

*Status: Point in time view as at 31/01/2013.*

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# Finance Act 1998

## 1998 CHAPTER 36

### PART III

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER I

#### INCOME TAX AND CORPORATION TAX

#### *Income tax charge, rates and reliefs*

#### <sup>F1</sup>25 Charge and rates for 1998-99.

.....

#### Textual Amendments

**F1** S. 25 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

#### <sup>F2</sup>26 .....

#### Textual Amendments

**F2** S. 26 repealed (27.7.1999 with effect for the year 2000-01 and subsequent years of assessment) by [1999 c. 16](#), s. 139, [Sch. 20 Pt. III\(4\)](#), Note

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## 27 Married couple's allowance etc. in and after 1999-00.

(1) The Taxes Act 1988 shall have effect for the year 1999-00 and subsequent years of assessment with the following amendments—

<sup>F3</sup>(a) .....

<sup>F4</sup>(b) .....

(2) For the purposes only of applying section 257C of the Taxes Act 1988 (indexation) for the year 1999-00, the amounts specified for the year 1998-99 in subsections (2) and (3) of section 257A of that Act (married couple's allowance for persons of 65 or more) shall be taken to have been £4,965 and £5,025, respectively.

### Textual Amendments

**F3** S. 27(1)(a) 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\(i\)](#)

**F4** S. 27(1)(b) repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 10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. 13](#) (with [Sch. 9 paras. 1-9, 22](#))

### *Corporation tax charge and rates*

## 28 Charge and rates for financial year 1998.

(1) Corporation tax shall be charged for the financial year 1998 at the rate of 31 per cent.

<sup>F5</sup>(2) .....

### Textual Amendments

**F5** S. 28(2) repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

## 29 Charge and rates for financial year 1999.

(1) Corporation tax shall be charged for the financial year 1999 at the rate of 30 per cent.

<sup>F6</sup>(2) .....

### Textual Amendments

**F6** S. 29(2) repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

### *Corporation tax: periodic payments etc*

## 30 Corporation tax: due and payable date.

(1) After section 59DA of the <sup>M1</sup>Taxes Management Act 1970 there shall be inserted—

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**“59E Further provision as to when corporation tax is due and payable.**

- (1) The Treasury may by regulations make provision, in relation to companies of such descriptions as may be prescribed, for or in connection with treating amounts of corporation tax for an accounting period as becoming due and payable on dates which fall on or before the date on which corporation tax for that period would become due and payable apart from this section.
- (2) Without prejudice to the generality of subsection (1) above, regulations under this section may make provision—
  - (a) for or in connection with the determination of amounts of corporation tax which are treated as becoming due and payable under the regulations;
  - (b) for or in connection with the determination of the dates on which amounts of corporation tax are treated as becoming due and payable under the regulations;
  - (c) for or in connection with the making of payments to the Board in respect of amounts of corporation tax which are treated as becoming due and payable under the regulations;
  - (d) for or in connection with the determination of the amount of any such payments as are mentioned in paragraph (c) above;
  - (e) for or in connection with the determination of the dates on which any such payments as are mentioned in paragraph (c) above become due and payable;
  - (f) for or in connection with any assumptions which are to be made for any purposes of the regulations;
  - (g) for or in connection with the payment to the Board of interest on amounts of corporation tax which are treated as becoming due and payable under the regulations;
  - (h) for or in connection with the repayment of amounts paid under the regulations;
  - (i) for or in connection with the payment of interest by the Board on amounts paid or repaid under the regulations;
  - (j) with respect to the furnishing of information to the Board;
  - (k) with respect to the keeping, production or inspection of any books, documents or other records;
  - (l) for or in connection with the imposition of such requirements as the Treasury think necessary or expedient for any purposes of the regulations;
  - (m) for or in connection with appeals in relation to questions arising under the regulations.
- (3) Regulations under this section may make provision—
  - (a) for amounts of corporation tax for an accounting period to be treated as becoming due and payable on dates which fall within the accounting period;
  - (b) for payments in respect of any such amounts of corporation tax for an accounting period as are mentioned in paragraph (a) above to become due and payable on dates which fall within the accounting period.

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- (4) Where interest is charged by virtue of regulations under this section on any amounts of corporation tax for an accounting period which are treated as becoming due and payable under the regulations, the company shall, in such circumstances as may be prescribed, be liable to a penalty not exceeding twice the amount of that interest.
- (5) Regulations under this section—
  - (a) may make such modifications of any provisions of the Taxes Acts, or
  - (b) may apply such provisions of the Taxes Acts,
 as the Treasury think necessary or expedient for or in connection with giving effect to the provisions of this section.
- (6) Regulations under this section which apply any provisions of the Taxes Acts may apply those provisions either without modifications or with such modifications as the Treasury think necessary or expedient for or in connection with giving effect to the provisions of this section.
- (7) Regulations under this section—
  - (a) may make different provision for different purposes, cases or circumstances;
  - (b) may make different provision in relation to companies or accounting periods of different descriptions;
  - (c) may make such supplementary, incidental, consequential or transitional provision as appears to the Treasury to be necessary or expedient.
- (8) Subject to subsection (9) below, regulations under this section may make provision in relation to accounting periods beginning before (as well as accounting periods beginning on or after) the date on which the regulations are made.
- (9) Regulations under this section may not make provision in relation to accounting periods ending before the day appointed under section 199 of the <sup>M2</sup>Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (corporation tax self-assessment).
- (10) In this section—
  - “modifications” includes amendments, additions and omissions;
  - “prescribed” means prescribed by regulations made under this section.
- (11) Any reference in this section to corporation tax includes a reference—
  - (a) to any amount due from a company under section 419 of the principal Act (loans to participators etc) as if it were an amount of corporation tax chargeable on the company;
  - (b) to any sum chargeable on a company under section 747(4)(a) of the principal Act (controlled foreign companies) as if it were an amount of corporation tax.”

<sup>F7</sup>(2) .....

<sup>F7</sup>(3) .....

<sup>F7</sup>(4) .....

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- F7(5) .....
- F7(6) .....

**Textual Amendments**

F7 S. 30(2)-(6) repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), Sch. 1 Pt. 10  
Group 1

**Marginal Citations**

M1 1970 c. 9.  
M2 1994 c. 9.

**31 Abolition of advance corporation tax.**

- (1) No company resident in the United Kingdom shall be liable to pay advance corporation tax in respect of any qualifying distribution made on or after 6th April 1999.
- (2) For the purposes of the Tax Acts, no distribution made on or after 6th April 1999 shall be treated as giving rise to the making of a franked payment.
- (3) No franked investment income which is attributable to a distribution made on or after 6th April 1999 shall be used to frank any distributions of a company.
- (4) Section 238(3) of the Taxes Act 1988 shall apply for the purposes of subsection (3) above as it applies for the purposes of Chapter V of Part VI of that Act.
- (5) Schedule 3 to this Act (which makes provision for and in connection with the abolition of advance corporation tax) shall have effect.

