



Finance Act 2000

2000 CHAPTER 17

PART I

EXCISE DUTIES

Alcoholic liquor duties

1 Rate of duty on beer.

- (1) In section 36(1) of the ^{M1}Alcoholic Liquor Duties Act 1979 (rate of duty on beer), for “£11.50” substitute “ £11.89 ”.
- (2) This section shall be deemed to have come into force on 1st April 2000.

Marginal Citations

M1 1979 c. 4.

2 Rates of duty on cider.

- (1) In section 62(1A) of the ^{M2}Alcoholic Liquor Duties Act 1979 (rates of duty on cider)—
 - (a) in paragraph (a) (rate of duty per hectolitre in the case of sparkling cider of a strength exceeding 5.5 per cent.), for “£161.20” substitute “ £166.70 ”;
 - (b) in paragraph (b) (rate of duty per hectolitre in the case of cider of a strength exceeding 7.5 per cent. which is not sparkling cider), for “£37.92” substitute “ £39.21 ”; and
 - (c) in paragraph (c) (rate of duty per hectolitre in any other case), for “£25.27” substitute “ £26.13 ”.
- (2) This section shall be deemed to have come into force on 1st April 2000.

Status: Point in time view as at 19/07/2006.

Changes to legislation: Finance Act 2000 is up to date with all changes known to be in force on or before 03 July 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

M2 1979 c. 4.

3 Rates of duty on wine and made-wine.

(1) For Part I of the Table of rates of duty in Schedule 1 to the ^{M3}Alcoholic Liquor Duties Act 1979 (wine and made-wine) substitute—

“PART I

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

<i>Description of wine or made-wine</i>	<i>Rates of duty per hectolitre</i>
	£
Wine or made-wine of a strength not exceeding 4 per cent.	47.58
Wine or made-wine of a strength exceeding 4 per cent. but not exceeding 5.5 per cent.	65.42
Wine or made-wine of a strength exceeding 5.5 per cent. but not exceeding 15 per cent. and not being sparkling	154.37
Sparkling wine or sparkling made-wine of a strength exceeding 5.5 per cent. but less than 8.5 per cent.	166.70
Sparkling wine or sparkling made-wine of a strength of 8.5 per cent. or of a strength exceeding 8.5 per cent. but not exceeding 15 per cent.	220.54
Wine or made-wine of a strength exceeding 15 per cent. but not exceeding 22 per cent.	205.82”

(2) This section shall be deemed to have come into force on 1st April 2000.

Marginal Citations

M3 1979 c. 4.

Hydrocarbon oil duties

4 Rates of duty and rebate on hydrocarbon oil.

(1) In section 6(1A) of the ^{M4}Hydrocarbon Oil Duties Act 1979 (rates of duty on hydrocarbon oil)—

(a) in paragraph (a) (light oil), for “£0.5288” substitute “ £0.5468 ”;

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- (b) in paragraph (b) (ultra low sulphur diesel), for “£0.4721” substitute “ £0.4882 ”; and
 - (c) in paragraph (c) (heavy oil which is not ultra low sulphur diesel), for “£0.5021” substitute “ £0.5182 ”.
- (2) In section 11(1) of that Act (rebate on heavy oil)—
- (a) in paragraph (a) (fuel oil), for “£0.0265” substitute “ £0.0274 ”; and
 - (b) in each of paragraphs (b) and (ba) (gas oil which is not ultra low sulphur diesel and ultra low sulphur diesel), for “£0.0303” substitute “ £0.0313 ”.
- (3) In section 13A(1A) of that Act (rebate on unleaded petrol)—
- (a) in paragraph (a) (higher octane unleaded petrol), for “£0.0367” substitute “ £0.0379 ”; and
 - (b) in paragraph (b) (other unleaded petrol), for “£0.0567” substitute “ £0.0586 ”.
- (4) In section 14(1) of that Act (rebate on light oil for use as furnace fuel), for “£0.0265” substitute “ £0.0274 ”.
- (5) This section shall be deemed to have come into force at 6 o’clock in the evening of 21st March 2000.

Marginal Citations

M4 1979 c. 5.

5 Ultra low sulphur petrol.

- (1) In section 1 of the ^{M5}Hydrocarbon Oil Duties Act 1979 (definitions of oil), after subsection (3) insert—
- “(3A) “Ultra low sulphur petrol” means unleaded petrol (other than higher octane unleaded petrol)—
- (a) the sulphur content of which does not exceed 0.005 per cent. by weight or is nil, and
 - (b) the aromatics content of which does not exceed 35 per cent. by volume.
- (3B) “Unleaded petrol” means petrol that contains not more than 0.013 grams of lead per litre of petrol; and petrol is “leaded petrol” if it is not unleaded.
- (3C) “Higher octane unleaded petrol” means unleaded petrol—
- (a) whose research octane number is not less than 96 and whose motor octane number is not less than 86; or
 - (b) which is delivered for home use as petrol that satisfies the condition in paragraph (a) above; or
 - (c) which is delivered for home use as petrol that is suitable to be used as fuel for engines for which leaded petrol is suitable by virtue of being leaded; or
 - (d) which is delivered for home use under such a description, or in such a manner, as tends, in the circumstances, to suggest that it is—
 - (i) petrol satisfying the condition in paragraph (a) above, or

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(ii) petrol that is suitable to be used as fuel for engines for which leaded petrol is suitable by virtue of being leaded.”.

^{F1}(2)

(3) In section 6 of that Act (excise duty on hydrocarbon oil), for subsection (1A) (rates of duty) substitute—

“(1A) The rates at which the duty shall be charged are—

- (a) £0.4782 a litre in the case of ultra low sulphur petrol;
- (b) £0.5468 a litre in the case of light oil other than ultra low sulphur petrol;
- (c) £0.4882 a litre in the case of ultra low sulphur diesel; and
- (d) £0.5182 a litre in the case of heavy oil other than ultra low sulphur diesel.”.

^{F1}(4)

(5) In section 27(1) of that Act (interpretation), at the appropriate places insert—

““ultra low sulphur petrol” has the meaning given by section 1(3A) above;”;

““unleaded petrol” and “leaded petrol” have the meaning given by section 1(3B) above.”;

and

““higher octane unleaded petrol” has the meaning given by section 1(3C) above;”.

(6) This section shall come into force on such day as the Commissioners of Customs and Excise may appoint by order made by statutory instrument.

Subordinate Legislation Made

P1 [S. 5\(6\)](#) power exercised (29.9.2000): 1.10.2000 appointed by [S.I. 2000/2674](#), [art. 2](#)

Textual Amendments

F1 [S. 5\(2\)\(4\)](#) repealed (*retrospective* to 6 p.m. on 7.3.2001) by [2001 c. 9](#), ss. 2(5), 110(1), [Sch. 33 Pt I\(1\)](#)
 Note

Marginal Citations

M5 [1979 c. 5](#).

6 Mixing of rebated light oils.

(1) Schedule 2A to the ^{M6}Hydrocarbon Oil Duties Act 1979 (mixing of rebated oils) is amended in accordance with Schedule 1 to this Act.

(2) The amendments in that Schedule come into force on the day appointed under section 5(6).

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Marginal Citations

M6 1979 c. 5.

7 Power to amend definitions of types of hydrocarbon oil.

In the ^{M7}Hydrocarbon Oil Duties Act 1979, after section 2 insert—

“2A Power to amend definitions.

- (1) The Treasury may by order made by statutory instrument amend the definitions for the purposes of this Act of—
 - “ultra low sulphur petrol”;
 - “unleaded petrol” and “leaded petrol”;
 - “higher octane unleaded petrol”; and
 - “ultra low sulphur diesel”.
- (2) An order under this section may contain such incidental, supplementary and transitional provision as appears to the Treasury to be appropriate.
- (3) No order shall be made under this section unless a draft of it has been laid before and approved by a resolution of the House of Commons.”.

Marginal Citations

M7 1979 c. 5.

