeping and production to, or to an officer of, the Board of any document in which any such declaration is contained;
 - (g) provide for notices to be issued by the Board to such persons as may be described in the regulations where the Board are satisfied that the relevant exclusion applies, or where the Board are satisfied or have reason to believe that the relevant exclusion does not apply.
- (4) Regulations under section 118G(7) or (8) may—
- (a) prescribe conditions for the inclusion of securities or foreign holdings in arrangements established under that subsection;
 - (b) set out procedures for the approval of nominees for the purpose of that subsection and for the withdrawal of such approval.

Deduction of tax at reduced rate.

118I The Board may make regulations which provide for the amount of any income tax which a paying agent would otherwise be liable to deduct under section 118E(1)(a), or for which a collecting agent would otherwise be liable to account under section 118E(3)(a), to be reduced by reference to liabilities for such tax paid under the law of a territory outside the United Kingdom as may be prescribed.

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Prevention of double accounting.

- 118J) A relevant dividend the payment of which is a chargeable payment shall not be a chargeable receipt for the purpose of this Chapter.
- (2) Subsection (1) above does not prevent the proceeds of sale or other realisation of a coupon from being a chargeable receipt.
- (3) The Board may make regulations—
- (a) for preventing more than one collecting agent from being liable to account for tax on the same dividend; or
 - (b) which provide that—
 - (i) where more than one person is a collecting agent in relation to a dividend, those persons may agree between themselves which one of their number shall be treated as the collecting agent in relation to that dividend; and
 - (ii) the person so identified shall for all the purposes of this Chapter be treated as the sole collecting agent in relation to that dividend.

Regulations.

- 118K) Any power to make regulations under this Chapter—
- (a) may be exercised as regards prescribed cases or descriptions of case; and
 - (b) may be exercised differently in relation to different cases or descriptions of case, or in relation to different persons or descriptions of person.
- (2) Regulations under this Chapter may include such supplementary, incidental, consequential or transitional provisions as appear to the Board to be necessary or expedient.
- (3) No specific provision of this Chapter about regulations shall prejudice the generality of subsections (1) and (2) above.”]

Textual Amendments

F341 Sch. 29 para. 1 repealed (28.7.2000 with effect as mentioned in Sch. 40 Pt. II(17) Note 1 of the amending Act) by 2000 c. 17, s. 156, Sch. 40 Pt. II(17)

Marginal Citations

M57 1870 c. 71.
M58 1989 c. 26.
M59 1931 c. 49.

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PART II

OTHER PROVISIONS

Penalties

- [^{F342} (1) In section 98 of the ^{M60}Taxes Management Act 1970 (penalties in respect of certain information provisions) the words “regulations under section 118D, 118F, 118G, 118H or 118I;” shall be inserted—
- (a) in column 1 of the Table, after “regulations under section 42A”; and
 - (b) in column 2 of the Table, after “regulations under section 51B”.
- (2) In the same section—
- (a) the words “ regulations under section 124(3); ” shall be inserted in column 1 of the Table after the words inserted by sub-paragraph (1)(a) above; and
 - (b) for the words “section 124(3)” in column 2 of the Table there shall be substituted “ regulations under section 124(3) ”.]

Textual Amendments

F342 [Sch. 29 para. 2](#) repealed (28.7.2000 with effect as mentioned in Sch. 40 Pt. II(17) Note 1 of the amending Act) by [2000 c. 17, s. 156](#), [Sch. 40 Pt. II\(17\)](#)

Marginal Citations

M60 [1970 c. 9](#).

Amendments of the Taxes Act 1988

- [^{F343} The Taxes Act 1988 shall be amended in accordance with paragraphs 4 to 7 below.]

Textual Amendments

F343 [Sch. 29 para. 3](#) repealed (28.7.2000 with effect as mentioned in Sch. 40 Pt. II(17) Notes 1, 2 of the amending Act) by [2000 c. 17, s. 156](#), [Sch. 40 Pt. II\(17\)](#)

- [^{F344} For section 124(2) to (5) there shall be substituted—
- “(2) The conditions are—
- (a) that a person who—
 - (i) is not resident in the United Kingdom, and
 - (ii) beneficially owns the quoted Eurobond
 is beneficially entitled to the interest;
 - (b) that the quoted Eurobond is held in a recognised clearing system.
- (3) The Board may by regulations provide that subsection (1)(b) above shall be taken not to apply to a payment of interest unless—
- (a) the person by or through whom the payment is made (the relevant payer) has received a declaration confirming that one of the conditions of subsection (2) above is satisfied, or

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- (b) they have issued a notice to the relevant payer stating that they consider that one (or both) of those conditions is satisfied.
- (4) Regulations under subsection (3) above may—
- (a) impose requirements as to—
 - (i) the contents of any declaration to be made in accordance with regulations under subsection (3)(a) above,
 - (ii) the form and manner in which any declaration is to be provided in accordance with any such regulations, and
 - (iii) the keeping and production to, or to an officer of, the Board of any document in which any such declaration is contained;
 - (b) make provision for any such declaration to be made by the person entitled to the interest (or, as the case may be, the depositary for the recognised clearing system) or by such other person as may be prescribed by the regulations;
 - (c) require the relevant payer to consider the accuracy of any such declaration;
 - (d) make provision for notices to be issued by the Board to such persons as may be described in the regulations where the Board consider that
 - (i) one (or both) of the conditions of subsection (2) above, or
 - (ii) neither of those conditionsis satisfied in relation to interest paid on any holding of quoted Eurobonds;
 - (e) make provision with respect to the furnishing of information by relevant payers, including the inspection of books and other records on behalf of the Board;
 - (f) require relevant payers to deliver returns setting out particulars of payments made by them to which subsection (1)(b) above applies and the names and addresses of the persons entitled to them;
 - (g) contain such supplementary, incidental, consequential or transitional provisions as appear to the Board to be necessary or expedient.”]

Textual Amendments

F344 Sch. 29 para. 4 repealed (28.7.2000 with effect as mentioned in Sch. 40 Pt. II(17) Note 2 of the amending Act) by 2000 c. 17, s. 156, Sch. 40 Pt. II(17)

[^{F345} (1) In section 348(3) and in section 349(1), at the end there shall be inserted “ or to any payment which is a relevant payment for the purposes of Chapter VIIA of Part IV ”.

(2) In section 349(3), the following paragraph shall be inserted after paragraph (d)—

“(e) to any payment which is a relevant payment for the purposes of Chapter VIIA of Part IV; or”]

Textual Amendments

F345 Sch. 29 para. 5 repealed (28.7.2000 with effect as mentioned in Sch. 40 Pt. II(17) Note 1 of the amending Act) by 2000 c. 17, s. 156, Sch. 40 Pt. II(17)

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- [^{F346} In section 582A (designated international organisations: miscellaneous exemptions), in subsection (1) for “(2) to (6) below” there shall be substituted “ (2) and (4) to (6) below and section 118B(4) ”.]

Textual Amendments

F346 Sch. 29 para. 6 repealed (28.7.2000 with effect as mentioned in Sch. 40 Pt. II(17) Note 1 of the amending Act) by 2000 c. 17, s. 156, Sch. 40 Pt. II(17)

- [^{F347} In paragraph 4(8) of Schedule 23A (manufactured overseas dividends), for the words “subsection (2) or (3) of section 123 or under Part III, as the case may be, and for Parts III and IV of Schedule 3” there shall be substituted “ Chapter VIIA of Part IV and for that Chapter ”.]

Textual Amendments

F347 Sch. 29 para. 7 repealed (28.7.2000 with effect as mentioned in Sch. 40 Pt. II(17) Note 1 of the amending Act) by 2000 c. 17, s. 156, Sch. 40 Pt. II(17)

Amendment of the Finance Act 1989

- [^{F348} In section 178 of the ^{M61}Finance Act 1989 (setting rates of interest), in subsection (2) (m), before “160” there shall be inserted “ 118F, ”.]

Textual Amendments

F348 Sch. 29 para. 8 repealed (28.7.2000 with effect as mentioned in Sch. 40 Pt. II(17) Note 1 of the amending Act) by 2000 c. 17, ss. 156, Sch. 40 Pt. II(17)

Marginal Citations

M61 1989 c. 26.

^{F349}SCHEDULE 30

Section 160.

Textual Amendments

F349 Sch. 30 repealed (with effect in accordance with s. 145(2) of the amending Act) by Finance Act 2006 (c. 25), s. 143, Sch. 26 Pt. 4

^{F350}SCHEDULE 31

Section 163.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F350 Sch. 31 omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 247\(g\)\(v\)](#)

F351 SCHEDULE 32

Section 166.

Textual Amendments

F351 Sch. 32 repealed (with effect in accordance with s. 26(3) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [s. 26\(2\)\(b\)](#)

F352 SCHEDULE 33

Section 168.

Textual Amendments

F352 Sch. 33 omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 247\(g\)\(vi\)](#)

F353 SCHEDULE 34

Textual Amendments

F353 Sch. 34 repealed (11.5.2001 with effect as mentioned in Sch. 33 Pt. 2(12), Note of the amending Act) by [2001 c. 9, s. 110](#), [Sch. 33 Pt. 2\(12\)](#)

F357 SCHEDULE 35

Textual Amendments

F357 Sch. 35 repealed (22.3.2001 with effect as mentioned in [s. 579\(1\)](#) of the amending Act) by [2001 c. 2, s. 580](#), [Sch. 4](#)

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULE 36

Section 182.