**32 Unrelieved surplus advance corporation tax.**

- (1) The Treasury may by regulations make provision for or in connection with enabling unrelieved surplus advance corporation tax to be set against liability to corporation tax on profits charged to corporation tax for accounting periods ending on or after 6th April 1999 (and thus to discharge a corresponding amount of any such liability).
- (2) Without prejudice to the generality of subsection (1) above, regulations under this section may make provision—
  - (a) for or in connection with imposing a limit or limits on the amount of unrelieved surplus advance corporation tax which may be set against liability to corporation tax on profits charged to corporation tax for an accounting period;
  - (b) for or in connection with the carrying forward of unrelieved surplus advance corporation tax from earlier accounting periods to later accounting periods;
  - (c) for or in connection with the recovery of corporation tax from companies in prescribed circumstances where any such liability as is mentioned in paragraph (a) above is or has been discharged by the set-off of unrelieved surplus advance corporation tax;
  - (d) for or in connection with the reduction or extinguishment of unrelieved surplus advance corporation tax;

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- (e) for or in connection with treating notional amounts of advance corporation tax (“shadow ACT”) as paid by companies in respect of distributions made on or after 6th April 1999;
  - (f) for or in connection with the determination of amounts of shadow ACT which are treated as paid by companies in respect of distributions made on or after 6th April 1999;
  - (g) in relation to the treatment of shadow ACT;
  - (h) in relation to the treatment of companies which have prescribed relationships or connections with each other;
  - (i) in relation to the treatment of prescribed events, arrangements or transactions involving companies with unrelieved surplus advance corporation tax.
- (3) The provision which may be made by regulations under this section includes provision—
- (a) for or in connection with treating shadow ACT as reducing any limit or limits on the amount of unrelieved surplus advance corporation tax which may be set against any such liability as is mentioned in subsection (2)(a) above;
  - (b) for or in connection with the carrying forward of shadow ACT from earlier accounting periods to later accounting periods;
  - (c) for or in connection with the carrying back of shadow ACT from later accounting periods to earlier accounting periods;
  - (d) for or in connection with the transfer of shadow ACT between companies;
  - (e) for or in connection with the reduction or extinguishment of shadow ACT.
- (4) The provision which may be made by virtue of subsection (2)(c) above includes provision for or in connection with the recovery of corporation tax from a company which has a prescribed relationship or connection with a company whose liability to corporation tax is or has been discharged by the set-off of unrelieved surplus advance corporation tax.
- [<sup>F8</sup>(5) The provision which may be made by regulations under this section includes provision for or in connection with enabling unrelieved surplus advance corporation tax to be set against liability to a sum charged at step 5 in section 371BC(1) of the Taxation (International and Other Provisions) Act 2010 (controlled foreign companies) as if it were an amount of corporation tax for an accounting period.]
- (6) In this section “unrelieved surplus advance corporation tax” means the advance corporation tax (if any) which, apart from sub-paragraph (3) of [<sup>F9</sup>paragraph 12] of Schedule 3 to this Act but otherwise in accordance with that paragraph, would be treated by virtue of section 239(4) of the Taxes Act 1988 as paid in respect of distributions made by a company in the first accounting period of the company to begin on or after 6th April 1999.
- (7) The reference in subsection (6) above to an accounting period beginning on or after 6th April 1999 includes a reference to a separate accounting period mentioned in section 245(2) of the Taxes Act 1988 which begins on 6th April 1999.
- (8) Regulations under this section—
- (a) may make such modifications of any provisions of the Tax Acts, or
  - (b) may apply such provisions of the Tax Acts,
- as the Treasury think necessary or expedient for or in connection with giving effect to the provisions of this section.

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- (9) Regulations under this section which apply any provisions of the Tax Acts may apply those provisions either without modifications or with such modifications as the Treasury think necessary or expedient for or in connection with giving effect to the provisions of this section.
- (10) Regulations under this section—
  - (a) may make different provision for different purposes, cases or circumstances;
  - (b) may make different provision in relation to companies or accounting periods of different descriptions;
  - (c) may make such supplementary, incidental, consequential or transitional provision as appears to the Treasury to be necessary or expedient.
- (11) Regulations under this section may make provision in relation to accounting periods beginning before (as well as accounting periods beginning on or after) the date on which the regulations are made.
- (12) In this section—
  - “modifications” includes amendments, additions and omissions;
  - “prescribed” means prescribed by regulations made under this section.

**Textual Amendments**

- F8** S. 32(5) substituted (17.7.2012) by Finance Act 2012 (c. 14), Sch. 20 para. 16 (with Sch. 20 para. 50(9))
- F9** Words in s. 32(6) substituted (*retrospective* to 31.7.1998) by 1999 c. 16, s. 91(4)(6)

**33 Relief for interest payable under the Tax Acts.**

- (1) Section 90 of the <sup>M3</sup>Taxes Management Act 1970 (interest on overdue tax to be paid without deduction of income tax and not to be allowed as a deduction in computing income, profits or losses) shall be amended as follows.
- (2) At the beginning there shall be inserted “(1)” and in the subsection (1) so formed—
  - (a) after “Interest payable under this Part of this Act” there shall be inserted “ (a) <sup>F10</sup>... ”.
  - <sup>F10</sup>(b) .....
  - <sup>F11</sup>(3) .....
  - <sup>F11</sup>(4) .....
  - <sup>F11</sup>(5) .....

**Textual Amendments**

- F10** S. 33(2)(b) and preceding word repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)
- F11** S. 33(3)-(5) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

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#### Marginal Citations

M3 1970 c. 9.

### 34 Charge to tax on interest payable under the Tax Acts.

- (1) Section 826 of the Taxes Act 1988 (interest on tax overpaid) shall be amended as follows.
- (2) In subsection (5) (interest on overpaid tax to be paid without deduction of income tax and not to be brought into account in computing profits or income)—
  - (a) after “Interest paid under this section” there shall be inserted “ (a) ”; and
  - (b) after “and” there shall be inserted “ (b) ”.
- (3) At the beginning of the paragraph (b) formed by subsection (2)(b) above (interest not to be brought into account in computing profits or income) there shall be inserted “subject to subsection (5A) below,”.
- (4) After subsection (5) there shall be inserted—
 

“(5A) Paragraph (b) of subsection (5) above does not apply in relation to interest payable to a company within the charge to corporation tax.”
- (5) The amendments made by subsections (3) and (4) above have effect in relation to interest payable by virtue of any paragraph of section 826(1) of the <sup>M4</sup>Taxes Act 1988 if the accounting period mentioned in that paragraph is one which ends 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 (corporation tax self-assessment).

#### Marginal Citations

M4 1994 c. 9.

### 35 Further provision about interest payable under the Tax Acts.

Schedule 4 to this Act (which makes further amendments relating to interest payable under the Tax Acts by or to companies) shall have effect.

### <sup>F12</sup>36 Arrangements with respect to payment of corporation tax.

.....