8 Penalties for misuse of rebated heavy oil.

- (1) Section 13 of the ^{M8}Hydrocarbon Oil Duties Act 1979 (penalties for misuse of rebated heavy oil) is amended as follows.
- (2) In subsection (1)—
 - (a) for “or, as the case may be, his becoming so liable” substitute “ or his becoming so liable (or, where his conduct includes both, each of them) ”, and
 - (b) omit the words from “; and the Commissioners” to the end.
- (3) After subsection (1) insert—

“(1A) Where oil is used, or is taken into a road vehicle, in contravention of section 12(2) above, the Commissioners may—

 - (a) assess an amount equal to the rebate on like oil at the rate in force at the time of the contravention as being excise duty due from any person who used the oil or was liable for the oil being taken into the road vehicle, and
 - (b) notify him or his representative accordingly.”.
- (4) This section shall have effect in relation to liability arising on or after 1st May 2000.

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Marginal Citations

M8 1979 c. 5.

9 Use of rebated heavy oil as fuel.

- (1) Schedule 1 to the ^{M9}Hydrocarbon Oil Duties Act 1979 (which sets out the categories of excepted vehicle which may use rebated heavy oil as fuel) is amended as follows.
- (2) Omit the following provisions—
 - (a) paragraph 2(1)(b) (which provides that off-road tractors are excepted vehicles) and the word “or” immediately preceding it, and
 - (b) paragraph 2(4) (which defines off-road tractors).
- (3) This section shall have effect in relation to the use of rebated heavy oil as fuel on or after 1st May 2000.

Marginal Citations

M9 1979 c. 5.

10 Rebates, marking and reliefs.

- (1) The ^{M10}Hydrocarbon Oil Duties Act 1979 is amended in accordance with subsections (2) to (4).
- (2) In section 11 (rebate on heavy oil), after subsection (2) insert—
 - “(3) This subsection applies in any case where—
 - (a) oil is delivered for home use,
 - (b) regulations under section 24 below require, as a condition of allowing a rebate on the oil under subsection (1) above, that a marker prescribed by regulations under that section shall have been added to the oil, and
 - (c) the marker is present at the time of delivery for home use but in such a proportion that its presence falls to be disregarded by virtue of provision made by regulations under that section.
 - (4) In any case where subsection (3) above applies, a rebate may be allowed on the oil at the time it is delivered for home use if it appears to the Commissioners to be appropriate to allow it.
 - (5) Where a rebate is allowed under subsection (4) above, the rate at which the rebate is allowed—
 - (a) shall be such rate as appears to the Commissioners to be appropriate, but
 - (b) shall not be less than 95 per cent. of, and shall not exceed, the rate of rebate specified in the relevant paragraph of subsection (1) above.”
- (3) In section 20AA(2) (provision in connection with allowing reliefs)—

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- (a) in paragraph (a) (relief may take form of repayment or remission), after “repayment or remission” insert “ or an allowance to be set off against duty payable to the Commissioners by the person claiming relief”; and
- (b) after paragraph (g) insert—
- “(ga) provide for oil on which relief is allowed to be treated for the purposes of this Act as oil on which a rebate has been allowed.”.
- (4) In section 24 (regulations controlling use of duty-free and rebated oil), after subsection (4B) insert—
- “(4C) In a case where subsection (4D) below applies, the power of the Commissioners under subsection (4A) above includes power, if it appears to them to be appropriate, to assess (and notify) an amount less than the amount of the rebate concerned.
- (4D) This subsection applies in any case where—
- (a) the Commissioners have power to assess (and notify) an amount under subsection (4A) above by virtue of a contravention of, or failure to comply with, a requirement such as is mentioned in paragraph 5 of Schedule 4 to this Act, and
- (b) the marker whose addition is required by the requirement is present at the time of the contravention or failure but in such a proportion that its presence falls to be disregarded by virtue of provision made by regulations under this section for the purpose mentioned in paragraph 7 of that Schedule.”.
- (5) In paragraph 4 of Schedule 5 to the ^{M11}Finance Act 1994 (decisions under the ^{M12}Hydrocarbon Oil Duties Act 1979 of which a review may be required), after subparagraph (1) insert—
- “(1A) Any decision which is made under or for the purposes of any regulations made under section 20AA of the ^{M13}Hydrocarbon Oil Duties Act 1979 and is a decision as to whether or not relief is to be allowed.”.

Marginal Citations

M10 1979 c. 5.

M11 1994 c. 9.

M12 1979 c. 5.

M13 1979 c. 5.

11 Emulsions of water in gas oil.

- (1) In section 6A of the ^{M14}Hydrocarbon Oil Duties Act 1979 (duty on fuel substitutes), after subsection (2) (definition of chargeable use) insert—
- “(2A) But the use of water is not a chargeable use if—
- (a) the water is comprised in an emulsion of water in gas oil, and
- (b) the emulsion is stabilised by additives.”.
- (2) This section shall have effect in relation to duty charged on or after the day on which this Act is passed.

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Marginal Citations

M14 1979 c. 5.

Tobacco products duty

12 Rates of tobacco products duty.

- (1) For the Table of rates of duty in Schedule 1 to the ^{M15}Tobacco Products Duty Act 1979 substitute—

“ TABLE

1. Cigarettes	An amount equal to 22 per cent. of the retail price plus £90.43 per thousand cigarettes.
2. Cigars	£132.33 per kilogram.
3. Hand-rolling tobacco	£95.12 per kilogram.
4. Other smoking tobacco and chewing tobacco	£58.17 per kilogram.”

- (2) This section shall be deemed to have come into force at 6 o’clock in the evening of 21st March 2000.

Marginal Citations

M15 1979 c. 7.

13 Basis of calculation of *ad valorem* element of duty on cigarettes.

- (1) Section 5 of the ^{M16}Tobacco Products Duty Act 1979 (retail price of cigarettes) is amended as follows.
- (2) In subsection (1) (meaning of retail price) for the words from “shall be taken to be” to the end substitute “shall be taken to be—
- (a) the higher of—
 - (i) the recommended price for the sale by retail at that time in the United Kingdom of cigarettes of that description, and
 - (ii) any (or, if more than one, the highest) retail price shown at that time on the packaging of the cigarettes in question,
 - or
 - (b) if there is no such price recommended or shown, the highest price at which cigarettes of that description are normally sold by retail at that time in the United Kingdom.”.
- (3) In subsection (3) (determination of price by Commissioners), for “paragraph (a) of subsection (1)” substitute “ paragraph (b) of subsection (1) ”.

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- (4) In subsection (4) (reference to arbitration of Commissioners' determination), for "subsection (1)(a)" substitute "subsection (1)(b)".

Marginal Citations

M16 1979 c. 7.

14 Fiscal marks on tobacco products.

After section 8 of the ^{M17}Tobacco Products Duty Act 1979 insert the following sections—

“8A Fiscal marks: introductory.

Fiscal marking applies to tobacco products that are—

- (a) cigarettes, or
- (b) hand-rolling tobacco.

8B Power to alter range of products to which fiscal marking applies.

- (1) The Commissioners may by order made by statutory instrument amend section 8A above for the purpose of causing fiscal marking—
 - (a) to apply to any description of tobacco products to which it does not apply, or
 - (b) to cease to apply to any description of tobacco products to which it does apply.
- (2) Where fiscal marking applies to any description of tobacco products, the Commissioners may by regulations provide that fiscal marking does not apply to such products of that description as are of a description specified in the regulations.
- (3) A statutory instrument containing (whether alone or with other provisions) an order under subsection (1)(a) above shall not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.
- (4) A statutory instrument that—
 - (a) contains (whether alone or with other provisions) an order under subsection (1) above, and
 - (b) is not subject to any requirement that a draft of the instrument be laid before and approved by a resolution of each House of Parliament,shall be subject to annulment in pursuance of a resolution of either House of Parliament.

8C Fiscal mark regulations.

- (1) The Commissioners may make provision by regulations—
 - (a) requiring the carrying of fiscal marks by tobacco products to which fiscal marking applies, and

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- (b) as to such matters relating to fiscal marks as appear to the Commissioners to be necessary or expedient.
- (2) In this Act “fiscal mark” means a mark carried by tobacco products indicating all or any of the following—
- (a) that excise duty has been paid on the products;
 - (b) the rate at which excise duty was paid on the products;
 - (c) the amount of excise duty paid on the products;
 - (d) when excise duty was paid on the products;
 - (e) that sale of the products—
 - (i) is only permissible on dates ascertainable from the mark;
 - (ii) is not permissible after (or on or after) a date so ascertainable;
 - (iii) is not permissible before (or before or on) a date so ascertainable.
- (3) Regulations under this section may, in particular, make provision about—
- (a) the contents of a fiscal mark;
 - (b) the appearance of a fiscal mark;
 - (c) in the case of tobacco products that have more than one layer of packaging, which of the layers is (or are) to carry a fiscal mark;
 - (d) the positioning of a fiscal mark on the packaging of any tobacco products;
 - (e) when tobacco products are required to carry a fiscal mark.
- (4) Regulations under this section may make different provision for different cases.