CONTROLLED FOREIGN COMPANIES

F358 1

Textual Amendments
F358 Sch. 36 para. 1 repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\), s. 3\(2\), Sch. 1 Pt. 10](#)
Group 1

2 In section 748(3) of the Taxes Act 1988 (direction under section 747(1) not to be given in cases where reduction in United Kingdom tax was not the main purpose etc) in paragraph (a), for “or any two or more of those transactions taken together” there shall be substituted “or any two or more transactions taken together, the results of at least one of which are so reflected,”.

3 (1) Schedule 24 to the Taxes Act 1988 (assumptions for calculating chargeable profits etc) shall be amended in accordance with the following provisions of this paragraph.

(2) In paragraph 1 (general) after sub-paragraph (3) there shall be inserted—

“(3A) In any case where—

(a) it is at any time necessary for any purpose of Chapter IV of Part XVII to determine the chargeable profits of the company for an accounting period, and

(b) at that time—

(i) no direction has been given under section 747(1) with respect to that or any earlier accounting period of the company, and

(ii) it has not been established that that or any earlier accounting period of the company is an ADP exempt period,

in determining the chargeable profits of the company for the accounting period mentioned in paragraph (a) above it shall be assumed, for the purpose of any of the following provisions of this Schedule which refer to the first accounting period in respect of which a direction is given under section 747(1) or which is an ADP exempt period, that that period (but not any earlier period) is an accounting period in respect of which such a direction is given or which is an ADP exempt period.”

F359 (3)

(4) In paragraph 2(1) (company assumed to have become resident in the United Kingdom at the beginning of the first accounting period in respect of which a direction is given under section 747(1) and to have continued so resident etc) for “in respect of which a direction is given under section 747(1) and” there shall be substituted—

“(a) in respect of which a direction is given under section 747(1), or

(b) which is an ADP exempt period,

and .”

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(5) In paragraph 4 (maximum reliefs assumed to have been claimed etc unless notice requesting other treatment is given by UK resident company or companies with a majority interest) after sub-paragraph (1) there shall be inserted—

“(1A) Sub-paragraph (2) below applies to any accounting period of the company—
(a) in respect of which a direction is given under section 747(1); or
(b) which is an ADP exempt period.”

(6) In sub-paragraph (2) of that paragraph (notice to be given not later than the expiry of the time for making an appeal under s.753 or within such longer period as the Board may allow)—

(a) at the beginning there shall be inserted “ Where this sub-paragraph applies to an accounting period of the company, then ”; [F360]and

F360(b) for “the time for the making of an appeal under section 753” there shall be substituted “ the appropriate period ”.]

[F361(7) After that sub-paragraph there shall be inserted—

“(2A) For the purposes of sub-paragraph (2) above, “the appropriate period”—

(a) in the case of an accounting period in respect of which a direction is given under section 747(1), means the time for the making of an appeal under section 753; and

(b) in the case of an accounting period which is an ADP exempt period, means the period of twenty months following the end of the accounting period.”]

F362(8)

F362(9)

(10) In paragraph 10 (capital allowances for expenditure incurred on machinery or plant before the first accounting period in respect of which a direction is given under section 747(1)) for “in respect of which a direction is given under section 747(1), the” there shall be substituted—

“(a) in respect of which a direction is given under section 747(1), or
(b) which is an ADP exempt period, the”.

F363(11)

Textual Amendments

F359 Sch. 36 para. 3(3) omitted (with effect in accordance with Sch. 16 para. 6 of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 5(c)** (with Sch. 16 paras. 7, 8)

F360 Sch. 36 para. 3(6)(b) and the preceding word “and” repealed (31.7.1998 with effect in accordance with Sch. 17 para. 37 of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(27)**, Note

F361 Sch. 36 para. 7 repealed (31.7.1998 with effect in accordance with Sch. 17 para. 37 of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(27)**, Note

F362 Sch. 36 para. 3(8)(9) omitted (with effect in accordance with Sch. 16 para. 6 of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 5(c)** (with Sch. 16 paras. 7, 8)

F363 Sch. 36 para. 3(11) repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- 4 (1) Schedule 25 to the Taxes Act 1988 (cases excluded from direction-making powers) shall be amended as follows.
- ^{F364}(2)
- (3) In paragraph 2A (further provisions to determine whether a controlled foreign company which is not a trading company pursues an acceptable distribution policy) —
- (a) in sub-paragraph (1) (application) the words “which is not a trading company” shall be omitted;
- ^{F365}(b)
- (c) sub-paragraphs (6) and (7) (which are superseded by amendments made to paragraph 2 by this Schedule) shall be omitted.
- (4) In paragraph 3 (“available profits” and “net chargeable profits” for purposes of Part I of the Schedule)—
- (a) sub-paragraphs (1) to (4) (ascertainment of “available profits”) shall be omitted;
- (b) in sub-paragraph (5) (certain dividends to be left out of account in determining available profits or, where the company is not a trading company, chargeable profits) the words “the available profits or, where the company is not a trading company,” shall be omitted.
- (5) In paragraph 6 (exempt activities) in sub-paragraph (2)(b) (less than 50 per cent. of gross trading receipts from wholesale, distributive or financial business to be derived from connected or associated persons) after “connected or associated persons” there shall be added “ or persons who have an interest in the company at any time during that accounting period. ”
- (6) In paragraph 16(2) (reductions in United Kingdom tax: extended meaning of “transaction” in paragraphs 17 and 18)—
- (a) in paragraph (a), after “transaction” there shall be inserted “ the results of which are ”; and
- (b) in paragraph (b), for “two or more such transactions taken together” there shall be substituted “ two or more transactions taken together, the results of at least one of which are so reflected ”.

Textual Amendments

F364 Sch. 36 para. 4(2) omitted (with effect in accordance with Sch. 16 para. 6 of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 5(c)** (with Sch. 16 paras. 7, 8)

F365 Sch. 36 para. 4(3)(b) omitted (with effect in accordance with Sch. 16 para. 6 of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 5(c)** (with Sch. 16 paras. 7, 8)

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULE 37

Section 198.

BANKS

PART I

“BANK” RE-DEFINED FOR CERTAIN PURPOSES

1 ^{F366}(1)

(2) In section 828 of the Taxes Act 1988 (regulations and orders), in subsection (4), for “or 791” there shall be substituted “ 791 or 840A(1)(d) ”.

Textual Amendments

F366 Sch. 37 para. 1(1) repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

PART II

AMENDMENTS OF THE TAXES ACT 1988

Provisions in which new meaning of “bank” applies

2 (1) The following subsection—

“(0) In this section “bank” has the meaning given by section 840A.”,

shall be inserted in the Taxes Act 1988 in accordance with sub-paragraph (2) below.

(2) The subsection shall be inserted—

^{F367}(a)

^{F368}(b)

^{F368}(c)

^{F368}(d)

^{F369}(3)

^{F370}(4)

Textual Amendments

F367 Sch. 37 para. 2(2)(a) repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

F368 Sch. 37 para. 2(2)(b)(c)(d) repealed (6.4.2007) by **Income Tax Act 2007 (c. 3)**, s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

F369 Sch. 37 para. 2(3) repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

F370 Sch. 37 para. 2(4) repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Related amendments

F371₃

Textual Amendments
F371 Sch. 37 para. 3 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

F372₄

Textual Amendments
F372 Sch. 37 para. 4 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

F373₅

Textual Amendments
F373 Sch. 37 para. 5 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

Application

6 The amendments of the Taxes Act 1988 made by paragraphs 2 to 5 above apply as mentioned in paragraphs 7 to 10 below.

F374₇

Textual Amendments
F374 Sch. 37 para. 7 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

F375₈

Textual Amendments
F375 Sch. 37 para. 8 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

F376₉

Textual Amendments
F376 Sch. 37 para. 9 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

10 The amendments of paragraphs 7 and 10 of Schedule 20 apply in relation to deposits made or, as the case may be, money placed on or after the day on which this Act is passed.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

PART III

OTHER AMENDMENTS

Amendments of the Management Act

- 11 (1) The following subsection—
- “(0) In this section “bank” has the meaning given by section 840A of the principal Act.”,
- shall be inserted in the ^{M67}Taxes Management Act 1970 in accordance with subparagraph (2) below.
- (2) The subsection shall be inserted—
- (a) in section 17 (returns from banks etc.), after subsection (1), as subsection (1A);
- ^{F377}(b)
- (c) in section 24 (obligation to disclose certain particulars not to apply to banks), after subsection (3), as subsection (3A).
- (3) In section 17(1) of that Act, for “person carrying on the trade or business of banking” there shall be substituted “ such person who is a bank ”.
- (4) In section 18(3) of that Act for the words from “carrying on” to the end there shall be substituted “ in respect of any interest paid by the bank in the ordinary course of its business ”.
- (5) This paragraph applies as follows—
- (a) the amendments of section 17 apply in relation to interest paid on or after the day on which this Act is passed; and
- (b) the amendments of sections 18 and 24 apply in relation to requirements imposed on or after the day on which this Act is passed.