#### Textual Amendments

F12 S. 36 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. 7 para. 82, **Sch. 10 Pt. 12** (with Sch. 9 paras. 1-9, 22)



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### *Gilt-edged securities*

#### **37 Abolition of periodic accounting.**

(1) Section 51B of the Taxes Act 1988 (which enables provision to be made requiring tax on interest on gilt-edged securities to be accounted for periodically) shall cease to have effect.

<sup>F13</sup>(2) . . . . .

(3) The preceding provisions of this section have effect in relation only to payments of interest falling due on or after such day as the Treasury may by order appoint.

#### **Subordinate Legislation Made**

**P1** S. 37(3) power exercised (9.3.1999): 1.4.1999 appointed by S.I. 1999/619, art. 2

#### **Textual Amendments**

**F13** S. 37(2) repealed (11.5.2001 with effect as mentioned in s. 87 of the amending Act) by 2001 c. 9, ss. 87, 110, Sch. 33 Pt. II(12) Note

### *Rents and other receipts from land*

#### **38 Taxation of rents and other receipts from land.**

(1) The provisions of Schedule 5 to this Act have effect with respect to tax on rents and other receipts from land.

Part I contains amendments relating to the charge to tax under Schedule A or Case V of Schedule D on rents and other receipts from land.

Part II contains amendments about relief for losses incurred in a Schedule A business or overseas property business, and the relationship between such relief and other reliefs.

Part III contains minor and consequential amendments.

(2) So far as relating to income tax, the provisions of Parts I to III of that Schedule have effect for the year 1998-99 and subsequent years of assessment.

(3) So far as relating to corporation tax, the provisions of Parts I to III of that Schedule come into force on 1st April 1998, subject to the transitional provisions in Part IV of the Schedule.

#### **39 Land managed as one estate and maintenance funds for historic buildings.**

Sections 26 and 27 of the Taxes Act 1988 (deductions from rent: land managed as one estate and maintenance funds for historic buildings) shall cease to have effect—

(a) for income tax purposes, on and after 6th April 2001;

(b) for corporation tax purposes, for accounting periods beginning on or after 1st April 2001.

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**F14 40 Treatment of premiums as rent.**

.....

**Textual Amendments**

**F14** S. 40 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**)

**41 Tied premises: receipts and expenses treated as those of trade.**

**F15**(1) .....

(2) In section 156 of the <sup>M5</sup>Taxation of Chargeable Gains Act 1992 (replacement of business assets: buildings and land), for subsection (4) substitute—

“(4) Where section 98 of the Taxes Act applies (tied premises: receipts and expenses treated as those of trade), the trader shall be treated, to the extent that the conditions in subsection (1) of that section are met in relation to premises, as occupying as well as using the premises for the purposes of the trade.”.

(3) The above amendments have effect on and after 17th March 1998, subject to the following transitional provisions.

In those provisions—

“before commencement” and “after commencement” mean, respectively, before 17th March 1998 and on or after that date; and

“the new section 98” means the section as substituted by subsection (1) above.

**F16**(4) .....

**F16**(5) .....

**F16**(6) .....

**F16**(7) .....

**Textual Amendments**

**F15** S. 41(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**)

**F16** S. 41(4)-(7) 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**)

**Marginal Citations**

**M5** 1992 c. 12.

*Computation of profits of trade, profession or vocation*

**F17 42 Computation of profits of trade, profession or vocation.**

.....

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**Textual Amendments**

**F17** S. 42 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. 452](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

**F18 43 Barristers and advocates in early years of practice.**

.....

**Textual Amendments**

**F18** S. 43 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 501](#), [Sch. 3](#) (with [Sch. 2](#))

**F19 44** .....

**Textual Amendments**

**F19** S. 44 repealed (24.7.2002 with effect as mentioned in [Sch. 40 Pt. 3\(8\) Note 2](#) and [Sch. 22 paras. 16, 17](#) of the amending Act) by [2002 c. 23](#), s. 141, [Sch. 40 Pt. 3\(8\) Note 2](#)

**Modifications etc. (not altering text)**

**C1** S. 44 excluded (24.7.2002) by [2002 c. 23](#), s. 64(6)

**F20 45** .....

**Textual Amendments**

**F20** S. 45 repealed (24.7.2002) by [2002 c. 23](#), s. 141, [Sch. 40 Pt. 3\(16\)](#)

**46 Minor and consequential provisions about computations.**

**F21**(1) .....

**F22**(2) .....

(3) In the provisions of the Tax Acts which refer to the subject of the charge under Case I or II of Schedule D as “profits or gains” or “profits and gains” of a trade, profession or vocation—

- (a) for “profits or gains” or “profits and gains”, wherever occurring, substitute “profits”, and
- (b) for “arising or accruing”, in reference to such profits or gains, substitute “arising”.

The provisions affected are listed in Schedule 7 to this Act.

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**Textual Amendments**

- F21** S. 46(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. 453](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))
- F22** S. 46(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. 453](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

*Gifts to charities*

**F23** **47** .....

**Textual Amendments**

- F23** S. 47 repealed (27.7.1999 with effect in relation to gifts made on or after 27.7.1999) by [1999 c. 16](#), ss. 55(2)(3), 139, [Sch. 20 Pt. III\(12\)](#), Note

**F24** **48** **Gifts of money for relief in poor countries.**

.....

**Textual Amendments**

- F24** S. 48 repealed (19.7.2011) by [Finance Act 2011 \(c. 11\)](#), [Sch. 26 para. 2\(1\)](#)

*Employee share incentives*

**F25** **49** **Employee share options.**

.....

**Textual Amendments**

- F25** Ss. 49-53 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](#))

**F25** **50** **Conditional acquisition of shares.**

.....

**Textual Amendments**

- F25** Ss. 49-53 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](#))

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**F25 51 Convertible shares provided to directors and employees.**

**Textual Amendments**

**F25** Ss. 49-53 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](#))

**F25 52 Information powers.**

**Textual Amendments**

**F25** Ss. 49-53 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](#))

**F25 53 Provision supplemental to sections 50 to 52.**

**Textual Amendments**

**F25** Ss. 49-53 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](#))

**54 Amendments consequential on sections 50 to 53.**

- (1) The <sup>M6</sup>Taxation of Chargeable Gains Act 1992 shall be amended as follows.
- (2) After subsection (5) of section 120 (increase of expenditure by reference to tax charged in relation to shares) there shall be inserted the following subsections—
  - “(5A) Where an amount is chargeable to tax under section 140A of the Taxes Act in respect of—
    - (a) the acquisition or disposal of any interest in shares, or
    - (b) any interest in shares ceasing to be only conditional,the relevant amount is a sum equal to the amount so chargeable.
  - (5B) Where an amount is chargeable to tax under section 140D of the Taxes Act in respect of the conversion of shares, the relevant amount is a sum equal to the amount so chargeable.”
- (3) In subsection (7) of that section—
  - (a) after “(5),” there shall be inserted “, (5A), (5B) ”; and
  - (b) after “138” there shall be inserted “, 140A, 140D ”.
- (4) After that subsection there shall be inserted the following subsection—

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

*Changes to legislation: Finance Act 1998, Chapter 1 is up to date with all changes known to be in force on or before 28 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)*

“(8) For the purposes of subsection (5A) above this section shall have effect as if references in this section to shares included anything referred to as shares in section 140A of the Taxes Act.”