8D Fiscal marks: public notices.

- (1) The Commissioners may by notices published by them regulate any of the matters mentioned in paragraphs (a) to (d) of section 8C(3) above.
- (2) A notice under this section may provide for provision made by regulations under section 8C above to have effect subject to provisions of the notice.
- (3) A notice under this section may make different provision for different cases.

8E Failure to comply with fiscal mark regulations and public notices.

- (1) This section applies if a person fails to comply with any requirement imposed by or under—
 - (a) regulations made under section 8C above, or
 - (b) a notice published under section 8D above.
- (2) Any article in respect of which the person fails to comply with the requirement shall be liable to forfeiture.
- (3) The person’s failure to comply shall attract a penalty under section 9 of the ^{M18}Finance Act 1994 (civil penalties).
- (4) The Commissioners may by regulations make such provision as is mentioned in subsection (5) below about the calculation of the penalty in a case where the failure involves post-dating of any tobacco products.

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For this purpose “post-dating” means that the products carry a fiscal mark (“the later period mark”) that—

- (a) is not one they are required to carry by virtue of this Act, and
- (b) is one they would be required to carry by virtue of this Act if the requirement to pay the duty charged on them under section 2 above took effect at a time later than that at which it in fact takes effect.

- (5) The provision that may be made by regulations under subsection (4) above is for the penalty to be calculated by reference to the duty currently charged on the products.

For this purpose “the duty currently charged” on the products is the amount of the duty charged under section 2 above that would be payable on the products if the requirement to pay the duty took effect at the time of the failure.

8F Sale of marked tobacco when not permitted: penalties.

- (1) This section applies if provision made by or under—
 - (a) regulations made under section 8C above, or
 - (b) a notice published under section 8D above,provides for any tobacco products to carry a period of sale mark.
- (2) In this section—

“a period of sale mark” means a fiscal mark indicating any of the matters mentioned in subsection (2)(e) of section 8C above; and

“prohibited time”, in relation to tobacco products that carry a period of sale mark, means a time when, according to the mark, sale of the products is not permissible.
- (3) If—
 - (a) a person sells by way of retail sale, or exposes for retail sale, any tobacco products that carry a period of sale mark, and
 - (b) he so sells or exposes the products at a prohibited time,his so selling or exposing the products shall attract a penalty under section 9 of the ^{M19}Finance Act 1994 (civil penalties) and the products are liable to forfeiture.

8G Offences: possession and sale etc. of unmarked tobacco.

- (1) In this section “unmarked products” means tobacco products that are subject to fiscal marking but do not carry a compliant duty-paid fiscal mark.
- (2) For the purposes of this section “duty-paid fiscal mark” means a fiscal mark carried by tobacco products indicating that excise duty has been paid on the products.
- (3) For the purposes of this section a duty-paid fiscal mark carried by tobacco products of any description is “compliant” if it complies with all relevant requirements for any duty-paid fiscal mark that by virtue of this Act is required to be carried by such tobacco products of that description as are by virtue of this Act required to carry such a mark.

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For this purpose “relevant requirement” means a requirement, imposed by virtue of this Act, as to any of the matters mentioned in paragraphs (a) to (d) of section 8C(3) above (contents, appearance and positioning etc. of fiscal marks).

- (4) If a person—
- (a) is in possession of, transports or displays, or
 - (b) sells, offers for sale or otherwise deals in,
- unmarked products then, except in such cases as may be prescribed in regulations made by the Commissioners, that person commits an offence and the products are liable to forfeiture.
- (5) It is a defence for a person charged with an offence under subsection (4) above to prove that the unmarked products were not required by virtue of this Act to carry a duty paid fiscal mark.
- (6) A person guilty of an offence under subsection (4) above shall be liable on summary conviction to a fine not exceeding level 5 on the standard scale.

8H Offences: use of premises for sale of unmarked tobacco.

- (1) A manager of premises commits an offence if he suffers the premises to be used for the sale of unmarked products.
- In this section “unmarked products” has the same meaning as in section 8G above.
- (2) It is a defence for a person charged with an offence under subsection (1) above to prove that the unmarked products were not required by virtue of this Act to carry a duty-paid fiscal mark.
- For this purpose “duty-paid fiscal mark” has the same meaning as in section 8G above.
- (3) A person guilty of an offence under subsection (1) above shall be liable on summary conviction to a fine not exceeding level 5 on the standard scale.
- (4) A court by or before which a person is convicted of an offence under subsection (1) above may make an order prohibiting the use of the premises in question for the sale of tobacco products during a period specified in the order.
- (5) The period specified in an order under subsection (4) above shall not exceed six months; and the first day of the period shall be the day specified as such in the order.
- (6) A manager of premises commits an offence if he suffers the premises to be used in breach of an order under subsection (4) above.
- (7) A person guilty of an offence under subsection (6) above shall be liable on summary conviction to a fine not exceeding level 5 on the standard scale.
- (8) For the purposes of this section a person is a manager of premises if he—
- (a) is entitled to control their use,
 - (b) is entrusted with their management, or
 - (c) is in charge of them.

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8J Interfering with fiscal marks: penalties.

- (1) This section applies where a person—
 - (a) alters or overprints any fiscal mark carried by any tobacco products in compliance with any provision made under this Act, or
 - (b) causes any such mark to be altered or overprinted.
- (2) His altering or overprinting of the mark, or his causing it to be altered or overprinted, shall attract a penalty under section 9 of the ^{M20}Finance Act 1994 (civil penalties).
- (3) The products that carried the mark shall be liable to forfeiture.
- (4) The penalty under subsection (2) above shall be calculated by reference to the duty currently charged on the products.

For this purpose “the duty currently charged” on the products is the amount of the duty charged under section 2 above that would be payable on the products if the requirement to pay the duty took effect at the time of the conduct attracting the penalty.”.

Marginal Citations

- M17** 1979 c. 7.
M18 1994 c. 9.
M19 1994 c. 9.
M20 1994 c. 9.

15 Management of excise duty on tobacco products.

- (1) The ^{M21}Tobacco Products Duty Act 1979 has effect subject to the following amendments.
- (2) In section 2(2) (remission or repayment of duty where tobacco products exported, shipped as stores or used for research or experiment), for the words from “that” to the end of paragraph (b) substitute—

“that—

 - (a) the products in question have been—
 - (i) exported or shipped as stores, or
 - (ii) used solely for the purposes of research or experiment; and
 - (b) any fiscal marks carried by the products have been obliterated;”.
- (3) Section 7 (regulations for management of duty) is amended as follows.
- (4) After paragraph (a) of subsection (1) (method of charging duty and securing and collecting duty) insert—

“(aa) for charging the duty, in such circumstances as may be specified in the regulations, by reference to the weight of the tobacco products at a time specified in the regulations or by the Commissioners (whether the time at which the products become chargeable or that at which the duty becomes payable or any other time);”.

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- (5) In paragraph (b) of subsection (1) (registration of premises for storage of tobacco), after “regulating their” insert “ storage and ”.
- (6) After that paragraph insert—
- “(ba) for the registration of premises for the manufacture of tobacco products, for restricting or prohibiting the manufacture of tobacco products otherwise than in premises so registered and for regulating their storage and treatment in, and removal from, such premises;”.
- (7) In paragraph (c) of subsection (1), omit sub-paragraph (i) (which is superseded by the amendment made by subsection (6) above).
- (8) In paragraph (d) of subsection (1), for “and the making of such returns, as may be specified in the regulations” substitute “ the notification of such information, and the making of such returns, as may be specified in the regulations or required by the Commissioners ”.
- (9) After subsection (1) insert—
- “(1A) Regulations under subsection (1) above may, in particular, include provision—
- (a) imposing, or providing for the imposition under the regulations of, conditions and restrictions relating to any of the matters mentioned in that subsection;
- (b) enabling the Commissioners to dispense with compliance with any provision contained in the regulations in such circumstances and subject to such conditions (if any) as they may determine.”.