Textual Amendments

F377 Sch. 37 para. 11(2)(b) repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), Sch. 1 Pt. 10 Group 1

Marginal Citations

M67 1970 c. 9.

Amendments of the Inheritance Tax Act 1984

- 12 (1) In section 157 of the ^{M68}Inheritance Tax Act 1984 (non-residents’ bank accounts), in subsection (5), for “the Bank of England, the Post Office or an authorised institution” there shall be substituted “ a bank or the Post Office ”.
- (2) After that subsection there shall be inserted the following subsection—
- “(6) In this section “bank” has the meaning given by section 840A of the Taxes Act 1988.”

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (3) This paragraph applies in relation to deaths occurring on or after the day on which this Act is passed.

Marginal Citations
M68 1984 c. 51.

SCHEDULE 38

Section 199.

QUOTATION OR LISTING OF SECURITIES

The Finance Act 1973

F378¹

Textual Amendments
F378 Sch. 38 para. 1 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\), Sch. 10 Pt. 12](#) (with Sch. 9 paras. 1-9, 22)

The Inheritance Tax Act 1984

- 2 (1) For the second and the last occurrences of the word “quoted” in each of—
- (a) sections 105(1ZA) and 113A(3B) of the ^{M69}Inheritance Tax Act 1984 (meaning of “quoted” etc.), and
 - (b) the paragraph in section 272 of that Act (general interpretation) which defines “quoted” and “unquoted”,
- there shall be substituted “ listed ”.
- (2) This paragraph has effect—
- (a) in relation to transfers of value on or after 1st April 1996; and
 - (b) for the purposes of any charge to tax by reason of an event occurring on or after 1st April 1996, in relation to transfers of value before that date.

Marginal Citations
M69 1984 c. 51.

- 3 (1) In section 180(3) of that Act (whether two investments are of the same description), for “quoted” there shall be substituted “ listed ”.
- (2) This paragraph has effect in relation to any time falling on or after 1st April 1996.
- 4 (1) In section 178(2) of that Act (shares or investments whose quotation is suspended at time of death)—
- (a) for “quotation” there shall be substituted “ listing ”; and
 - (b) for “quoted” there shall be substituted “ so listed or dealt in ”.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (2) In section 186B(1) of that Act (shares or investments whose quotation is suspended at the end of the relevant period), for “quotation” there shall be substituted “listing”.
- (3) This paragraph has effect in relation to investments sold, or treated as sold, on or after 1st April 1996.
- 5 (1) In each of sections 227(1AA) and 228(5) of that Act (meaning of “unquoted”), for the word “quoted” there shall be substituted “listed”.
- (2) This paragraph has effect—
 - (a) in relation to transfers of value on or after 1st April 1996; and
 - (b) for the purposes of any charge to tax by reason of an event occurring on or after 1st April 1996, in relation to transfers of value before that date.

The Taxes Act 1988

- 6 (1) In each of the provisions of the Taxes Act 1988 listed in sub-paragraph (2) below, for “quoted” (wherever occurring) there shall be substituted “listed”.
- (2) The provisions referred to in sub-paragraph (1) above are—
 - [^{F379}(a) paragraph (b) of the definition of “quoted Eurobond” in section 124(6);]
 - ^{F380}(b)
 - [^{F381}(c) section 246S(3)(c) and (e);]
 - ^{F382}(d)
 - ^{F383}(e)
 - ^{F384}(f)
 - ^{F385}(g)
 - ^{F385}(h)
 - (j) paragraph 11(a) and (c) of Schedule 9;
 - (k) paragraph (c) of paragraph 1(5C) of Schedule 18;
 - (l) paragraph 5 of Schedule 20; ^{F386} ...
 - ^{F386}(m)
- [^{F379}(3) So far as relating to the provision mentioned in sub-paragraph (2)(a) above, sub-paragraph (1) above has effect in relation to any interest paid on a quoted Eurobond on or after 1st April 1996.]
- ^{F387}(4)
- (5) So far as relating to the provisions mentioned in sub-paragraph [^{F388}(2)(c)]^{F389} ... above, sub-paragraph (1) above has effect in relation to accounting periods ending on or after 1st April 1996.
- ^{F390}(6)
- ^{F391}(7)
- ^{F392}(8)

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (9) So far as relating to the provision mentioned in sub-paragraph (2)(h) above, sub-paragraph (1) above has effect in relation to relevant periods ending on or after 1st April 1996.
- (10) So far as relating to the provisions mentioned in sub-paragraph (2)(j) and (k) above, sub-paragraph (1) above has effect in relation to any time falling on or after 1st April 1996.
- (11) So far as relating to the provision mentioned in sub-paragraph (2)(l) above, sub-paragraph (1) above has effect in relation to chargeable periods ending on or after 1st April 1996.

Textual Amendments

- F379** Sch. 38 para. 6(2)(a)(3) repealed (28.7.2000 with effect as mentioned in Sch. 40 Pt. II(17) Note 2 of the amending Act) by 2000 c. 17, s. 156, **Sch. 40 Pt. II(17)**
- F380** Sch. 38 para. 6(2)(b) repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)
- F381** Sch. 38 para. 6(2)(c) repealed (31.7.1997 with effect in accordance with s. 36, Sch. 6 of the amending Act) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(11)**, Note
- F382** Sch. 38 para. 6(2)(d) repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)
- F383** Sch. 38 para. 6(2)(e) repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)
- F384** Sch. 38 para. 6(2)(f) repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)
- F385** Sch. 38 para. 6(2)(g)(h) repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)
- F386** Sch. 38 para. 6(2)(m) and word repealed (with effect in accordance with Sch. 15 of the amending Act) by Finance Act 2007 (c. 11), **Sch. 27 Pt. 2(15)**
- F387** Sch. 38 para. 6(4) repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)
- F388** Words in Sch. 38 para. 6(5) repealed (31.7.1997 with effect in accordance with s. 36, Sch. 6 of the amending Act) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(11)**, Note
- F389** Words in Sch. 38 para. 6(5) repealed (with effect in accordance with Sch. 15 of the amending Act) by Finance Act 2007 (c. 11), **Sch. 27 Pt. 2(15)**
- F390** Sch. 38 para. 6(6) repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)
- F391** Sch. 38 para. 6(7) repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)
- F392** Sch. 38 para. 6(8) repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

F393⁷

Textual Amendments

- F393** Sch. 38 para. 7 repealed (19.7.2007) by Finance Act 2007 (c. 11), **Sch. 27 Pt. 6(5)**

F394⁸

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F394 Sch. 38 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](#))

F395g

Textual Amendments

F395 Sch. 38 para. 9 omitted (with effect in accordance with s. 66(8) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), s. [66\(4\)\(g\)\(ii\)](#)

The Taxation of Chargeable Gains Act 1992

- 10 (1) In each of the provisions of the Taxation of Chargeable Gains Act 1992 listed in sub-paragraph (2) below, for the word “quoted” (wherever occurring) there shall be substituted “listed”.
- (2) The provisions referred to in sub-paragraph (1) above are—
- (a) section 144(8)(b);
 - (b) the definition of “unquoted company” in section 164N(1);
 - F396 (c)
 - (d) section 276(2)(c) and (6);
 - (e) section 281(3)(c); and
 - F396 (f)
- (3) So far as relating to the provisions mentioned in sub-paragraph (2)(a) and (c) to (f) above, sub-paragraph (1) above has effect in relation to disposals on or after 1st April 1996.
- (4) So far as relating to the provision mentioned in sub-paragraph (2)(b) above, sub-paragraph (1) above has effect in relation to acquisitions of qualifying investments (within the meaning of section 164A of that Act) on or after 1st April 1996.

Textual Amendments

F396 Sch. 38 para. 10(2)(c)(f) repealed (28.7.2000 with effect in relation to disposals made on or after 9.11.1999) by [2000 c. 17](#), s. 156, [Sch. 40 Pt. II\(10\)](#) Note 2

- 11 (1) In section 146(4)(b) of that Act (definition of “quoted shares and securities”), for the words “have a quoted market value” there shall be substituted the words “are listed”.
- (2) This paragraph has effect in relation to disposals of options on or after 1st April 1996.
- 12 F397 (1)
- (2) In Schedule 11 to that Act (transitional provisions and savings), in paragraph 7(1)(a) (modification of section 272(3) when ascertaining market values before 25th March 1973), for “listed” there shall be substituted “quoted”.
- (3) This paragraph has effect where the relevant date falls on or after 1st April 1996.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F397 Sch. 38 para. 12(1) repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 27 Pt. 6(5)

SCHEDULE 39

Section 201.

ENACTMENT OF CERTAIN INLAND REVENUE EXTRA-STATUTORY CONCESSIONS

PART I

INCOME TAX AND CORPORATION TAX

Capital Allowances

1 ^{F398}(1)

[^{F399}(2) The following section shall be inserted after section 15 of the 1990 Act:

“ Balancing charge after cessation of trade.

- (1) This section applies where:
 - (a) a balancing charge falls to be made as provided in section 15 on any person in respect of a building or structure which is temporarily out of use but is deemed by virtue of subsection (1) of that section still to be an industrial building or structure; and
 - (b) when the building or structure was last in use, it was in use as an industrial building or structure for the purposes of a trade which was carried on by that person but which has since been permanently discontinued.