(5) After section 149A there shall be inserted the following section—

**“149B Employee incentive schemes: conditional interests in shares.**

(1) Where—

- (a) an individual has acquired an interest in any shares or securities which is only conditional,
- (b) that interest is one which for the purposes of section 140A of the Taxes Act is taken to have been acquired by him as a director or employee of a company, and
- (c) by virtue of section 17(1)(b) the acquisition of that interest would, apart from this section, be an acquisition for a consideration equal to the market value of the interest,

section 17 shall not apply for calculating the consideration.

(2) Instead, the consideration for the acquisition shall be taken (subject to section 120) to be equal to the actual amount or value of the consideration given for that interest as computed in accordance with section 140B of the Taxes Act.

(3) This section shall apply in relation only to the individual making the acquisition and, accordingly, shall be disregarded in calculating the consideration received by the person from whom the interest is acquired.

(4) Expressions used in this section and in section 140A of the Taxes Act have the same meanings in this section as in that section.”

(6) This section has effect in relation to disposals on or after 17th March 1998 of interests and shares acquired on or after that date.

**Marginal Citations**  
**M6** 1992 c. 12.

*Construction industry workers*

**55 Construction workers supplied by agencies.**

<sup>F26</sup>(1) .....

<sup>F27</sup>(2) .....

(3) Subsections (1) and (2) above have effect in relation to—

- (a) any payments made on or after 6th April 1998 other than any made in respect of services rendered before that date; and
- (b) any payments made before 6th April 1998 in respect of services to be rendered on or after that date.

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

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### Textual Amendments

- F26** S. 55(1) 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](#))
- F27** S. 55(2) repealed (with effect in accordance with s. 77 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(7\)](#)

## 56 Transitional provisions in connection with section 55.

- (1) Subject to subsection (6) below, subsection (2) below applies if—
- a construction trade is being carried on by a person (“the sub-contractor”) at the end of the year 1997-98; and
  - there are receipts of that trade which, but for section 134(5)(c) of the Taxes Act 1988, would have fallen to be treated for the year 1997-98 as the emoluments of an office or employment.
- (2) Where this subsection applies, then, subject to subsections (4) and (5) below—
- the trade shall be deemed to have been permanently discontinued at the end of the year 1997-98; and
  - to the extent (if any) that the trade includes activities in addition to the rendering of services falling by virtue of section 55 to be treated as the duties of an office or employment, a new trade shall be deemed to have been set up and commenced on 6th April 1998.
- (3) Subsection (4) below applies if—
- a construction trade (“the old trade”) is deemed by virtue of subsection (2)(a) above to have been permanently discontinued; and
  - a construction trade (“the new trade”)—
    - is deemed by virtue of subsection (2)(b) above to have been set up and commenced; or
    - (where sub-paragraph (i) above does not apply) is actually set up and commenced in the year 1998-99.
- (4) Where this subsection applies then, notwithstanding the deemed discontinuance, the old trade and the new trade shall be treated as the same for the purposes of <sup>F28</sup>section 83 of the Income Tax Act 2007] (carry-forward of losses against subsequent profits).
- (5) An officer of the Board shall not become entitled by virtue of anything in this section to give a direction under paragraph 3(2) of Schedule 20 to the <sup>M7</sup>Finance Act 1994 (power to revise assessment so that made on the actual basis) in the case of a person whose trade is deemed under subsection (2) above to cease on 5th April 1998.
- (6) Subsection (2) above does not apply if the sub-contractor by notice to an officer of the Board otherwise elects.
- (7) An election under subsection (6) above—
- if it relates to a trade carried on by an individual, must be included in a return under section 8 of the <sup>M8</sup>Taxes Management Act 1970 which is made and delivered in that individual’s case on or before the day on which it is required to be made and delivered under that section; and

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- (b) if it relates to a trade carried on by persons in partnership, must be included in a return under section 12AA of that Act which is made and delivered in the partners' case, or in the case of any one or more of them, on or before the day specified in relation to that return under subsection (2) or (3) of that section.
- (8) In this section “construction trade” means a trade consisting in or including the rendering of services under contracts relating to construction operations (within the meaning of <sup>F29</sup>section 74 of the Finance Act 2004).
- (9) Where at any time on or after 17th March 1998 and before the day on which this Act is passed any election corresponding to an election under subsection (6) above has been made under a resolution of the House of Commons having effect in accordance with the provisions of the <sup>M9</sup>Provisional Collection of Taxes Act 1968, this section has effect, on and after the day on which this Act is passed, as if that election were an election under subsection (6) above.

#### Textual Amendments

- F28** Words in s. 56(4) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 381](#) (with [Sch. 2](#))
- F29** Words in s. 56(8) substituted (with effect in accordance with s. 77 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 12 para. 15\(2\)](#)

#### Marginal Citations

- M7** 1994 c. 9.
- M8** 1970 c. 9.
- M9** 1968 c. 2.

### <sup>F30</sup>**57 Sub-contractors in the construction industry.**

.....

#### Textual Amendments

- F30** [S. 57](#) repealed (with effect in accordance with s. 77 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(7\)](#)

*Payments and other benefits in connection with termination of employment etc.*

### <sup>F31</sup>**58 Payments and other benefits in connection with termination of employment, etc.**

.....

#### Textual Amendments

- F31** [S. 58](#) 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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*Benefits in kind*

**59 Car fuel.**

(1) In section 158 of the Taxes Act 1988 (car fuel) for the Tables in subsection (2) (tables of cash equivalents) there shall be substituted—

“ TABLE A

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Cash equivalent</i>
1,400 or less	£1,010
More than 1,400 but not more than 2,000	£1,280
More than 2,000	£1,890

TABLE AB

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Cash equivalent</i>
2,000 or less	£1,280
More than 2,000	£1,890

TABLE B

<i>Description of car</i>	<i>Cash equivalent</i>
Any car	£1,890”

(2) This section shall have effect for the year 1998-99 and subsequent years of assessment.

<sup>F32</sup>**60 Reductions for road fuel gas cars.**

.....

**Textual Amendments**

**F32** S. 60 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](#))

<sup>F33</sup>**61 Travelling expenses.**

.....

**Textual Amendments**

**F33** S. 61 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](#))

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*Profit-related pay*

**F34 62 Provision preventing manipulation of profit periods.**

.....

**Textual Amendments**

**F34** S. 62 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1

*Foreign earnings deduction*

**F35 63 Withdrawal except in relation to seafarers.**

.....

**Textual Amendments**

**F35** Ss. 63-69 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](#))

*PAYE: non-cash benefits etc.*

**F35 64 Transitory provision relating to tradeable assets.**

.....

**Textual Amendments**

**F35** Ss. 63-69 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](#))

**F35 65 Payment in the form of a readily convertible asset.**

.....

**Textual Amendments**

**F35** Ss. 63-69 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](#))

**F35 66 Enhancing the value of an asset.**

.....