Marginal Citations

M21 1979 c. 7.

Gaming duty

16 Rates of gaming duty.

- (1) For the table in section 11(2) of the ^{M22}Finance Act 1997 (rates of gaming duty) substitute—

“ TABLE

<i>Part of gross gaming yield</i>	<i>Rate</i>
The first £470,500	2½ per cent.
The next £1,045,500	12½ per cent.
The next £1,045,500	20 per cent.
The next £1,830,000	30 per cent.
The remainder	40 per cent.”

Status: Point in time view as at 19/07/2006.

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- (2) This section has effect in relation to accounting periods beginning on or after 1st April 2000.

Marginal Citations

M22 1997 c. 16.

Amusement machine licence duty

17 Amusement machine licence duty.

Schedule 2 to this Act (which amends the ^{M23}Betting and Gaming Duties Act 1981) shall have effect.

Marginal Citations

M23 1981 c. 63.

Air passenger duty

18 Rates of duty.

- (1) Section 30 of the ^{M24}Finance Act 1994 is amended as follows.
- (2) In subsection (1) (basis on which duty is charged) for the words from “appropriate” to the end substitute “determined in accordance with subsections (2) to (4) below.”
- (3) In subsection (2) (rate where destination is in an EEA State etc)—
- (a) for “The rate is £10 if that place” substitute “If the place where the passenger’s journey ends”, and
 - (b) after paragraph (b) add— “the rate shall be determined in accordance with subsection (3A) below.”
- (4) After subsection (3) insert—
- “(3A) In a case falling within subsection (2) above—
- (a) if the passenger’s agreement for carriage provides for standard class travel in relation to every flight on his journey, the rate is £5;
 - (b) in any other case, the rate is £10.”
- (5) For subsection (4) (rate where destination is not in an EEA State etc) substitute—
- “(4) In a case not falling within subsection (2) above—
- (a) if the passenger’s agreement for carriage provides for standard class travel in relation to every flight on his journey, the rate is £20;
 - (b) in any other case, the rate is £40.”
- (6) At the end of the section add—
- “(10) In this section “standard class travel”, in relation to carriage on an aircraft, means—

Status: Point in time view as at 19/07/2006.

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- (a) in the case of an aircraft on which only one class of travel is available, that class of travel;
 - (b) in any other case, the lowest class of travel available on the aircraft.”.
- (7) In consequence of the provision made by the preceding provisions of this section, in section 39 of the ^{M25}Finance Act 1994 (schemes for simplifying operation of reliefs)—
- (a) in subsection (4)(b), for “at the rate mentioned in section 30(2) above” substitute—
 - “(i) at the rate mentioned in paragraph (a) of section 30(3A) above, and
 - (ii) at the rate mentioned in paragraph (b) of that provision”;
 - (b) in subsection (4B)(c), for “at the rate mentioned in section 30(2) above” substitute—
 - “(i) at the rate mentioned in paragraph (a) of section 30(3A) above, and
 - (ii) at the rate mentioned in paragraph (b) of that provision”;
 - (c) in subsection (8)(b), for the words from “on the carriage” to the end substitute—
 - “(i) on the carriage of each of those falling within paragraph (a) of section 30(4) above at the rate mentioned in that paragraph, and
 - (ii) on the carriage of each of those falling within paragraph (b) of section 30(4) above at the rate mentioned in that paragraph”;
- and
- (d) in subsection (8A)(c), for the words from “on the carriage” to the end substitute—
 - “(i) on the carriage of each of those falling within paragraph (a) of section 30(4) above at the rate mentioned in that paragraph, and
 - (ii) on the carriage of each of those falling within paragraph (b) of section 30(4) above at the rate mentioned in that paragraph”.
- (8) This section applies to any carriage of a passenger on an aircraft which begins on or after 1st April 2001.

Marginal Citations

M24 1994 c. 9.

M25 1994 c. 9.

19 Changes in exemption from duty.

- (1) Section 31 of the ^{M26}Finance Act 1994 is amended as follows.
- (2) Omit subsections (1) and (2) (exemption in relation to passengers making return journeys within the United Kingdom).

Status: Point in time view as at 19/07/2006.

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(3) After subsection (4A) insert—

“(4B) A passenger is not a chargeable passenger in relation to a flight if under his agreement for carriage (whether or not it is evidenced by a ticket) the flight is to depart from an airport which is in a region of the United Kingdom designated by order.

(4C) An order may be made for the purposes of subsection (4B) above in respect of any region which has a population density of not more than 12.5 persons per square kilometre.

(4D) In subsections (4B) and (4C) above, references to a region are references to an area which is determined by the Treasury to constitute a region for the purposes of those subsections.”.

(4) Omit subsection (6) (provision by regulations for subsection (1) to have effect in relation to journeys begun in the Isle of Man).

(5) In consequence of the provision made by subsection (2) above, in section 43 of the ^{M27}Finance Act 1994 (interpretation)—

(a) in subsection (2) (meaning of “journey” etc), omit “Subject to subsection (3) below”, and

(b) omit subsection (3) (interpretation of references to a return ticket).

(6) This section applies to any carriage of a passenger on an aircraft which begins on or after 1st April 2001.

Marginal Citations

M26 1994 c. 9.

M27 1994 c. 9.

Vehicle excise duty

20 Threshold for reduced general rate.

(1) In paragraph 1 of Schedule 1 to the ^{M28}Vehicle Excise and Registration Act 1994 (rate of duty applicable where no other rate specified), in sub-paragraphs (2) and (2A) for “1,100 cubic centimetres” (the reduced rate threshold) substitute “ 1,200 cubic centimetres ”.

This amendment applies to licences issued on or after 1st March 2001.

(2) Refunds shall be made by the Secretary of State, in accordance with the following provisions of this section, in respect of licences—

(a) issued in the period beginning with 1st March 2000 and ending with 28th February 2001, and

(b) not surrendered before the end of that period,

where the amount of vehicle excise duty chargeable on the licence would have been less if the amendment in subsection (1) had applied.

(3) The amount of the refund is—

(a) £55 for a 12 month licence, and

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- (b) £27.50 for a 6 month licence.
- (4) The person entitled to the refund is—
- (a) in the case of a licence in force on 28th February 2001, the keeper of the vehicle on that date;
 - (b) in the case of a licence that has ceased to be in force before that date, the keeper of the vehicle when the licence expired.
- (5) For the purposes of subsection (4) the keeper of the vehicle shall be taken to be—
- (a) the person registered as keeper of the vehicle on the date in question, or
 - (b) if the Secretary of State has received notification of a change of ownership of the vehicle as a result of which another person is on that date entitled to be registered as the new keeper of the vehicle, that person.
- (6) A refund shall only be made if an application is made for it in such form, and containing such particulars and supported by such documents, as the Secretary of State may require.
- (7) The Secretary of State shall give notice in writing to any person appearing to him to be entitled to a refund—
- (a) informing him that he appears to be entitled to a refund,
 - (b) enclosing an application form, and
 - (c) specifying the particulars and supporting documents to be provided.
- (8) An application for, or the making of, a refund under this section in respect of a licence does not affect the validity of the licence.
- (9) For the purposes of section 19 of the ^{M29}Vehicle Excise and Registration Act 1994 (surrender of licences) as it applies to the surrender on or after 1st March 2001 of a licence in respect of which a refund under this section has been made, or applied for, the annual rate of duty chargeable on the licence shall be taken to be that which would have been chargeable if the amendment in subsection (1) above had applied.
- (10) Section 45 of that Act (offence of false or misleading declaration) applies to a declaration in connection with an application for a refund under this section as it applies to a declaration in connection with an application for a vehicle licence.
- (11) In the application of this section to Northern Ireland, references to registration as the keeper of a vehicle shall be read as references to registration as the owner of the vehicle.

Marginal Citations

M28 1994 c. 22.

M29 1994 c. 22.

21 Increase in general rate.

- (1) In paragraph 1 of Schedule 1 to the ^{M30}Vehicle Excise and Registration Act 1994 (rate of duty applicable where no other rate specified)—
- (a) in sub-paragraph (2) (the standard rate), for “£155” substitute “ £160 ”; and
 - (b) in sub-paragraph (2A) (the reduced rate), for “£100” substitute “ £105 ”.