(2) Where this section applies, the amount of the balancing charge shall be treated for the purposes of section 105 of the principal Act (allowable deductions) as a sum received by that person which is chargeable to tax under section 103 or 104(1) of the principal Act (charges on receipts after discontinuance), and accordingly any loss, expense, debit or capital allowance such as is referred to in section 105(1) may be deducted from the amount of the balancing charge.

(3) Nothing in subsection (2) above shall prevent any amounts allowable under any other provisions of the Tax Acts from being deducted from the amount of the balancing charge.

(4) Section 15(3) shall apply for the purposes of this section.”]

(3)

^{F400}(4)

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

- F398** Sch. 39 para. 1(1)(3) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 580, **Sch. 4**
- F399** Sch. 39 para. 1(2) repealed (31.7.1998 with effect in accordance with s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)**, Note
- F400** Words in Sch. 39 para. 1(4) repealed (31.7.1998 with effect in accordance with s. 38(2)(3) of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(4)**, Note and Sch. 39 para. 1(4) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 580, **Sch. 4**

Contributions to overseas pension schemes

F401²

Textual Amendments

- F401** Sch. 39 para. 2 repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3** (with Sch. 36)

PART II

CHARGEABLE GAINS

Treatment of compensation and insurance money

- 3 (1) Section 23 of the ^{M70}Taxation of Chargeable Gains Act 1992 (receipt of compensation and insurance money not treated as a disposal) shall be amended as follows.
- (2) The following subsections shall be substituted for subsection (6):
- “(6) If a building (“the old building”) is destroyed or irreparably damaged, and all or part of a capital sum received by way of compensation for the destruction or damage, or under a policy of insurance of the risk of the destruction or damage, is applied by the recipient in constructing or otherwise acquiring a replacement building situated on other land (“the new building”), then for the purposes of subsections (4) and (5) above each of the old building and the new building shall be regarded as an asset separate from the land on which it is or was situated and the old building shall be treated as lost or destroyed.
- (7) For the purposes of subsection (6) above:
- (a) references to a building include references to any permanent or semi-permanent structure in the nature of a building; and
 - (b) the reference to a sum applied in acquiring the new building does not include a reference to a sum applied in acquiring the land on which the new building is situated; and
 - (c) all necessary apportionments shall be made of any expenditure, compensation or consideration, and the method of apportionment shall be such as is just and reasonable.
- (8) This section shall apply in relation to a wasting asset with the following modifications:

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (a) paragraphs (b) and (c) of subsection (1) above, and subsection (2) above, shall not apply; and
- (b) in subsections (1) and (3) above, the amount of the expenditure from which the deduction is to be made shall be the amount which would have been allowable under Chapter III of this Part if the asset had been disposed of immediately after the application of the capital sum.”

- (3) The amendments made by this paragraph shall have effect in relation to capital sums received on or after 6th April 1996.

Marginal Citations

M70 1992 c. 12.

Assets of negligible value

- 4 (1) Section 24 of the Taxation of Chargeable Gains Act 1992 (disposals where assets lost or destroyed, or become of negligible value) shall be amended by the substitution of the following subsection for subsection (2):

“(2) Where the owner of an asset which has become of negligible value makes a claim to that effect:

- (a) this Act shall apply as if the claimant had sold, and immediately reacquired, the asset at the time of the claim or (subject to paragraphs (b) and (c) below) at any earlier time specified in the claim, for a consideration of an amount equal to the value specified in the claim.
- (b) An earlier time may be specified in the claim if:
 - (i) the claimant owned the asset at the earlier time; and
 - (ii) the asset had become of negligible value at the earlier time; and either
 - (iii) for capital gains tax purposes the earlier time is not more than two years before the beginning of the year of assessment in which the claim is made; or
 - (iv) for corporation tax purposes the earlier time is on or after the first day of the earliest accounting period ending not more than two years before the time of the claim.
- (c) Section 93 of and Schedule 12 to the ^{M71}Finance Act 1994 (indexation losses and transitional relief) shall have effect in relation to an asset to which this section applies as if the sale and reacquisition occurred at the time of the claim and not at any earlier time.”

- (2) The amendment made by this paragraph shall have effect in relation to claims made on or after 6th April 1996.

Marginal Citations

M71 1994 c. 9.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Settled Property

- 5 (1) Section 72 of the Taxation of Chargeable Gains Act 1992 (termination of life interest on death of person entitled) shall be amended as follows.
- (2) In subsections (1), (2) and (5), for the words “a life” wherever they occur, there shall be substituted “an ” and, in subsection (5), the word “life”, in the third place where it occurs, shall be omitted.
- (3) For subsections (3) and (4) there shall be substituted the following subsections:
- “(3) This section shall apply on the death of the person entitled to any annuity payable out of, or charged on, settled property or the income of settled property as it applies on the death of a person whose interest in possession in the whole or any part of settled property terminates on his death.
- (4) Where, in the case of any entitlement to an annuity created by a settlement some of the settled property is appropriated by the trustees as a fund out of which the annuity is payable, and there is no right of recourse to, or to the income of, settled property not so appropriated, then without prejudice to subsection (5) below, the settled property so appropriated shall, while the annuity is payable, and on the occasion of the death of the person entitled to the annuity, be treated for the purposes of this section as being settled property under a separate settlement.”
- (4) The amendments made by this paragraph shall have effect in relation to deaths occurring on or after 6th April 1996.
- 6 (1) Section 73 of the ^{M72}Taxation of Chargeable Gains Act 1992 (death of life tenant: exclusion of chargeable gain) shall be amended as follows.
- (2) In subsection (1), for the words from “termination” to “that interest” there shall be substituted “ death of a person entitled to an interest in possession in the settled property ”.
- (3) In subsection (2), the word “life” shall be omitted.
- (4) In subsection (3), for the words from “subsection (5)” to “subsection (2) above” there shall be substituted “ subsections (3) to (5) of that section shall apply for the purposes of this section ”.
- (5) The amendments made by this paragraph shall have effect in relation to deaths occurring on or after 6th April 1996.

Marginal Citations

M72 1992 c. 12.

Retirement Relief

- [^{F4027} (1) Paragraph 14 of Schedule 6 to the Taxation of Chargeable Gains Act 1992 shall be amended as follows.
- (2) In subparagraph (2), the word “original” shall be inserted before “ qualifying period ”.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(3) The following subparagraphs shall be inserted at the end:

“(7) In relation to the expression “the original qualifying period”, the questions whether a disposal is a qualifying disposal and whether the period relating to that disposal is a qualifying period shall be determined without regard to the requirement that the length of the period be at least one year.

(8) This paragraph shall not apply if the extended qualifying period resulting from the operation of subparagraphs (1) to (7) would be a period of less than one year.”

(4) The amendments made by this paragraph shall have effect in relation to disposals made on or after 6th April 1996.]

Textual Amendments

F402 *Sch. 39 para. 7* repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(31), Note of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(31)**

Relief for loans to traders

8 (1) Section 253 of the Taxation of Chargeable Gains Act 1992 (relief for loans to traders) shall be amended as follows.

(2) In subsection (3):

(a) for the words from the beginning until “is satisfied that” there shall be substituted “ Where a person who has made a qualifying loan makes a claim and at that time ”; and

(b) for the words “when the claim was made” there shall be substituted “ at the time of the claim or (subject to subsection (3A) below) any earlier time specified in the claim. ”

(3) The following subsection shall be inserted after subsection (3):

“(3A) For the purposes of subsection (3) above, an earlier time may be specified in the claim if:

(a) the amount to which that subsection applies was also irrecoverable at the earlier time; and either

(b) for capital gains tax purposes the earlier time falls not more than two years before the beginning of the year of assessment in which the claim is made; or

(c) for corporation tax purposes the earlier time falls on or after the first day of the earliest accounting period ending not more than two years before the time of the claim.”

(4) In subsection (4) for the words from the beginning until “is satisfied that” there shall be substituted “ Where a person who has guaranteed the repayment of a loan which is, or but for subsection (1)(c) above would be, a qualifying loan makes a claim and at that time ”.

(5) The amendments made by this paragraph shall have effect in relation to claims made on or after 6th April 1996.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Relief for debts on qualifying corporate bonds

- 9 (1) Section 254 of the ^{M73}Taxation of Chargeable Gains Act 1992 (relief for debts on qualifying corporate bonds) shall be amended as follows.
- (2) In subsection (2):
- (a) for the words from the beginning until “is satisfied that” there shall be substituted “ Where a person who has made a qualifying loan makes a claim and at that time ”; and
- (b) for the words “when the claim was made” there shall be substituted “ at the time of the claim or (subject to subsection (8A) below) any earlier time specified in the claim ”.
- (3) In subsections (6) and (7), the words “the inspector is satisfied that” shall be omitted.
- (4) In subsection (8), the words “in the inspector’s opinion” shall be omitted.
- (5) The following subsection shall be inserted after subsection (8):
- “(8A) For the purposes of subsection (2) above, an earlier time may be specified in the claim if:
- (a) the condition which was fulfilled at the time of the claim was also fulfilled at the earlier time; and either
- (b) for capital gains tax purposes the earlier time falls not more than two years before the beginning of the year of assessment in which the claim is made; or
- (c) for corporation tax purposes the earlier time falls on or after the first day of the earliest accounting period ending not more than two years before the time of the claim.”
- (6) In subsection (11), the words “the inspector was satisfied that”, “by the inspector” and “he was satisfied that” shall be omitted.
- (7) The amendments made by this paragraph shall have effect in relation to claims made on or after 6th April 1996.