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

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**Textual Amendments**

**F35** Ss. 63-69 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)

**F35 67 Gains from share options etc.**

.....

**Textual Amendments**

**F35** Ss. 63-69 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)

**F35 68 Vouchers and credit-tokens.**

.....

**Textual Amendments**

**F35** Ss. 63-69 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)

**F35 69 Intermediaries, non-UK employers, agencies etc.**

.....

**Textual Amendments**

**F35** Ss. 63-69 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)

*The enterprise investment scheme and venture capital trusts*

**70 Qualifying trades for EIS and VCTs.**

- F36**(1) .....
- F36**(2) .....
- F37**(3) .....
- F38**(4) .....

**Textual Amendments**

**F36** S. 70(1)(2) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034, **Sch. 3 Pt. 2** (with Sch. 2)  
**F37** S. 70(3) 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.*

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**F38** S. 70(4) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034, **Sch. 3 Pt. 2** (with Sch. 2)

**F39**<sup>71</sup> **Pre-arranged exits from EIS.**

.....

**Textual Amendments**

**F39** S. 71 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034, **Sch. 3 Pt. 2** (with Sch. 2)

**F40**<sup>72</sup> **Qualifying holdings for VCTs after 2nd July 1997.**

.....

**Textual Amendments**

**F40** S. 72 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

**F41**<sup>73</sup> **Other changes to requirements for VCTs.**

.....

**Textual Amendments**

**F41** S. 73 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

**74** **Other changes to EIS etc.**

- (1) Schedule 13 to this Act, which amends the provisions mentioned in subsection (2) below, shall have effect.
- (2) The provisions are—
  - <sup>F42</sup>(a) .....
  - (b) sections 150A and 150B of the <sup>M10</sup>Taxation of Chargeable Gains Act 1992 (EIS relief in respect of chargeable gains);
  - (c) Schedule 5B to that Act (EIS deferral of chargeable gains); and
  - (d) that Chapter as it has effect in relation to shares issued before 1st January 1994 (BES income tax relief) and section 150 of that Act (BES relief in respect of chargeable gains).
- (3) Unless the contrary intention appears, the amendments made by that Schedule have effect in relation to shares issued on or after 6th April 1998.

**Textual Amendments**

**F42** S. 74(2)(a) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 2** (with Sch. 2)

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

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**Marginal Citations**

**M10** 1992 c. 12.

*Individual savings accounts etc.*

**<sup>F43</sup>75 Use of PEPs powers to provide for accounts.**

.....

**Textual Amendments**

**F43** S. 75 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with [Sch. 2](#))

**76 Tax credits for accounts and for PEPs.**

<sup>F44</sup>(1) .....

<sup>F44</sup>(2) .....

- (3) The Treasury may by regulations make provision for individuals who—
- (a) are not resident in the United Kingdom, but
  - (b) have made investments under plans for which provision is made by regulations under [<sup>F45</sup>Chapter 3 of Part 6 of the Income Tax (Trading and Other Income) Act 2005],

to be treated in relation to any such investments as if they were so resident for the purposes of any enactment conferring an entitlement to, or to the payment of, tax credits.

<sup>F46</sup>(4) .....

<sup>F46</sup>(5) .....

**Textual Amendments**

**F44** S. 76(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](#))

**F45** Words in s. 76(3) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 503](#) (with [Sch. 2](#))

**F46** S. 76(4)(5) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with [Sch. 2](#))

**<sup>F47</sup>77 The insurance element etc.**

.....

**Textual Amendments**

**F47** S. 77 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\), Sch. 27 Pt. 2\(7\)](#)

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

*Changes to legislation: Finance Act 1998, Chapter I is up to date with all changes known to be in force on or before 28 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)*

**F48<sup>78</sup> Phasing out of TESSAs.**

.....

**Textual Amendments**  
**F48** S. 78 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 3** (with **Sch. 2**)

*Relief for interest and losses etc.*

**79 Relief for loan to acquire interest in a close company.**

- F49 (1) .....
- F50 (2) .....

**Textual Amendments**  
**F49** S. 79(1) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with **Sch. 2**)  
**F50** S. 79(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. 13** (with **Sch. 9** paras. 1-9, 22)

**F51<sup>80</sup> Relief for losses on unlisted shares in trading companies.**

.....

**Textual Amendments**  
**F51** S. 80 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**)

**F52<sup>81</sup> .....**

**Textual Amendments**  
**F52** S. 81 repealed (*retrospectively*) by [2000 c. 17](#), ss. 100(5), 156, **Sch. 40 Pt. II(11)**

**82 Carry forward of non-trading deficit on loan relationships.**

- F53 (1) .....
- F54 (2) .....
- F55 (3) .....

(4) The amendments made by this section shall be deemed always to have had effect.

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

*Changes to legislation: Finance Act 1998, Chapter I is up to date with all changes known to be in force on or before 28 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**

- F53** S. 82(1) repealed (24.7.2002 with effect as mentioned in Sch. 40 Pt. 3(12) Note of the amending Act) by 2002 c. 23, s. 141, **Sch. 40 Pt. 3(12)** Note
- F54** S. 82(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. 1** (with Sch. 9 paras. 1-9, 22)
- F55** S. 82(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)

*Capital allowances*

**<sup>F56</sup>83 First-year allowances for investment in Northern Ireland.**

.....

**Textual Amendments**

- F56** Ss. 83-85 repealed (22.3.2001 with effect as mentioned in s. 579 of the amending Act) by 2001 c. 2, ss. 579, 580, **Sch. 4**

**<sup>F57</sup>84 First-year allowances for small businesses etc.**

.....

**Textual Amendments**

- F57** Ss. 83-85 repealed (22.3.2001 with effect as mentioned in s. 579 of the amending Act) by 2001 c. 2, ss. 579, 580, **Sch. 4**

**<sup>F58</sup>85 First-year allowances: consequential amendments etc.**

.....

**Textual Amendments**

- F58** Ss. 83-85 repealed (22.3.2001 with effect as mentioned in s. 579 of the amending Act) by 2001 c. 2, ss. 579, 580, **Sch. 4**

*Insurance, insurance companies and friendly societies*

**86 Life policies etc.**

Schedule 14 to this Act (which makes provision in relation to the taxation of life policies etc under Chapter II of Part XIII of the Taxes Act 1988) shall have effect.