Status: Point in time view as at 19/07/2006.

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(2) This section applies to licences issued on or after 1st March 2001.

Marginal Citations

M30 1994 c. 22.

22 Rates of duty for new cars and vans.

Schedule 3 to this Act has effect with respect to vehicle excise duty on light passenger vehicles and light goods vehicles first registered on or after 1st March 2001.

23 Enforcement provisions for graduated rates.

Schedule 4 to this Act has effect with respect to vehicle licences for vehicles in respect of which vehicle excise duty is chargeable at different rates.

24 Rates of duty for goods vehicles.

- (1) Schedule 5 to this Act (which makes provision for new rates of vehicle excise duty for goods vehicles etc.) has effect.
- (2) The provisions of that Schedule apply in relation to licences issued after 21st March 2000.

Enforcement of duties

25 Power to search premises.

In Part XII of the ^{M31}Customs and Excise Management Act 1979 (general supplementary provisions), for section 161 (power to search premises) substitute—

“161 Power to search premises: writ of assistance.

- (1) The powers conferred by this section are exercisable by an officer having a writ of assistance if there are reasonable grounds to suspect that anything liable to forfeiture under the customs and excise Acts—
 - (a) is kept or concealed in any building or place, and
 - (b) is likely to be removed, destroyed or lost before a search warrant can be obtained and executed.
- (2) The powers are—
 - (a) to enter the building or place at any time, whether by day or night, on any day, and search for, seize, and detain or remove any such thing, and
 - (b) so far as is necessary for the purpose of such entry, search, seizure, detention or removal, to break open any door, window or container and force and remove any other impediment or obstruction.
- (3) An officer shall not exercise the power of entry conferred by this section by night unless accompanied by a constable.

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- (4) A writ of assistance shall continue in force during the reign in which it is issued and for six months thereafter.

161A Power to search premises: search warrant.

- (1) If a justice of the peace is satisfied by information upon oath given by an officer that there are reasonable grounds to suspect that anything liable to forfeiture under the customs and excise Acts is kept or concealed in any building or place, he may by warrant under his hand authorise any officer, and any person accompanying an officer, to enter and search the building or place named in the warrant.
- (2) An officer or other person so authorised has power—
- (a) to enter the building or place at any time, whether by day or night, on any day, and search for, seize, and detain or remove any such thing, and
 - (b) so far as is necessary for the purpose of such entry, search, seizure, detention or removal, to break open any door, window or container and force and remove any other impediment or obstruction.
- (3) Where there are reasonable grounds to suspect that any still, vessel, utensil, spirits or materials for the manufacture of spirits is or are unlawfully kept or deposited in any building or place, subsections (1) and (2) above apply in relation to any constable as they would apply in relation to an officer.
- (4) The powers conferred by a warrant under this section are exercisable until the end of the period of one month beginning with the day on which the warrant is issued.
- (5) A person other than a constable shall not exercise the power of entry conferred by this section by night unless accompanied by a constable.”

Marginal Citations

M31 1979 c. 2.

26 Power to search articles.

In Part XII of the ^{M32}Customs and Excise Management Act 1979 (general supplementary provisions), after section 163 (power to search vehicles or vessels) insert—

“163A Power to search articles.

- (1) Without prejudice to any other power conferred by the Customs and Excise Acts 1979, where there are reasonable grounds to suspect that a person in the United Kingdom (referred to in this section as “the suspect”) has with him, or at the place where he is, any goods to which this section applies, an officer may—
- (a) require the suspect to permit a search of any article that he has with him or at that place, and
 - (b) if the suspect is not under arrest, detain him (and any such article) for so long as may be necessary to carry out the search.

Status: Point in time view as at 19/07/2006.

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- (2) The goods to which this section applies are dutiable alcoholic liquor, or tobacco products, which are—
 - (a) chargeable with any duty of excise, and
 - (b) liable to forfeiture under the customs and excise Acts.
- (3) Notwithstanding anything in subsection (4) of section 24 of the ^{M33}Criminal Law (Consolidation) (Scotland) Act 1995 (detention and questioning by customs officers), detention of the suspect under subsection (1) above shall not prevent his subsequent detention under subsection (1) of that section.”.

Marginal Citations

M32 1979 c. 2.

M33 1995 c. 39.

27 Security for customs and excise duties.

- (1) Section 157 of the ^{M34}Customs and Excise Management Act 1979 (bonds and security) is amended as follows.
- (2) In subsection (1) (power to require security), for “by bond” substitute “ (or further security) by bond, guarantee ”.
- (3) After that subsection insert—

“(1A) For the purposes of this section “condition in connection with excise” includes a condition in connection with excise duty charged, under the law of a member State other than the United Kingdom, on—

 - (a) manufactured tobacco,
 - (b) alcohol or alcoholic beverages, or
 - (c) mineral oils.

The expressions used in paragraphs (a) to (c) above have the same meaning as in Council Directive [92/12/EEC](#).”.
- (4) In subsection (2) (bonds for the purposes of assigned matters), after “Any bond” insert “ , guarantee or other security ”.
- (5) In paragraph (a) of that subsection (bonds to be taken on behalf of Her Majesty), for “on behalf of Her Majesty” substitute “ either on behalf of Her Majesty or on behalf of Her Majesty and the tax authorities of each member State other than the United Kingdom ”.
- (6) At the end of that subsection add—

“In this subsection “assigned matter” includes any excise duty charged as mentioned in subsection (1A) above.”.

Marginal Citations

M34 1979 c. 2.

Status: Point in time view as at 19/07/2006.

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28 Civil penalties for breach of excise duty requirements.

In section 9(2)(a) of the ^{M35}Finance Act 1994 (how to calculate the penalty in cases where provision is made by any enactment for conduct to attract a penalty calculated by reference to an amount of excise duty), for “or any other enactment” substitute “, or by or under any other enactment, ”.

Marginal Citations

M35 1994 c. 9.

29 Correction of reference.

In section 127 of the ^{M36}Finance Act 1999 (interest on repayments of customs duty), in subsection (1)(b) for “Council Regulation 2454/93” substitute “ Commission Regulation 2454/93 ”.

This amendment shall be deemed always to have had effect.

Marginal Citations

M36 1999 c. 16.

PART II

CLIMATE CHANGE LEVY

30 Climate change levy.

- (1) Schedule 6 to this Act (which makes provision for a new tax that is to be known as climate change levy) shall have effect.
- (2) Schedule 7 to this Act (climate change levy: consequential amendments) shall have effect.
- (3) Part V of Schedule 6 to this Act (registration for the purposes of climate change levy) shall not come into force until such date as the Treasury may appoint by order made by statutory instrument; and different days may be appointed under this subsection for different purposes.

Status: Point in time view as at 19/07/2006.

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PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

CHARGE AND RATES

Income tax

31 Charge and rates for 2000-01.

Income tax shall be charged for the year 2000-01, and for that year—

- (a) the starting rate shall be 10%,
- (b) the basic rate shall be 22%, and
- (c) the higher rate shall be 40%.

32 Extension of starting rate to savings income of individuals.

(1) Section 1A of the Taxes Act 1988 (application of lower rate or Schedule F ordinary rate to income from savings and distributions) is amended as follows.

(2) In subsection (1)(b) (income of individuals to which those rates do not apply), after the words “is not” insert “—

- (i) savings income falling within section 1(2)(aa), or
- (ii)”.

(3) After subsection (1) insert—

“(1AA) In subsection (1)(b)(i) above “savings income” means income to which this section applies other than—

- (a) income chargeable under Schedule F, or
- (b) equivalent foreign income falling within subsection (3)(b) below and chargeable under Case V of Schedule D.”.

(4) This section has effect for the year 2000-01 and subsequent years and shall be deemed to have had effect for the year 1999-00.

F²33 Deduction of income tax from foreign dividends.

.....

Textual Amendments

F2 S. 33 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with [Sch. 2](#))

34 Children’s tax credit.

F3

Status: Point in time view as at 19/07/2006.