Marginal Citations

M73 1992 c. 12.

PART III

STAMP DUTY

Lost or spoiled instruments

- 10 (1) The ^{M74}Stamp Duties Management Act 1891 (“the Management Act”) shall be amended as follows.
- (2) In section 9 of the Management Act (procedure for obtaining allowance), subsection (7), paragraph (e), the words “which is inadvertently and undesignedly spoiled, and in lieu whereof another instrument made between the same parties and for the same purpose is executed and duly stamped, or” shall be omitted.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(3) The following section shall be inserted after section 12 of the Management Act:

“ Allowance for lost or spoiled instruments

12A Lost or spoiled instruments.

- (1) This section applies where the Commissioners are satisfied that:
- (a) an instrument which was executed and duly stamped (“the original instrument”) has been accidentally lost or spoiled; and
 - (b) in place of the original instrument, another instrument made between the same persons and for the same purpose (“the replacement instrument”) has been executed; and
 - (c) an application for relief under this section is made to the Commissioners; and either
 - (d) where the original instrument has been lost, the applicant undertakes to deliver it up to the Commissioners to be cancelled if it is subsequently found; or
 - (e) where the original instrument has been spoiled:
 - (i) the application is made within two years after the date of the original instrument, or if it is not dated, within two years after the time when it was executed, or within such further time as the Commissioners may allow; and
 - (ii) no legal proceeding has been commenced in which the original instrument has been or could or would have been given or offered in evidence; and
 - (iii) the original instrument is delivered up to the Commissioners to be cancelled.
- (2) Where this section applies:
- (a) the replacement instrument shall not be chargeable with any duty, but shall be stamped with the duty with which it would otherwise have been chargeable in accordance with the law in force at the time when it was executed, and shall be deemed for all purposes to be duly stamped; and
 - (b) if any duty, interest, fine or penalty was paid in respect of the replacement instrument before the application was made, the Commissioners shall pay to such person as they consider appropriate an amount equal to the duty, interest, fine or penalty so paid.
- (3) For the purposes of this section the Commissioners may require the applicant to produce such evidence by statutory declaration or otherwise as they think fit.”
- (4) Subject to subparagraph (5) below, the amendments made by this paragraph shall have effect from the day on which this Act is passed.
- (5) The amendments made by this paragraph shall not apply in relation to an instrument which has been accidentally spoiled if an application for allowance under section 9 of the Management Act was made before the day on which this Act is passed.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Marginal Citations

M74 1891 c. 38.

SCHEDULE 40

Section 202.

GILT STRIPPING: TAXATION PROVISIONS

The Stamp Act 1891 (c. 39)

- 1 In the definition of “stock” in section 122(1) of the Stamp Act 1891, after “Bank of Ireland,” there shall be inserted “ any strip (within the meaning of section 47 of the ^{M75}Finance Act 1942) of any such stocks or funds, ”.

Marginal Citations

M75 1942 c. 21.

- [^{F403}2 (1) At the end of paragraph (1) of the general exemptions at the end of Schedule 1 to the Stamp Act 1891 (exemption for Government stocks etc.) there shall be inserted “ or strips (within the meaning of section 47 of the ^{M76}Finance Act 1942) of such stocks or funds ”.
- (2) Where any day is appointed as the abolition day for the purposes of sections 107 to 110 of the ^{M77}Finance Act 1990, sub-paragraph (1) above shall cease to have effect in accordance with the provisions of that Act for the coming into force of the repeal of the paragraph mentioned in that sub-paragraph.]

Textual Amendments

F403 Sch. 40 para. 2 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. V(5), Notes 1, 2 of the amending Act) by 1999 c. 16, s. 139, Sch. 20 Pt. V(5)

Marginal Citations

M76 1942 c. 21.

M77 1990 c. 29.

The Taxes Act 1988

^{F404}3

Textual Amendments

F404 Sch. 40 paras. 3-6 repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), Sch. 3 Pt. 1 (with Sch. 2)

^{F404}4

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F404 Sch. 40 paras. 3-6 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F404⁵

Textual Amendments

F404 Sch. 40 paras. 3-6 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F404⁶

Textual Amendments

F404 Sch. 40 paras. 3-6 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F405⁷

Textual Amendments

F405 Sch. 40 para. 7 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

The Taxation of Chargeable Gains Act 1992 (c. 12)

8 In Schedule 9 to the Taxation of Chargeable Gains Act 1992 (gilt-edged securities), after paragraph 1 there shall be inserted the following paragraph—

“1A (1) Any security which is a strip of a security which is a gilt-edged security for the purposes of this Act is also itself a gilt-edged security for those purposes.

(2) In this paragraph “strip” has the same meaning as in section 47 of the Finance Act 1942.”

SCHEDULE 41

REPEALS

PART I

HYDROCARBON OIL DUTY: RELIEF FOR MARINE VOYAGES

Chapter	Short title	Extent of repeal
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Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

1979 c. 2.	The Customs and Excise Management Act 1979.	In section 61(2), the words from “and in” to “waters”).
1979 c. 5.	The Hydrocarbon Oil Duties Act 1979.	Section 18 and in section 19(1), paragraph (a) and the words from “by the owner” to “be”. In section 24(1), the words “section 18(1)”. In Schedule 4, in paragraph 3, the word “18(1)”.
1979 c. 8.	The Excise Duties (Surcharges or Rebates) Act 1979.	In section 1(7), paragraph (c) and in paragraph (d), the words “fishing boats”.
1981 c. 35.	The Finance Act 1981.	In section 6(1) and (4), the word “18(1)”.
1994 c. 9.	The Finance Act 1994.	In Schedule 4, paragraph 53.

The power in section 8(2) of this Act applies to these repeals as it applies to that section.

PART II

VEHICLE EXCISE AND REGISTRATION

(1) Electrically propelled vehicles

Chapter	Short title	Extent of repeal
1994 c. 22.	The Vehicle Excise and Registration Act 1994.	In Schedule 1, paragraph 4F(2).

This repeal has effect in accordance with section 15(4) of this Act.

(2) Vehicles capable of conveying loads

Chapter	Short title	Extent of repeal
1994 c. 22.	The Vehicle Excise and Registration Act 1994.	In Schedule 1— (a) in paragraph 9(2), the word “and” immediately preceding paragraph (b); (b) in paragraph 11(2), the word “and” immediately preceding paragraph (b); (c) paragraph 15; and (d) in paragraph 16(1), paragraph (b) and the word

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Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

“or” immediately preceding it.

These repeals have effect in accordance with section 17 of this Act.

(3) Old vehicles

Chapter	Short title	Extent of repeal
1994 c. 22.	The Vehicle Excise and Registration Act 1994.	In Schedule 1, paragraphs 1(3) to (5) and 2(2).
1995 c. 4.	The Finance Act 1995.	In Schedule 4, paragraph 6(2).

These repeals have effect in accordance with section 18(5) of this Act.

(4) Exemptions for vehicle testing

Chapter	Short title	Extent of repeal
1994 c. 22.	The Vehicle Excise and Registration Act 1994.	In paragraph 22 of Schedule 2— (a) in each of paragraphs (b) and (d) of sub-paragraph (5), the word “goods”; (b) sub-paragraph (5)(c); (c) the word “and” at the end of sub-paragraph (7)(b); and (d) in sub-paragraph (10) (a), the words “(or, in Northern Ireland, a vehicle test certificate)”.

These repeals have effect in accordance with section 20 of this Act.

(5) Provisions relating to Northern Ireland

Chapter	Short title	Extent of repeal
1994 c. 22.	The Vehicle Excise and Registration Act 1994.	In paragraph 17 of Schedule 3, in sub-paragraph (1), “29(2),” and “34(6),” and sub-paragraph (2).

(6) Licensing and registration

Chapter	Short title	Extent of repeal
1994 c. 22.	The Vehicle Excise and Registration Act 1994.	In section 22—

Status: Point in time view as at 31/01/2013.

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(a) in subsection (1), the word “and” immediately preceding paragraph (h); and

(b) in subsection (1B), the word “above”.

In section 57(1), the words “(other than sections 7(2) and (3), 8, 26, 27, 52 and 54)”.

PART III

EXCISE DUTIES: REPEAL OF DRAWBACKS ETC.

Chapter	Short title	Extent of repeal
1977 c. 36.	The Finance Act 1977.	Section 3.
1979 c. 4.	The Alcoholic Liquor Duties Act 1979.	Section 22(6). Section 23. Section 92(6).
1979 c. 7.	The Tobacco Products Duty Act 1979.	Section 11(3).
1979 c. 58.	The Isle of Man Act 1979.	In section 9— (a) in subsection (1), the words “subsection (2) below and”; and (b) subsections (2) and (3).