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

*Changes to legislation: Finance Act 1998, Chapter 1 is up to date with all changes known to be in force on or before 28 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)*

## 87 **Non-resident insurance companies: tax representatives.**

After section 552 of the Taxes Act 1988 (duty of insurers to provide certain information) there shall be inserted—

### **“552A Tax representatives.**

- (1) This section has effect for the purpose of securing that, where it applies to an overseas insurer, another person is the overseas insurer’s tax representative.
- (2) In this section “overseas insurer” means a person who is not resident in the United Kingdom who carries on a business which consists of or includes the effecting and carrying out of—
  - (a) policies of life insurance;
  - (b) contracts for life annuities; or
  - (c) capital redemption policies.
- (3) This section applies to an overseas insurer—
  - (a) if the condition in subsection (4) below is satisfied on the designated day; or
  - (b) where that condition is not satisfied on that day, if it has subsequently become satisfied.
- (4) The condition mentioned in subsection (3) above is that—
  - (a) there are in force relevant insurances the obligations under which are obligations of the overseas insurer in question or of an overseas insurer connected with him; and
  - (b) the total amount or value of the gross premiums paid under those relevant insurances is £1 million or more.
- (5) In this section “relevant insurance” means any policy of life insurance, contract for a life annuity or capital redemption policy in relation to which this Chapter has effect and in the case of which—
  - (a) the holder is resident in the United Kingdom;
  - (b) the obligations of the insurer are obligations of a person not resident in the United Kingdom; and
  - (c) those obligations are not attributable to a branch or agency of that person’s in the United Kingdom.
- (6) Before the expiration of the period of three months following the day on which this section first applies to an overseas insurer, the overseas insurer must nominate to the Board a person to be his tax representative.
- (7) A person shall not be a tax representative unless—
  - (a) if he is an individual, he is resident in the United Kingdom and has a fixed place of residence there, or
  - (b) if he is not an individual, he has a business establishment in the United Kingdom,
 and, in either case, he satisfies such other requirements (if any) as are prescribed in regulations made for the purpose by the Board.
- (8) A person shall not be an overseas insurer’s tax representative unless—



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

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- (a) his nomination by the overseas insurer has been approved by the Board;  
or
  - (b) he has been appointed by the Board.
- (9) The Board may by regulations make provision supplementing this section; and the provision that may be made by any such regulations includes provision with respect to—
- (a) the making of a nomination by an overseas insurer of a person to be his tax representative;
  - (b) the information which is to be provided in connection with such a nomination;
  - (c) the form in which such a nomination is to be made;
  - (d) the powers and duties of the Board in relation to such a nomination;
  - (e) the procedure for approving, or refusing to approve, such a nomination, and any time limits applicable to doing so;
  - (f) the termination, by the overseas insurer or the Board, of a person's appointment as a tax representative;
  - (g) the appointment by the Board of a person as the tax representative of an overseas insurer (including the circumstances in which such an appointment may be made);
  - (h) the nomination by the overseas insurer, or the appointment by the Board, of a person to be the tax representative of an overseas insurer in place of a person ceasing to be his tax representative;
  - (j) circumstances in which an overseas insurer to whom this section applies may, with the Board's agreement, be released (subject to any conditions imposed by the Board) from the requirement that there must be a tax representative;
  - (k) appeals to the Special Commissioners against decisions of the Board under this section or regulations under it.
- (10) The provision that may be made by regulations under subsection (9) above also includes provision for or in connection with the making of other arrangements between the Board and an overseas insurer for the purpose of securing the discharge by or on behalf of the overseas insurer of the relevant duties, within the meaning of section 552B.
- (11) Section 839 (connected persons) applies for the purposes of this section.
- (12) In this section—
- “the designated day” means such day as the Board may specify for the purpose in regulations;
  - “tax representative” means a tax representative under this section.

#### **552B Duties of overseas insurers' tax representatives.**

- (1) It shall be the duty of an overseas insurer's tax representative to secure (where appropriate by acting on the overseas insurer's behalf) that the relevant duties are discharged by or on behalf of the overseas insurer.
- (2) For the purposes of this section “the relevant duties” are—
  - (a) the duties imposed by section 552,

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

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- (b) any duties imposed by regulations made under subsection (4A)(a) of that section, and
  - (c) any duties imposed by regulations made under subsection (4A)(b) of that section by virtue of subsection (4B) of that section,
- so far as relating to relevant insurances under which the overseas insurer in question has any obligations.
- (3) An overseas insurer’s tax representative shall be personally liable—
- (a) in respect of any failure to secure the discharge of the relevant duties, and
  - (b) in respect of anything done for purposes connected with acting on the overseas insurer’s behalf,
- as if the relevant duties were imposed jointly and severally on the tax representative and the overseas insurer.
- (4) In the application of this section in relation to any particular tax representative, it is immaterial whether any particular relevant duty arose before or after his appointment.
- (5) This section has effect in relation to relevant duties relating to chargeable events happening on or after the day by which section 552A(6) requires the nomination of the overseas insurer’s first tax representative to be made.
- (6) Expressions used in this section and in section 552A have the same meaning in this section as they have in that section.”

**F59 88 Overseas life assurance business.**

.....

**Textual Amendments**

**F59** S. 88 omitted (with effect in accordance with Sch. 14 para. 18 to the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 17(g)**

**F60 89 Personal portfolio bonds.**

.....

**Textual Amendments**

**F60** S. 89 omitted (with effect in accordance with Sch. 14 para. 18 to the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 17(g)**

**90 Distributions to friendly societies.**

- (1) The repeal by section 30(4) of the <sup>M11</sup>Finance (No. 2) Act 1997 of section 231(2) of the Taxes Act 1988 (payment of tax credit to a company resident in the UK) shall not have effect in relation to any distribution made to a friendly society before 6th April 2004 which is—

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

*Changes to legislation: Finance Act 1998, Chapter 1 is up to date with all changes known to be in force on or before 28 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) a distribution to a friendly society all of whose profits are exempt from corporation tax by virtue of section 460(1) of the Taxes Act 1988 (life or endowment business of friendly society); or
  - (b) a distribution not falling within paragraph (a) above in relation to which exemption is given under section 460(1) of that Act.
- (2) In relation to any distribution falling within paragraph (a) or (b) of subsection (1) above—
- (a) paragraph 3 of Schedule 4 to the <sup>M12</sup>Finance (No. 2) Act 1997 (which, from 6th April 1999, repeals certain provisions about claims for tax credits for accounting periods to which self-assessment applies) shall have effect as if the reference in sub-paragraph (2) of that paragraph to 6th April 1999 were a reference to 6th April 2004; and
  - (b) paragraph 2 of that Schedule (which repeals certain provisions about claims for tax credits for earlier periods) shall have no effect.
- <sup>F61</sup>(3) .....
- (4) Schedule 8 to the <sup>M13</sup>Finance (No. 2) Act 1997 (repeals), so far as it relates to any repeal referred to in the preceding provisions of this section, shall have effect subject to those provisions.

**Textual Amendments**

**F61** S. 90(3) repealed (11.5.2001) by 2001 c. 9, s. 110, **Sch. 33 Pt. II(12)**

**Marginal Citations**

**M11** 1997 c. 58.  
**M12** 1997 c. 58.  
**M13** 1997 c. 58.

**<sup>F62</sup>91 Provisional repayments in connection with pension business.**

.....

**Textual Amendments**

**F62** S. 91 repealed (11.5.2001 with effect as mentioned in s. 87 of the amending Act) by 2001 c. 9, ss. 87, 110, **Sch. 33 Pt. II(12)** Note

*Pensions*

**<sup>F63</sup>92 Approved retirement benefit schemes etc.**

.....

**Textual Amendments**

**F63** S. 92 repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3** (with Sch. 36)

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

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**F6493 Benefits received under non-approved retirement benefits scheme.**

.....