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Textual Amendments

F3 S. 34 repealed (6.4.2003) by 2002 c. 21, ss. 60, 61, Sch. 6; S.I. 2003/962, art. 2(3)(e), Sch. 1

Corporation tax

35 Charge and main rate for financial year 2001.

Corporation tax shall be charged for the financial year 2001 at the rate of 30%.

36 Small companies' rate for financial year 2000.

For the financial year 2000—

- (a) the small companies' rate shall be 20%, and
- (b) the fraction mentioned in section 13(2) of the Taxes Act 1988 (marginal relief for small companies) shall be one fortieth.

Capital gains tax

37 Application of starting rate to capital gains tax.

- (1) In section 4 of the ^{M37}Taxation of Chargeable Gains Act 1992 (rates of capital gains tax), after subsection (1AA) insert—

“(1AB) If (after allowing for any deductions in accordance with the Income Tax Acts) an individual has no income for a year of assessment or his total income for the year is less than the starting rate limit, then—

- (a) if the amount on which he is chargeable to capital gains tax does not exceed the unused part of his starting rate band, the rate of capital gains tax in respect of gains accruing to him in the year shall be equivalent to the starting rate;
- (b) if the amount on which he is chargeable to capital gains tax exceeds the unused part of his starting rate band, the rate of capital gains tax in respect of such gains accruing to him in the year as correspond to the unused part shall be equivalent to the starting rate.

(1AC) The references in subsection (1AB) above to the unused part of an individual's starting rate band are to the amount by which the starting rate limit exceeds his total income (as reduced by any deductions made in accordance with the Income Tax Acts).”.

- (2) This section has effect for the year 2000-01 and subsequent years of assessment.

Marginal Citations

M37 1992 c. 12.

Status: Point in time view as at 19/07/2006.

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CHAPTER II

OTHER PROVISIONS

Giving to charity

38 Payroll deduction scheme.

(1) Where in accordance with a scheme approved [^{F4}for the purposes of section 714 of the Income Tax (Earnings and Pensions) Act 2003] (donations to charity: payroll deduction scheme) an agent is to pay to a charity any sum which—

- (a) is withheld by [^{F5}a person] from a payment which an [^{F6}individual] is entitled to receive; and
- (b) is paid by the [^{F7}person] to the agent,

the agent shall, within a period prescribed by regulations made by the Treasury, pay a supplement equal to 10% of that sum to the charity.

(2) On a claim made by an agent in such form as the Board may prescribe, the Board shall pay to the agent out of money provided by Parliament—

- (a) such amounts as are required—
 - (i) to fund the payment of supplements falling to be paid by him; or
 - (ii) to reimburse him for supplements paid by him the payment of which has not been so funded; and
- (b) in the case of an agent which is a charity, an amount which is equal to 10% of the aggregate of sums which—
 - (i) are withheld and paid as mentioned in paragraphs (a) and (b) of subsection (1) above; and
 - (ii) are sums to which the agent is itself entitled in its capacity as a charity.

(3) The Treasury may by regulations make provision—

- (a) requiring agents to notify the Board of any failures of theirs to comply with subsection (1) above, and of the reasons for those failures;
- (b) requiring agents to keep records of supplements paid by them under that subsection; and
- (c) for the assessment and recovery under the Taxes Acts of amounts paid to agents under subsection (2) above which ought not to have been so paid.

The regulations may contain such supplementary and incidental provision as appears to the Treasury necessary or expedient.

(4) In this section—

[^{F8}“agent” means an agent approved for the purposes of section 714 of the Income Tax (Earnings and Pensions) Act 2003;]

“charity” has the same meaning as in section 506 of that Act and includes each of the bodies mentioned in section 507 of that Act;

“the Taxes Acts” has the same meaning as in the ^{M38}Taxes Management Act 1970.

^{F9}(5)

(6) Subsections (1) to (4) above shall have effect in relation to supplements or other amounts payable in respect of sums withheld on or after 6th April 2000 and before

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[^{F10}6th April 2004]; and no claim under subsection (2) above shall be entertained if made on or after [^{F11}6th April 2005].

^{F9}(7)

Textual Amendments

- F4** Words in s. 38(1) substituted (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 243\(2\)\(a\)](#) (with Sch. 7)
- F5** Words in s. 38(1)(a) substituted (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 243\(2\)\(b\)](#) (with Sch. 7)
- F6** Word in s. 38(1)(a) substituted (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 243\(2\)\(c\)](#) (with Sch. 7)
- F7** Word in s. 38(1)(b) substituted (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 243\(2\)\(d\)](#) (with Sch. 7)
- F8** Words in s. 38(4) substituted (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 243\(3\)](#) (with Sch. 7)
- F9** S. 38(5)(7) repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 8 Pt. 1](#) (with Sch. 7)
- F10** Words in s. 38(6) substituted (10.7.2003) by [Finance Act 2003 \(c. 14\), s. 146\(a\)](#)
- F11** Words in s. 38(6) substituted (10.7.2003) by [Finance Act 2003 \(c. 14\), s. 146\(b\)](#)

Marginal Citations

M38 1970 c. 9.

39 Gift aid payments by individuals.

- (1) Section 25 of the ^{M39}Finance Act 1990 (donations to charity by individuals) shall be amended in accordance with subsections (2) to (7) below.
- (2) In subsection (1)(c), for “an appropriate certificate” there shall be substituted “an appropriate declaration”.
- (3) In subsection (2)—
- (a) paragraphs (c) and (g) shall cease to have effect;
 - (b) in paragraph (e), for “two and a half per cent of the amount of the gift” there shall be substituted “the limit imposed by subsection (5A) below”; and
 - (c) for paragraph (i) there shall be substituted—
 - (i) either—
 - (i) at the time the gift is made, the donor is resident in the United Kingdom or performs duties which by virtue of section 132(4)(a) of the Taxes Act 1988 (Crown employees serving overseas) are treated as being performed in the United Kingdom; or
 - (ii) the grossed up amount of the gift would, if in fact made, be payable out of profits or gains brought into charge to income tax or capital gains tax.”
- (4) For subsection (3) there shall be substituted—
- “(3) The reference in subsection (1)(c) above to an appropriate declaration is a reference to a declaration which—

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- (a) is given in such manner as may be prescribed by regulations made by the Board; and
 - (b) contains such information and such statements as may be so prescribed.
- (3A) Regulations made for the purposes of subsection (3) above may—
 - (a) provide for declarations to have effect, to cease to have effect or to be deemed never to have had effect in such circumstances and for such purposes as may be prescribed by the regulations;
 - (b) require charities to keep records with respect to declarations given to them by donors; and
 - (c) make different provision for declarations made in a different manner.”.
- (5) After subsection (5) there shall be inserted—
 - “(5A) The limit imposed by this subsection is—
 - (a) where the amount of the gift does not exceed £100, 25 per cent of the amount of the gift;
 - (b) where the amount of the gift exceeds £100 but does not exceed £1,000, £25;
 - (c) where the amount of the gift exceeds £1,000, 2.5 per cent of the amount of the gift.
 - (5B) Where a benefit received in consequence of making a gift—
 - (a) consists of the right to receive benefits at intervals over a period of less than twelve months;
 - (b) relates to a period of less than twelve months; or
 - (c) is one of a series of benefits received at intervals in consequence of making a series of gifts at intervals of less than twelve months,the value of the benefit shall be adjusted for the purposes of subsection (4) above and the amount of the gift shall be adjusted for the purposes of subsection (5A) above.
 - (5C) Where a benefit, other than a benefit which is one of a series of benefits received at intervals, is received in consequence of making a gift which is one of a series of gifts made at intervals of less than twelve months, the amount of the gift shall be adjusted for the purposes of subsection (5A) above.
 - (5D) Where the value of a benefit, or the amount of a gift, falls to be adjusted under subsection (5B) or (5C) above, the value or amount shall be multiplied by 365 and the result shall be divided by—
 - (a) in a case falling within subsection (5B)(a) or (b) above, the number of days in the period of less than twelve months;
 - (b) in a case falling within subsection (5B)(c) or (5C) above, the average number of days in the intervals of less than twelve months;and the reference in subsection (5B) above to subsection (4) above is a reference to that subsection as it applies for the purposes of subsection (2) (e) above.

Status: Point in time view as at 19/07/2006.