PART IV

VALUE ADDED TAX

(1) Fiscal warehousing

Chapter	Short title	Extent of repeal
1994 c. 23.	The Value Added Tax Act 1994.	In section 62(1)(a), the words “or” at the end of sub-paragraph (i) and “and” at the end of sub-paragraph (ii).

This repeal has effect in accordance with section 26(2) of this Act.

(2) Work on materials

Chapter	Short title	Extent of repeal
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Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

1994 c. 23.	The Value Added Tax Act 1994.	Section 22. In section 55(5)(a), the word “or” at the end of the paragraph. Section 97(4)(b). In Schedule 4, paragraph 2.
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(3) Value of imported goods

Chapter	Short title	Extent of repeal
1994 c. 23.	The Value Added Tax Act 1994.	In section 21(2)(a), the word “and” at the end of the paragraph.

This repeal has effect in accordance with section 27(4) of this Act.

(4) Construction and conversion of buildings

Chapter	Short title	Extent of repeal
1995 c. 4.	The Finance Act 1995.	Section 33(2).

This repeal has effect in accordance with section 30(4) of this Act.

(5) Groups

Chapter	Short title	Extent of repeal
1994 c. 23.	The Value Added Tax Act 1994.	Section 43(1A).
1995 c. 4.	The Finance Act 1995.	In section 25(2), the words from the beginning to the word “and” immediately after the subsection (1A) inserted in section 43 of the Value Added Tax Act 1994.

These repeals have effect in accordance with section 31(5) of this Act.

PART V

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

(1) Application of lower rate to income from savings

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 207A.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

		Sections 468E and 468EE. In section 469— (a) in subsection (1), paragraph (b) and the word “and” immediately preceding it; and (b) the second paragraph of subsection (3).
1990 c. 29.	The Finance Act 1990.	Section 51.
1992 c. 48.	The Finance (No. 2) Act 1992.	Section 19(4).
1993 c. 34.	The Finance Act 1993.	Section 77(1) and (2). Section 79(3). In Schedule 6, paragraph 14.
1994 c. 9.	The Finance Act 1994.	Section 111.

1. Subject to note 2 below, these repeals come into force in accordance with section 73 of, and Schedule 6 to, this Act.

2. The repeals in section 469 of the Taxes Act 1988 come into force for distribution periods ending on or after 6th April 1996.

(2) Transfer of Schedule C charge etc.

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	In the Table in section 98— (a) in the first column, the entry relating to paragraph 13(1) of Schedule 3 to the Taxes Act 1988; and (b) in the second column, the entry relating to paragraph 6C of that Schedule.
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 17. In section 18(3), in Case IV, the words “except such income as is charged under Schedule C”. Sections 44 and 45. Section 48. In sections 50(1) and 51A(1), the words “but shall be

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Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

		chargeable to tax under Case III of Schedule D”.
		Section 52.
		Section 123.
		In section 124—
		(a) in subsection (6), the definitions of “recognised clearing system” and “relevant foreign securities”, and the word “and” immediately preceding those definitions; and
		(b) subsection (7).
		In section 322(1), the words “and he shall be treated as not resident in the United Kingdom for the purposes of sections 48 and 123(4)”.
		In section 398(b), the words “C or”.
		Section 474(1) and (3).
		Section 505(1)(c)(i).
		Section 582A(3).
		In section 832(1), the definition of “recognised clearing system”.
		Schedule 3.
1988 c. 39.	The Finance Act 1988.	Section 76(1), (2), (3) and (5).
1989 c. 26.	The Finance Act 1989.	In section 178(2)(m), the words “and paragraph 6B of Schedule 3 to”.
1992 c. 48.	The Finance (No. 2) Act 1992.	Section 30.
		In Schedule 11, paragraphs 1, 2, 4 and 5.
1993 c. 34.	The Finance Act 1993.	In Schedule 6, paragraphs 17 and 25(5).
1995 c. 4.	The Finance Act 1995.	In section 128(3)(a), the words “Schedule C”.

These repeals have effect—

(a) in accordance with Schedule 7 to this Act; and

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(b) without prejudice to paragraph 25 of Schedule 6 to this Act.

(3) Loan relationships

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	In section 42 (as substituted by paragraph 13 of Schedule 19 to the Finance Act 1994), in subsection (7) (a), “484.”.
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 57. Section 78. Sections 88A to 88C. Sections 126 and 126A. In section 242, in each of subsections (2)(b) and (8)(b), the words “or paragraph 5 of Schedule 4”. In section 337— (a) in subsection (2), the words “to subsection (3) below and”; and (b) subsection (3). In section 338— (a) in subsection (3), the words from “and” at the end of paragraph (a) to the end of the subsection; (b) in subsection (4), paragraphs (b) and (c); (c) in subsection (5)(a), the words “, not being interest”; and (d) subsection (6). Section 338A. Section 340. Section 341. Section 401(1A). In section 404(6)(c)(ii), the words “or paragraph 5(2) of Schedule 4”.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

		In section 477A, subsections (3A) to (3C).
		Sections 484 and 485.
		In section 494(3), the words “not consisting of a payment of interest”.
		Section 714(6).
		Section 724.
		In section 804A(3), in paragraph (b) of the definition of “B”, the words “and interest”.
		Schedule 4.
		In Schedule 19AC, in paragraph 5B(2)(b), the words “or paragraph 5 of Schedule 4”.
		In Schedule 23A, paragraphs 6(3), (4), (6) and (7).
		In Schedule 26, the word “and” at the end of paragraph 1(3)(d).
1989 c. 15.	The Water Act 1989.	Section 95(10).
1989 c. 26.	The Finance Act 1989.	Sections 93 to 95.
		Section 116.
		Schedules 10 and 11.
1990 c. 29.	The Finance Act 1990.	Section 56.
		Sections 58 and 59.
		Section 74.
		Schedule 10.
1991 c. 31.	The Finance Act 1991.	Section 52(2) and (3).
		In Schedule 12, paragraphs 3 and 4.
1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	Section 108(1)(b).
		Section 117(2A), (3), (9) and (10).
		Section 118.
		In Schedule 10, paragraphs 14(6), (29) and (57), 19(6) and 22(4).

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

1992 c. 48.	The Finance (No. 2) Act 1992.	Section 33. In section 65(2)— (a) paragraphs (b) and (c); and (b) in paragraph (f), the words “to (c)”. Schedule 7.
1993 c. 34.	The Finance Act 1993.	Sections 61 to 66. Section 103(4). Section 129(5) and (6). Section 152(2). Section 153(6) and (11A). Section 164(12). Section 176(3)(b) to (d). In Schedule 6— (a) paragraph 18; (b) in paragraph 20, the words “and in paragraph 11(1) of Schedule 11 to that Act”; and (c) paragraph 21. In Schedule 17, paragraphs 4 to 6. In Schedule 18, paragraphs 3 and 7.
1994 c. 9.	The Finance Act 1994.	Section 171. Section 251(12). In Schedule 18, in paragraph 4— (a) the definition of “the I minus E basis”; and (b) the words after the definition of “non-life mutual business”. In Schedule 24, in paragraph 9— (a) the words “and 254” and the words “or 254”, in each place where they occur; and

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

1995 c. 4.	The Finance Act 1995.	(b) in sub-paragraph (9), the words “and subsection (10) of section 254 of that Act”. Section 42(6). Section 50. Section 87(6). Sections 88 and 89. Schedule 7. In Schedule 8, paragraphs 10 and 12(1)(c). In Schedule 24, paragraphs 4 to 6.
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These repeals come into force in accordance with the provisions of Chapter II of Part IV of this Act.

(4) Provision of living accommodation

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 145(1), the words “and is not otherwise made the subject of any charge to him by way of income tax”.

This repeal has effect in accordance with section 106 of this Act.

(5) Share option schemes etc.

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 187(8), paragraph (b) and the word “and” immediately preceding it. In Schedule 9, in paragraph 21(1), the word “and” immediately preceding paragraph (e), paragraph 28(2) and (4) and paragraph 29(8).
1989 c. 26.	The Finance Act 1989.	In Schedule 5, in paragraph 4(5)(a), the words “not less than one year and”.
1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	Section 149A(4). Section 238(4).

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

1. The repeal in section 187 of the Taxes Act 1988 has effect in accordance with section 117 of this Act.
2. The repeal in paragraph 21 of Schedule 9 to that Act has effect in accordance with section 113 of this Act.
3. The repeals in paragraphs 28 and 29 of that Schedule have effect in accordance with section 114 of this Act.
4. The repeal in the Finance Act 1989 has effect in accordance with section 119 of this Act.
5. The repeal of section 149A(4) of the Taxation of Chargeable Gains Act 1992 has effect in accordance with section 111(6) of this Act.
6. The repeal of section 238(4) of that Act 1992 has effect in accordance with section 112(2) and (3) of this Act.

(6) Self-assessment: returns etc.