**Textual Amendments**  
F64 S. 93 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

**F6594 Approval of personal pension schemes.**

.....

**Textual Amendments**  
F65 [Ss. 94-97](#) repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

**F6595 Personal pensions: charge on withdrawal of approval.**

.....

**Textual Amendments**  
F65 [Ss. 94-97](#) repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

**F6596 Information relating to personal pension schemes etc.**

.....

**Textual Amendments**  
F65 [Ss. 94-97](#) repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

**F6597 Notices to be given to scheme administrator.**

.....

**Textual Amendments**  
F65 [Ss. 94-97](#) repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

**98 Assessments on scheme administrators.**

<sup>F66</sup>(1) .....

(2) In section 9 of the <sup>M14</sup>Taxes Management Act 1970 (self-assessment), in subsection (1), for “subsection (2)” there shall be substituted “ subsections (1A) and (2) ”; and after that subsection there shall be inserted the following subsection—

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“(1A) The tax to be assessed on a person by a self-assessment shall not include any tax which, under Chapter I or IV of Part XIV of the principal Act, is charged on the administrator of a scheme (within the meaning of section 658A of that Act) and is assessable by the Board in accordance with that section.”

(3) Subsection (2) above shall have effect for the year 1998-99 and subsequent years of assessment and shall be deemed to have had effect for the years 1996-97 and 1997-98.

**Textual Amendments**

**F66** S. 98(1) repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

**Marginal Citations**

**M14** 1970 c. 9.

*Futures and options*

**99 Extension of provisions relating to guaranteed returns.**

- F67 (1) .....
- F68 (2) .....
- F68 (3) .....
- F69 (4) .....
- F69 (5) .....

**Textual Amendments**

**F67** S. 99(1) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

**F68** S. 99(2)(3) repealed (24.7.2002 with effect as mentioned in [Sch. 40 Pt. 3\(13\)](#) Note of the amending Act) by [2002 c. 23](#), s. 141, [Sch. 40 Pt. 3\(13\)](#) Note

**F69** S. 99(4)(5) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

*Securities*

**F70 100 Accrued income scheme.**

.....

**Textual Amendments**

**F70** S. 100 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.*

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## 101 Dealers in securities etc.

- (1) Section 471 of the Taxes Act 1988 (exchange of securities in connection with conversion operations, nationalisation etc.) shall cease to have effect.
- (2) Section 472 of that Act (distribution of securities issued in connection with nationalisation etc.) shall cease to have effect.
- (3) Subsection (1) above applies in relation to exchanges made after the day on which this Act is passed.
- (4) Subsection (2) above applies in relation to issues of securities occurring after that day.

## 102 Manufactured dividends.

- <sup>F71</sup>(1) .....
- <sup>F72</sup>(2) .....
- (3) In section 737D of the Taxes Act 1988 (power by regulations to provide for manufactured payments to be eligible for relief) in subsection (2) (which defines manufactured payment as any manufactured dividend etc) the words “manufactured dividend” shall cease to have effect.
  - (4) Schedule 23A to the Taxes Act 1988 (manufactured dividends and interest) shall be amended in accordance with subsections (5) to (8) below.
- <sup>F73</sup>(5) .....
- (6) In paragraph 2(3) (manufactured dividends to which paragraph 2(2) does not apply) paragraph (a) (duty to account for notional ACT) shall cease to have effect.
- <sup>F74</sup>(7) .....
- (8) In consequence of subsection (6) above, the following provisions shall also cease to have effect—
    - (a) in paragraph 2, sub-paragraphs (4) and (5) and, in sub-paragraph (6), paragraph (b) and the word “and” immediately preceding it; and
    - (b) in paragraph 2A (deductibility of manufactured payment in the case of the manufacturer) in sub-paragraph (1), the words “together with an amount equal to the notional ACT” and sub-paragraph (3).
- <sup>F75</sup>(9) .....
- (10) Subsections (2) to (8) above have effect in relation to manufactured dividends paid (or treated for the purposes of Schedule 23A to the Taxes Act 1988 as paid) on or after 6th April 1999.

### Textual Amendments

- F71** S. 102(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](#))
- F72** S. 102(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](#))
- F73** S. 102(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](#))

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- F74** S. 102(7) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F75** S. 102(9) 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](#))

### *Double taxation relief*

#### **<sup>F76</sup>103 Restriction of relief on certain interest and dividends.**

.....

##### **Textual Amendments**

- F76** Ss. 103-105 repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\)](#), s. 3(2), [Sch. 1 Pt. 10](#)  
Group 1

#### **<sup>F76</sup>104 Adjustments of interest and dividends for spared tax etc.**

.....

##### **Textual Amendments**

- F76** Ss. 103-105 repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\)](#), s. 3(2), [Sch. 1 Pt. 10](#)  
Group 1

#### **<sup>F76</sup>105 Meaning of “financial expenditure”.**

.....

##### **Textual Amendments**

- F76** Ss. 103-105 repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\)](#), s. 3(2), [Sch. 1 Pt. 10](#)  
Group 1

#### **<sup>F77</sup>106 Underlying tax reflecting interest or dividends.**

.....

##### **Textual Amendments**

- F77** Ss. 106, 107 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](#))

#### **<sup>F77</sup>107 Notification of foreign tax adjustment.**

.....

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

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### Textual Amendments

**F77** Ss. 106, 107 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](#))

### *Transfer pricing, FOREX and financial instruments*

## 108 New regime for transfer pricing etc.

- <sup>F78</sup>(1) .....
- <sup>F78</sup>(2) .....
- <sup>F79</sup>(3) .....
- (4) In the <sup>M15</sup>Finance Act 1996—
- <sup>F79</sup>(a) .....
- (b) in paragraph 16 of Schedule 9 (imputed interest)—
- (i) in sub-paragraph (1), for the words from “sections 770” to “that Act” there shall be substituted “ Schedule 28AA to the Taxes Act 1988 (provision not at arm’s length) ”; and
- (ii) in sub-paragraph (2), for “Those sections” there shall be substituted “ That Schedule ”.
- (5) Subject to subsection (6) below, this section and Schedule 16 to this Act have effect (in relation to provision made or imposed at any time)—
- (a) for the purposes of corporation tax, as respects accounting periods ending on or after the day appointed under section 199 of the <sup>M16</sup>Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (self-assessment management provisions); and
- (b) for the purposes of income tax, as respects any year of assessment ending on or after that day.
- (6) The Schedule 28AA to the Taxes Act 1988 that is inserted by subsection (2) above shall not, in the case of any potentially advantaged person, apply as respects the consequences at any time of the difference between the actual provision and the arm’s length provision if—
- (a) that time falls before 17th March 2001;
- (b) the actual provision is a provision made or imposed by means of contractual arrangements entered into by that person before 17th March 1998;
- (c) the requirements of paragraph 1(1)(b) of Schedule 28AA to that Act (control requirements) are satisfied in the case of the actual provision and that person by reference only to paragraph 4(2)(b) of that Schedule (joint ventures etc.);
- (d) the rights and obligations of that person by virtue of the actual provision are not ones that have been varied or continued in pursuance of any transaction entered into by that person in the period between 17th March 1998 and that time; and
- (e) that person is not a party, and has not been a party, to any transaction by virtue of which he could during that period have secured the variation or termination of those rights and obligations.