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- (5E) In determining whether a gift to a charity falling within subsection (5F) below is a qualifying donation, there shall be disregarded the benefit of any right of admission received in consequence of the making of the gift—
- (a) to view property the preservation of which is the sole or main purpose of the charity; or
 - (b) to observe wildlife the conservation of which is the sole or main purpose of the charity;
- but this subsection shall not apply unless the opportunity to make gifts which attract such a right is available to members of the public.
- (5F) A charity falls within this subsection if its sole or main purpose is the preservation of property, or the conservation of wildlife, for the public benefit.
- (5G) In subsection (5E) above “right of admission” refers to admission of the person making the gift (or any member of his family who may be admitted because of the gift) either free of the charges normally payable for admission by members of the public, or on payment of a reduced charge.”.
- (6) For subsections (6) to (9) there shall be substituted—
- “(6) Where any gift made by the donor in a year of assessment is a qualifying donation, then, for that year—
- (a) the Income Tax Acts and the ^{M40}Taxation of Chargeable Gains Act 1992 shall have effect, in their application to him, as if—
 - (i) the gift had been made after deduction of income tax at the basic rate; and
 - (ii) the basic rate limit were increased by an amount equal to the grossed up amount of the gift;
 - (b) the provisions mentioned in subsection (7) below shall have effect, in their application to him, as if any reference to income tax which he is entitled to charge against any person included a reference to the tax treated as deducted from the gift; and
 - (c) to the extent, if any, necessary to ensure that he is charged to an amount of income tax and capital gains tax equal to the tax treated as deducted from the gift, he shall not be entitled to relief under Chapter I of Part VII of the Taxes Act 1988;
- but paragraph (a)(ii) above shall not apply for the purposes of any computation under section 550(2)(a) or (b) of that Act (relief where gain charged at a higher rate).
- (7) The provisions referred to in subsection (6)(b) above are—
- (a) section 289A(5)(e) of the Taxes Act 1988 (relief under enterprise investment scheme);
 - (b) section 796(3) of that Act (credit for foreign tax); and
 - (c) paragraph 1(6)(f) of Schedule 15B to that Act (venture capital trusts).
- (8) Where the tax treated as deducted from a gift by virtue of subsection (6) above exceeds the amount of income tax and capital gains tax with which the donor is charged for the year of assessment, the donor shall be assessable and chargeable with income tax at the basic rate on so much of the gift as is necessary to recover an amount of tax equal to the excess.

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- (9) In determining for the purposes of subsection (8) above the total amount of income tax and capital gains tax with which the donor is charged for the year of assessment, there shall be disregarded—
- (a) any tax charged at the basic rate by virtue of—
 - (i) section 348 of the Taxes Act 1988 (read with section 3 of that Act); or
 - (ii) section 349 of that Act (read with section 350 of that Act);
 - (b) any tax treated as having been paid under—
 - (i) section 233(1)(a) of that Act (taxation of certain recipients of distributions);
 - (ii) section 249(4)(a) of that Act (stock dividends treated as income); or
 - (iii) section 547(5)(a) of that Act (method of charging life policy gain to tax);
 - (c) any relief to which section 256(2) of that Act applies (relief by way of income tax reduction);
 - (d) any relief under—
 - (i) section 347B of that Act (relief for maintenance payments);
 - (ii) section 788 of that Act (relief by agreement with other countries); or
 - (iii) section 790(1) of that Act (unilateral relief);
 - (e) any set off of tax deducted, or treated as deducted, from income other than—
 - (i) tax treated as deducted from income by virtue of section 421(1)(a) of that Act (taxation of borrower when loan released etc); or
 - (ii) tax treated as deducted from a relevant amount within the meaning of section 699A of that Act (untaxed sums comprised in the income of an estate) except to the extent that the relevant amount is or would be paid in respect of a distribution chargeable under Schedule F; and
 - (f) any set off of tax credits.
- (9A) For the purposes of sections 257(5) and 257A(5) of the Taxes Act 1988 (age related allowances), the donor's total income shall be treated as reduced by the aggregate amount of gifts from which tax is treated as deducted by virtue of subsection (6) above.”.
- (7) In subsection (12), paragraphs (b) and (e) and the word “and” immediately preceding paragraph (e) shall cease to have effect.
- (8) In subsections (1)(b) and (3)(b) of section 257BB of the Taxes Act 1988 (transfer of relief under section 257A where relief exceeds income), after “section 256(2)(b)” there shall be inserted “ (read with section 25(6)(c) of the ^{M41}Finance Act 1990 where applicable) ”.
- (9) In paragraph 4(1)(b) of Schedule 13B to that Act (children's tax credit), after “section 256(2)(b)” there shall be inserted “ (read with section 25(6)(c) of the ^{M42}Finance Act 1990 where applicable) ”.
- (10) This section has effect in relation to—

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- (a) gifts made on or after 6th April 2000 which are not covenanted payments; and
 - (b) covenanted payments falling to be made on or after that date;
- and any regulations made under subsection (3) of section 25 of the ^{M43}Finance Act 1990 (as substituted by subsection (4) above) within three months of the passing of this Act may be so made as to apply to any payments in relation to which this section has effect.

Marginal Citations

- M39 1990 c. 29.
- M40 1992 c. 12.
- M41 1990 c. 29.
- M42 1990 c. 29.
- M43 1990 c. 29.

40 Gift aid payments by companies.

- (1) Section 339 of the Taxes Act 1988 (charges on income: donations to charity) shall be amended in accordance with subsections (2) to (8) below.
- (2) In subsection (1), for paragraph (a) there shall be substituted—
 - “(a) a payment which, by reason of any provision of the Taxes Acts (within the meaning of the Management Act) except section 209(4), is to be regarded as a distribution; and”.
- (3) Subsections (2), (3), (3A), (3F), (6), (7) and (8) shall cease to have effect.
- (4) In subsection (3B)(b), for “two and a half per cent. of the amount given after deducting tax under section 339(3)” there shall be substituted “ the limit imposed by subsection (3DA) below ”.
- (5) After subsection (3D) there shall be inserted—
 - “(3DA) The limit imposed by this subsection is—
 - (a) where the amount of the payment does not exceed £100, 25 per cent of the amount of the payment;
 - (b) where the amount of the payment exceeds £100 but does not exceed £1,000, £25;
 - (c) where the amount of the payment exceeds £1,000, 2.5 per cent of the amount of the payment.
 - (3DB) Where a benefit received in consequence of making a payment—
 - (a) consists of the right to receive benefits at intervals over a period of less than twelve months;
 - (b) relates to a period of less than twelve months; or
 - (c) is one of a series of benefits received at intervals in consequence of making a series of payments at intervals of less than twelve months,
 the value of the benefit shall be adjusted for the purposes of subsection (3C) above and the amount of the payment shall be adjusted for the purposes of subsection (3DA) above.

Status: Point in time view as at 19/07/2006.

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- (3DC) Where a benefit, other than a benefit which is one of a series of benefits received at intervals, is received in consequence of making a payment which is one of a series of payments made at intervals of less than twelve months, the amount of the payment shall be adjusted for the purposes of subsection (3DA) above.
- (3DD) Where the value of a benefit, or the amount of a payment, falls to be adjusted under subsection (3DB) or (3DC) above, the value or amount shall be multiplied by 365 and the result shall be divided by—
- (a) in a case falling within subsection (3DB)(a) or (b) above, the number of days in the period of less than twelve months;
 - (b) in a case falling within subsection (3DB)(c) or (3DC) above, the average number of days in the intervals of less than twelve months;
- and the reference in subsection (3DB) to subsection (3C) above is a reference to that subsection as it applies for the purposes of subsection (3B) above.”.
- (6) For subsection (4) there shall be substituted—
- “(4) Where a company gives a sum of money to a charity, the gift shall in the hands of the charity be treated for the purposes of this Act as if it were an annual payment.”.
- (7) For subsection (7AA) there shall be substituted—
- “(7AA) Where—
- (a) a qualifying donation to a charity is made by a company which is wholly owned by a charity, and
 - (b) the company makes a claim for the donation, or any part of it, to be deemed for the purposes of section 338 to be a charge on income paid in an accounting period falling wholly or partly within the period of nine months ending with the date of the making of the donation,
- the donation or part shall be deemed for those purposes to be a charge on income paid in that accounting period, and not in any later period.
- A claim under this subsection must be made within the period of two years immediately following the accounting period in which the donation is made, or such longer period as the Board may allow.”.
- (8) In subsection (9), the words “in subsections (1) to (4) above includes” shall cease to have effect.
- (9) In subsection (1) of section 209 of the Taxes Act 1988 (meaning of “distribution”), for “section 339(6) and any other express exceptions” there shall be substituted “ any express exceptions ”.
- (10) In subsection (2)(a) of section 338 of that Act (allowance of charges on income and capital), after “company” there shall be inserted “ or payments falling within paragraph (b) below ”.
- (11) This section has effect in relation to payments made on or after 1st April 2000; and—
- (a) so much of an accounting period as falls before that date; and
 - (b) so much of it as falls after 31st March 2000,
- shall be treated as separate accounting periods for the purposes of the amendment made by subsection (5) above.