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	<p>In section 8(1A), the words from “and the amounts referred to” to the end.</p> <p>In section 8A(1A), the words from “and the amounts referred to” to the end.</p> <p>In section 12AA(7)(a), the words “any part of”.</p> <p>Section 12AC(6).</p> <p>In section 28C(3), the words “or 11AA”.</p> <p>In section 42, subsections (3A) and (3B) and, in subsection (7)(a), the words “534, 535, 537A, 538”.</p>
1988 c. 1.	The Income and Corporation Taxes Act 1988.	<p>In section 108, the words from “and, in any such case” to the end.</p> <p>In section 535, in subsection (4), the words “Subject to subsection (5) below”, subsections (5) and (7) and, in subsection (6), the words from “unless the author” to the end.</p> <p>In section 547(5)(a), the words from “no assessment” to “but”.</p> <p>In section 599A, in subsection (6), the words</p>

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

		from “subject” to “and” and subsection (7).
1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	In section 246, the words from “or, if earlier” to the end.
1994 c. 9.	The Finance Act 1994.	In Schedule 19, paragraph 23.

1. The repeals of subsections (3A) and (3B) of section 42 of the Taxes Management Act 1970 and the repeals in sections 108 and 535 of the Income and Corporation Taxes Act 1988 have effect in accordance with section 128(11) of this Act.

2. The repeal in subsection (7)(a) of section 42 of the Taxes Management Act 1970 has effect in accordance with section 128(12) of this Act.

3. The other repeals have effect in accordance with section 121(8) of this Act.

(7) Self-assessment: notices

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	In section 42, in subsection (7), in paragraph (a), “62A,” and “401,” and in paragraph (c), “30,” “33,” “48, 49,” and “124A,” and in subsection (10) the words “and notices”.

These repeals have effect in accordance with section 130 of this Act.

(8) Overdue tax and excessive payments by the Board

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	Section 88. Section 88A. In section 91(1), the words “or section 88”. Section 113(1C).
1971 c. 68.	The Finance Act 1971.	In Schedule 6, paragraph 87.
1975 c. 45.	The Finance (No. 2) Act 1975.	Section 46(4).
1980 c. 48.	The Finance Act 1980.	Section 61(4), so far as relating to section 88(5) (c) and (d) of the Taxes Management Act 1970.
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 374A(4), the words from “and as if” onwards.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

1989 c. 26.	The Finance Act 1989.	In Schedule 14, in paragraph 6(2) the words from “and as if” onwards. In Schedule 29, in paragraph 32, the entries relating to section 88(2), section 88(5) (b) and section 88(5)(c) of the Taxes Management Act 1970. Section 159. Section 160(1), (2) and (4). Section 161. In section 178(2)(f), the words “88”. In section 179(1)(b)(i), the words “and 88(1)”.
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These repeals have effect in accordance with paragraph 17 of Schedule 18 to this Act.

(9) Self-assessment: claims and enquiries

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	In section 31(5), the words “against any assessment”.

This repeal has effect in accordance with Schedule 19 to this Act.

(10) Self-assessment: discretions etc.

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 74(1)(j)(i), the words “proved to be such”. In section 145(7)(a) and (b), the words “it can be shown that”. Section 159(4) to (6). In section 161, in subsection (3), the words “it is shown that” and, in subsection (4), the words “shows that he”. In section 231(3A), the words “it appears to the inspector that”. In section 257(2) and (3), the words “proves that he”.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

In section 257E(1) the words “he proves” and, in each of paragraphs (a) and (b), the word “that” in the first and third places where it occurs.

In section 257F, in the words preceding paragraph (a), the words “the claimant proves”, and the word “that” in the second place where it occurs in paragraph (a), the first place where it occurs in paragraph (b) and the first and third places where it occurs in paragraph (c).

In section 259(6), the second paragraph.

In section 265(1), the words “proves that he”.

In section 278(2), the words “satisfies the Board that he or she”.

In section 381(4), the words “it is shown that”.

In section 384(1), the words “it is shown that”.

In section 570(2), the words “on a claim it is shown in accordance with the provisions of Part II of Schedule 21 that”.

In section 582(2)(b), the words “the Board are satisfied that”.

In section 731(3), the words following paragraph (b).

In section 769(2)(d), the words “any gift of shares”.

In section 812(4), paragraph (a).

In Schedule 7, in paragraph 1(5), the words “and shown to have been made”.

In Schedule 12, in paragraph 2(2), the words “shown to be”.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	<p>In Schedule 21, paragraph 3.</p> <p>In section 52(4), the words “such method as appears to the inspector or on appeal the Commissioners concerned to be”.</p> <p>In section 116(13), the words “the inspector is satisfied that” and “and so directs,”.</p> <p>In section 122, in subsection (2), the words “the inspector is satisfied that” and “and so directs” and subsection (3).</p> <p>In section 133, in subsection (2), the words “the inspector is satisfied that” and “and so directs” and subsection (3).</p> <p>In section 164F(8)(a), the words “it is shown that”.</p> <p>In section 164FG(2), the words “or an officer of the Board in default of an election determines”.</p> <p>In section 181(1)(b), the words “it is shown that” and the word “that” in the second place where it occurs.</p> <p>In section 222, in subsection (5), paragraph (b) and the words following it and, in subsection (6), paragraph (b) and the word “and” immediately preceding it.</p> <p>Section 226(5).</p> <p>In section 271(2), in the second paragraph, the words “the Board are satisfied that”.</p> <p>In Schedule 6, in paragraph 3, in sub-paragraphs (1), (3) and (4), the words “on production of such evidence as the Board may reasonably require, the Board are satisfied”.</p>
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Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

1993 c. 34.	The Finance Act 1993.	<p>In section 144, in subsections (1)(b) and (2)(b), the words “the inspector is satisfied,” and the word “that”, in the first place where it occurs, and, in subsection (3)(b), the words “in the opinion of the inspector” and subsection (4).</p> <p>In section 145, in subsection (1)(c), the words “the inspector is satisfied that”, in subsections (2)(b) and (3)(b), the words “in the opinion of the inspector”, in subsection (4)(b), the words “the inspector is satisfied that” and in subsection (5), the words “in the opinion of the inspector” and subsection (6).</p>
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These repeals have effect in accordance with section 134 of, and Schedule 20 to, this Act.

(11) Self-assessment: time limits

Chapter	Short title	Extent of repeal
1990 c. 1.	The Capital Allowances Act 1990.	In section 37(2), the words following paragraph (d).
1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	In Schedule 4, in paragraph 9(1)(b), the words “year of assessment or”.
1994 c. 9.	The Finance Act 1994.	In Schedule 15, paragraph 21(a)(ii).

These repeals have effect in accordance with section 135 of, and Schedule 21 to, this Act.

(12) Self-assessment: appeals

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	<p>Section 42(12).</p> <p>In section 44—</p> <p>(a) subsections (1A) and (1B), and</p> <p>(b) in subsection (2), the words “and any direction under subsection (1A) above”.</p>

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

		Schedule 2.
1975 c. 7.	The Finance Act 1975.	Section 54.
1975 c. 45.	The Finance (No. 2) Act 1975.	Section 66.
1976 c. 40.	The Finance Act 1976.	In Schedule 9, paragraph 11.
1984 c. 43.	The Finance Act 1984.	In Schedule 22, paragraph 3(2).
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In the Table in paragraph 32 of Schedule 29, the entries relating to Schedule 3 to the Taxes Management Act 1970.
1988 c. 39.	The Finance Act 1988.	Section 133(1).
1989 c. 26.	The Finance Act 1989.	Section 160(6). Section 168(8).
1990 c. 1.	The Capital Allowances Act 1990.	In Schedule 1, paragraph 1(4).
1994 c. 9.	The Finance Act 1994.	In Schedule 19, paragraph 36.
1995 c. 4.	The Finance Act 1995.	In Schedule 17, in paragraph 22, the words “(including that provision as proposed to be substituted by paragraph 7 of Schedule 19 to the Finance Act 1994)”.

These repeals have effect in accordance with Schedule 22 to this Act.

(13) Self-assessment: accounting periods etc.

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 8A.
1993 c. 34.	The Finance Act 1993.	Section 206(2).

(14) Self-assessment: advance corporation tax

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 239(5).

This repeal has effect in accordance with Schedule 25 to this Act.

(15) Class 4 contributions

Chapter	Short title	Extent of repeal
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Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 617(5).
1992 c. 4.	The Social Security Contributions and Benefits Act 1992.	In Schedule 2, in paragraph 3(2), the words “(e) section 617(5) (relief for Class 4 contributions)”.
1992 c. 7.	The Social Security Contributions and Benefits (Northern Ireland) Act 1992.	In Schedule 2, in paragraph 3(2), the words “(e) section 617(5) (relief for Class 4 contributions)”.

These repeals have effect in accordance with section 147 of this Act.

(16) Personal injury damages and compensation

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Sections 329A to 329C.
1995 c. 4.	The Finance Act 1995.	Section 142.
1995 c. 53.	The Criminal Injuries Compensation Act 1995.	Section 8.

(17) Foreign income dividends

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 246S— (a) in subsection (3), the words after paragraph (e); and (b) subsection (8).

These repeals have effect in accordance with Schedule 27 to this Act.

(18) FOTRA securities

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 47. Section 474(2). In section 475— (a) in subsection (5), the words “Subject to subsection (6) below,”; (b) subsections (6) and (7); and (c) in subsection (8),

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

		the words from “and this subsection” onwards.
		In section 715—
		(a) in subsection (1), paragraphs (g) and (h); and
		(b) in subsection (8), the definition of “FOTRA securities”.
1993 c. 34.	The Finance Act 1993.	In section 174—
		(a) subsection (6); and
		(b) in subsection (7), the definitions of “FOTRA securities” and “non-resident United Kingdom trader”.
1994 c. 9.	The Finance Act 1994.	Section 222(6) and (7).