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

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(7) Expressions used in subsection (6) above and in Schedule 28AA to the Taxes Act 1988 have the same meanings in that subsection as in that Schedule.

**Textual Amendments**

**F78** S. 108(1)(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. 2** (with [Sch. 9 paras. 1-9, 22](#))

**F79** S. 108(3)(4)(a) repealed (24.7.2002 with effect as mentioned in [Sch. 40 Pt. 3\(10\) Note 2](#) of the amending Act) by [2002 c. 23](#), s. 141, **Sch. 40 Pt. 3(10)** Note 2

**Marginal Citations**

**M15** 1996 c. 8.

**M16** 1994 c. 9.

**109**<sup>F80</sup>(1) .....

F80(2) .....

F81(3) .....

F82(4) .....

F82(5) .....

**Textual Amendments**

**F80** S. 109(1)(2) repealed (24.7.2002 with effect as mentioned in [Sch. 40 Pt. 3\(10\) Note 2](#) of the amending Act) by [2002 c. 23](#), s. 141, **Sch. 40 Pt. 3(10)** Note 2

**F81** S. 109(3) repealed (24.7.2002 with effect as mentioned in [Sch. 40 Pt. 3\(13\) Note 2](#) of the amending Act) by [2002 c. 23](#), s. 141, **Sch. 40 Pt. 3(13)** Note 2

**F82** S. 109(4)(5) repealed (24.7.2002 with effect as mentioned in [Sch. 40 Pt. 3\(10\) Note 2](#), [Pt. 3\(13\) Note 2](#) of the amending Act) by [2002 c. 23](#), s. 141, **Sch. 40 Pt. 3(10)** Note 2, [Pt. 3\(13\) Note 2](#)

**F83** **110 Determinations requiring the sanction of the Board.**

.....

**Textual Amendments**

**F83** S. 110 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. 8 para. 113](#), **Sch. 10 Pt. 2** (with [Sch. 9 paras. 1-9, 22](#))

**F84** **111 Notice to potential claimants.**

.....

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

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### Textual Amendments

**F84** S. 111 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. 8 para. 114, **Sch. 10 Pt. 2** (with Sch. 9 paras. 1-9, 22)

## *Controlled foreign companies*

### 112 Exempt activities.

- (1) Part II of Schedule 25 to the Taxes Act 1988 (exempt activities) shall be amended as follows.
- (2) In paragraph 9 (activities which constitute investment business) for sub-paragraph (1A) (definition of “intellectual property”) there shall be substituted—
 

“(1A) In sub-paragraph (1)(a) above “intellectual property” includes (in particular)

  - (a) any industrial, commercial or scientific information, knowledge or expertise;
  - (b) any patent, trade mark, registered design, copyright or design right;
  - (c) any licence or other right in respect of intellectual property;
  - (d) any rights under the law of a country outside the United Kingdom which correspond or are similar to those falling within paragraph (b) or (c) above.”
- (3) In paragraph 11(1) (activities which constitute wholesale, distributive or financial business) for paragraph (c) (banking or any similar business involving the receipt of deposits, loans or both and the making of loans or investments) there shall be substituted—
 

“(c) banking, deposit-taking, money-lending or debt-factoring, or any business similar to banking, deposit-taking, money-lending or debt-factoring;”.
- (4) In consequence of subsection (3) above—
  - (a) in paragraph 9(3), for “banking or any similar business” there shall be substituted “business”;
  - (b) in paragraph 11(3), for “banking or other business” there shall be substituted “business”.
- (5) This section has effect in relation to accounting periods of a controlled foreign company, within the meaning of Chapter IV of Part XVII of the Taxes Act 1988, beginning on or after 17th March 1998.

### 113 Miscellaneous amendments.

Schedule 17 to this Act (which makes provision in relation to controlled foreign companies) shall have effect.

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

*Changes to legislation: Finance Act 1998, Chapter 1 is up to date with all changes known to be in force on or before 28 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)*

### *Changes in company ownership*

#### **F85 114 Postponed corporation tax.**

.....

##### **Textual Amendments**

**F85** Ss. 114-116 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](#))

#### **F85 115 Information powers where ownership changes.**

.....

##### **Textual Amendments**

**F85** Ss. 114-116 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](#))

#### **F85 116 Provisions supplemental to sections 114 and 115.**

.....

##### **Textual Amendments**

**F85** Ss. 114-116 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](#))

### *Corporation tax self-assessment*

#### **117 Company tax returns, assessments and related matters.**

- (1) The provisions of Schedule 18 to this Act have effect in place of—
  - (a) the provisions of Parts II and IV of the <sup>M17</sup>Taxes Management Act 1970 (returns, assessment and claims), so far as they relate to corporation tax,
  - (b) certain related provisions of Part X of that Act (penalties) [<sup>F86</sup>and]
  - (c) Schedule 17A to the Taxes Act 1988 (group relief: claims),

[<sup>F87</sup> and also make provision in relation to claims for allowances under the Capital Allowances Act]
- (2) Schedule 18 to this Act, the <sup>M18</sup>Taxes Management Act 1970 and the Tax Acts shall be construed and have effect as if that Schedule were contained in that Act.
- (3) The enactments mentioned in Schedule 19 to this Act have effect with the amendments specified there, which are minor amendments and amendments consequential on Schedule 18.

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

*Changes to legislation: Finance Act 1998, Chapter I is up to date with all changes known to be in force on or before 28 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) Except as otherwise provided, the provisions of Schedules 18 and 19 to this Act have effect in relation to accounting periods ending on or after the self-assessment appointed day.
- (5) In this section “the self-assessment appointed day” means the day appointed by the Treasury under section 199 of the <sup>M19</sup>Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (corporation tax self-assessment).

#### Textual Amendments

- F86** Word in s. 117(1)(b) inserted (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 578, 579, **Sch. 2 para. 100(1)**
- F87** Words in s. 11(1) and preceding “and” substituted for s. 117(1)(d) (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, **ss. 578, 579** Sch. 2 para. 100(2)

#### Marginal Citations

- M17** 1970 c. 9.  
**M18** 1970 c. 9.  
**M19** 1994 c. 9.

*Telephone claims etc.*

#### <sup>F88</sup> 118 Claims for income tax purposes.

.....

#### Textual Amendments

- F88** S. 118 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. 7 para. 88**, Sch. 10 Pt. 12 (with Sch. 9 paras. 1-9, 22)

#### <sup>F89</sup> 119 Evidential provisions in PAYE regulations.

.....

#### Textual Amendments

- F89** S. 119 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. 13** (with Sch. 9 paras. 1-9, 22)

**Status:**

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

**Changes to legislation:**

Finance Act 1998, Chapter I is up to date with all changes known to be in force on or before 28 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.