These repeals come into force in accordance with section 154(9) of this Act.

(19) Paying and collecting agents

Chapter	Short title	Extent of repeal
1988 c. 39.	The Finance Act 1988.	Section 76(4) and (6).

(20) Accrued income scheme

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 721(1) and (4).

These repeals come into force in accordance with section 158 of this Act.

(21) Manufactured payments, repos, etc.

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	In the first column of the Table in section 98, the entry relating to section 729(11) of the Taxes Act 1988.
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 729.
		Section 732(3).
		In section 737(5AA)(b), the words from “and the words” onwards.
		Section 737A(2)(b).

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

		Section 786(4).
		In Schedule 23A, paragraph 4(7A).
1994 c. 9.	The Finance Act 1994.	Section 124.
1995 c. 4.	The Finance Act 1995.	Section 80(2).

1. Subject to note 2 below, these repeals have effect in accordance with section 159(1) of this Act.

2. The repeals in section 737 of, and Schedule 23A to, the Taxes Act 1988, and the repeal of section 124 of the Finance Act 1994, come into force on the day on which this Act is passed.

(22) Venture capital trusts

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In Schedule 28B, in paragraph 9, in subparagraph (1) the words “subject to subparagraph (2) below” and subparagraph (2).

These repeals have effect in accordance with section 161 of this Act.

(23) Life assurance business losses

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 436(3)(aa). Section 439B(3)(b). Section 441(4)(aa).
1995 c. 4.	The Finance Act 1995.	In Schedule 8, paragraph 16(4) and (5).

These repeals have effect in accordance with paragraph 10(2) of Schedule 31 to this Act.

(24) Management expenses of insurance companies

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 434(1)(b), the words from “of the tax” onwards. In section 434D(8), in paragraph (b) of the second sentence, the words from “of the tax” onwards.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

		In section 442(3), the words “otherwise than for the purposes of section 76(2)”.
		In section 473, subsection (5).
		In Schedule 19AC—
		(a) in paragraph 5(1), in the subsection (6B) deemed to be inserted in section 76, the words “and subsections (2) and (3)(b) above”; and
		(b) in paragraph 9, in the subsection (1A) deemed to be inserted in section 434, the words from “of the tax” onwards.
1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	In Schedule 10, in paragraph 14(27)(a), the words “and (5)”.

These repeals come into force in accordance with section 164(5) of this Act.

(25) Annual payments under insurance policies

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 434B(1).

This repeal has effect in accordance with section 165 of this Act.

(26) Industrial assurance business

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 431(2)— (a) the definitions of “industrial assurance business” and of “ordinary long term business” and “ordinary life assurance business”; and (b) in the definition of “long term business fund”, the words from “or, where” to “so maintained”. Section 432(2).

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

		In section 458(3), the words “or industrial assurance business”.
1989 c. 26.	The Finance Act 1989.	Section 83A(5).
1990 c. 29.	The Finance Act 1990.	In Schedule 6, paragraph 3.

These repeals come into force in relation to accounting periods beginning on or after 1st January 1996.

(27) Provisional repayments in connection with insurance companies’ pension business

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In Schedule 19AB, in paragraph 1(5)(b), the word “and” immediately preceding sub-paragraph (ii) and paragraphs 1(8) and 6(3). In Schedule 19AC, paragraph 15(1).

These repeals have effect in accordance with section 169 of, and Schedule 34 to, this Act.

(28) Friendly societies

Chapter	Short title	Extent of repeal
1992 c. 48.	The Finance (No. 2) Act 1992.	In Schedule 9, paragraph 14(2).

This repeal has effect in accordance with section 171 of this Act.

(29) Loans to participators etc.

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 419(6), the words “and to a company not resident in the United Kingdom”.

This repeal has effect in accordance with section 173(6) of this Act.

(30) Chargeable gains: non-resident companies

Chapter	Short title	Extent of repeal
1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	Section 13(5)(a) and (6). In Schedule 5, paragraph 8(10).

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

These repeals come into force in relation to gains accruing on or after 28th November 1995.

(31) Cancellation of tax advantages: transactions in certain securities

Chapter	Short title	Extent of repeal
1996 c. 8.	The Finance Act 1996.	In section 175, subsections (2) and (3) and, in subsection (4), the words “Except as provided by subsection (3) above,”.

These repeals have effect in accordance with section 175(3) of this Act.

(32) Sub-contractors in the construction industry

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 566(2), the words “and any such regulations may make different provision for different circumstances.”

(33) Capital allowances: roll-over relief in respect of ships

Chapter	Short title	Extent of repeal
1990 c. 1.	The Capital Allowances Act 1990.	In section 33C(2), the words “to be”, in the first place where they occur.

(34) Controlled foreign companies

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	<p>In section 747A, subsection (7) and, in subsection (8), the words “the company is not a trading company and”.</p> <p>In Schedule 25, in paragraph 2A, in sub-paragraph (1), the words “which is not a trading company” and sub-paragraphs (6) and (7) and, in paragraph 3, sub-paragraphs (1) to (4) and, in sub-paragraph (5), the words “the available profits or, where the company is not a trading company,”.</p>

These repeals have effect in accordance with section 182 of this Act.

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

PART VI

INHERITANCE TAX

Chapter	Short title	Extent of repeal
1984 c. 51.	The Inheritance Tax Act 1984.	In section 105— (a) in subsection (1), “109A”, the words “shares in or” in paragraph (b), and paragraph (c); (b) subsections (1A) and (1B); (c) in subsection (2), the words “(b) or”; and (d) subsection (2A). In section 107(4), the words “and section 109A below”. Section 109A. Section 116(2A).
1987 c. 16.	The Finance Act 1987.	In Schedule 8, paragraphs 5 to 7.
1995 c. 4.	The Finance Act 1995.	Section 155(2).
1	Subject to note 2 below, these repeals have effect in accordance with section 184(6) (b) of this Act.	
2	The repeal in section 116 of the Inheritance Tax Act 1984, and the related repeal in section 155 of the Finance Act 1995, have effect in accordance with section 185(3) and (6) of this Act.	

PART VII

STAMP DUTY AND STAMP DUTY RESERVE TAX

Chapter	Short title	Extent of repeal
1986 c. 41.	The Finance Act 1986.	In section 87, in subsection (2), the words “the expiry of the period of two months beginning with” and the words from “unless” to the end and subsections (4), (5) and (8). Section 88(2) and (3) Section 94(8).

Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

		Section 96(12).
		Section 97(2).
1996 c. 8.	The Finance Act 1996.	Sections 186 to 196.
1	The repeals in sections 87 and 88 of the Finance Act 1986 have effect in accordance with sections 188 and 192 of this Act.	
2	The repeals in sections 94 and 96 of the Finance Act 1986 have effect in accordance with section 194 of this Act.	
3	The repeal in section 97 of the Finance Act 1986 has effect in accordance with section 196(4) of this Act.	
4	The repeals in the Finance Act 1996 have effect—	
	(a)	so far as relating to stamp duty, in accordance with section 108 of the Finance Act 1990; and
	(b)	so far as relating to stamp duty reserve tax, in accordance with section 110 of the Finance Act 1990.

PART VIII

MISCELLANEOUS

(1) Rates of interest

Chapter	Short title	Extent of repeal
1994 c. 9.	The Finance Act 1994.	In Schedule 6, paragraph 11. In Schedule 7, paragraph 21(5).
1994 c. 23.	The Value Added Tax Act 1994.	Section 74(6).

Subsection (7) of section 197 of this Act applies in relation to these repeals as it applies in relation to subsection (6) of that section.

(2) Banks

Chapter	Short title	Extent of repeal
1984 c. 51.	The Inheritance Tax Act 1984.	In section 157(5), paragraph (b) and the word “and” immediately preceding it.
1987 c. 22.	The Banking Act 1987.	In Schedule 6, paragraph 17.

These repeals have effect in accordance with Schedule 37 to this Act.

(3) Quotation and listing of securities

Chapter	Short title	Extent of repeal
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Status: Point in time view as at 31/01/2013.

Changes to legislation: Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	Section 288(4).
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This repeal has effect in relation to times falling on or after 1st April 1996.

(4) Enactment of extra-statutory concessions

Chapter	Short title	Extent of repeal
1891 c. 38.	The Stamp Duties Management Act 1891.	In section 9(7)(e), the words from “which is inadvertently” to “executed and duly stamped, or”.
1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	In section 72(5), the word “life” in the third place where it occurs. In section 73(2), the word “life”. Section 75. In section 254— (a) in subsections (6) and (7), the words “the inspector is satisfied that”; (b) in subsection (8), the words “in the inspector’s opinion”; and (c) in subsection (11), the words “the inspector was satisfied that”, “by the inspector” and “he was satisfied that”.

These repeals have effect in accordance with Schedule 39 to this Act.

Status:

Point in time view as at 31/01/2013.

Changes to legislation:

Finance Act 1996 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.