Status: Point in time view as at 19/07/2006.

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41 Covenanted payments to charities.

- (1) In subsection (5)(b) of section 338 of the Taxes Act 1988 (allowances of charges on income and capital), for “a covenanted donation to charity” there shall be substituted “a qualifying donation”.
- (2) In section 347A of that Act (annual payments and interest: general rule), subsections (2)(b), (7) and (8) shall cease to have effect.
- (3) In subsection (3) of section 348 of that Act (payments out of profits or gains brought into charge to income tax: deductions of tax), at the end there shall be inserted “or to any payment which is a qualifying donation for the purposes of section 25 of the ^{M44}Finance Act 1990”.
- (4) In subsection (1) of section 349 of that Act (payments not out of profits or gains brought into charge to income tax, and annual interest), at the end there shall be inserted “or to any payment which is a qualifying donation (within the meaning of section 339) or a qualifying donation for the purposes of section 25 of the ^{M45}Finance Act 1990”.
- (5) In subsection (6) of section 505 of that Act (charities: general), the words “and, for this purpose, all covenanted payments to charity (within the meaning of section 347A(7)) shall be treated as a single item” shall cease to have effect.
- ^{F12}(6)
- (7) Section 59 of the ^{M46}Finance Act 1989 (covenanted subscriptions) shall cease to have effect.
- (8) Where a deed of covenant executed by an individual before 6th April 2000 provides for the payment of specified amounts, any amount payable under the deed on or after that date shall be determined as if the individual were entitled to deduct tax from that amount at the basic rate.
- (9) This section shall have effect in relation to covenanted payments—
 - (a) falling to be made by individuals on or after 6th April 2000; or
 - (b) made by companies on or after 1st April 2000.

Textual Amendments

F12 S. 41(6) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

Marginal Citations

M44 1990 c. 29.
M45 1990 c. 29.
M46 1989 c. 26.

42 Millennium gift aid.

- (1) In section 48 of the ^{M47}Finance Act 1998 (gifts of money for relief in poor countries), subsections (3), (6) and (7) shall cease to have effect.
- (2) In subsection (4) of that section—
 - (a) in paragraph (a), after “made” there shall be inserted “before 6th April 2000”;

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- (b) after paragraph (b) there shall be inserted—
 - “(bb) the subsequent gift, or at least one of the subsequent gifts, is made on or after 6th April 2000;”;
 - and
 - (c) in paragraph (c), for “appropriate certificate” there shall be substituted “appropriate declaration”.
- (3) In subsection (8) of that section, for the definition of “relevant gift” there shall be substituted—
- ““relevant gift” means a gift to which this section applies—
- (a) which satisfies the requirements of subsection (2) of section 25 of the ^{M48}Finance Act 1990 (as amended by section 39 of the Finance Act 2000); or
 - (b) which would satisfy those requirements if paragraph (e) of that subsection were disregarded.”.

Marginal Citations

- M47 1998 c. 36.
- M48 1990 c. 29.

43 Gifts of shares and securities to charities etc.

- (1) After section 587A of the Taxes Act 1988 there shall be inserted—

“587B Gifts of shares and securities to charities etc.

- (1) Subsections (2) and (3) below apply where, otherwise than by way of a bargain made at arm’s length, an individual, or a company which is not itself a charity, disposes of the whole of the beneficial interest in a qualifying investment to a charity.
- (2) On a claim made in that behalf to an officer of the Board—
 - (a) the relevant amount shall be allowed—
 - (i) in the case of a disposal by an individual, as a deduction in calculating his total income for the purposes of income tax for the year of assessment in which the disposal is made;
 - (ii) in the case of a disposal by a company, as a charge on income for the purposes of corporation tax for the accounting period in which the disposal is made; and
 - (b) no relief in respect of the disposal shall be given under section 83A or any other provision of the Income Tax Acts;but paragraph (a)(i) above shall not apply for the purposes of any computation under section 550(2)(a) or (b).
- (3) The consideration for which the charity’s acquisition of the qualifying investment is treated by virtue of section 257(2) of the 1992 Act as having been made—
 - (a) shall be reduced by the relevant amount; or

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- (b) where that consideration is less than that amount, shall be reduced to nil.
- (4) Subject to subsections (5) to (7) below, the relevant amount is an amount equal to—
- (a) where the disposal is a gift, the market value of the qualifying investment at the time when the disposal is made;
- (b) where the disposal is at an undervalue, the difference between that market value and the amount or value of the consideration for the disposal.
- (5) Where there are one or more benefits received in consequence of making the disposal which are received by the person making the disposal or a person connected with him, the relevant amount shall be reduced by the value of that benefit or, as the case may be, the aggregate value of those benefits; and section 839 applies for the purposes of this subsection.
- (6) Where the disposal is a gift, the relevant amount shall be increased by the amount of the incidental costs of making the disposal to the person making it.
- (7) Where the disposal is at an undervalue—
- (a) to the extent that the consideration for the disposal is less than that for which the disposal is treated as made by virtue of section 257(2)(a) of the 1992 Act, the relevant amount shall be increased by the amount of the incidental costs of making the disposal to the person making it; and
- (b) section 48 of that Act (consideration due after time of disposal) shall apply in relation to the computation of the relevant amount as it applies in relation to the computation of a gain.
- (8) In the case of a disposal by a company which is carrying on life assurance business—
- (a) if the company is charged to tax under Case I of Schedule D in respect of such business, subsections (2) and (3) above shall not apply;
- (b) if the company is not so charged to tax in respect of such business—
- (i) subsection (2)(a)(ii) above shall have effect as if for “a charge on income” there were substituted “an expense of management”; and
- (ii) the relevant amount given by subsection (4) above shall be reduced by so much (if any) of that amount as is not referable to basic life assurance and general annuity business;
- and for the purpose of determining how much (if any) of that amount is not so referable, section 432A shall have effect as if that amount were a gain accruing on the disposal of the qualifying investment to the company.
- (9) In this section—
- “authorised unit trust” and “open-ended investment company” have the meanings given by section 468;
- “charity” has the same meaning as in section 506 and includes each of the bodies mentioned in section 507(1);

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“the incidental costs of making the disposal to the person making it” shall be construed in accordance with section 38(2) of the 1992 Act;

“life assurance business” and related expressions have the same meaning as in Chapter I of Part XII;

“offshore fund” means a collective investment scheme (within the meaning of the ^{M49}Financial Services Act 1986) which is constituted by any company, unit trust scheme or other arrangement falling within paragraph (a), (b) or (c) of section 759(1);

“qualifying investment” means any of the following—

- (a) shares or securities which are listed or dealt in on a recognised stock exchange;
- (b) units in an authorised unit trust;
- (c) shares in an open-ended investment company; and
- (d) an interest in an offshore fund.

(10) Subject to subsection (11) below, the market value of any qualifying investment shall be determined for the purposes of this section as for the purposes of the 1992 Act.

(11) In the case of an interest in an offshore fund for which there are separate published buying and selling prices, section 272(5) of the 1992 Act (meaning of “market value” in relation to rights of unit holders in a unit trust scheme) shall apply with any necessary modifications for determining the market value of the interest for the purposes of this section.”.

(2) In subsection (2) of section 338 of that Act (allowances of charges on income and capital), immediately before paragraph (a) there shall be inserted—

“(za) amounts allowed as charges on income under section 587B(2)(a)(ii);”.

(3) This section has effect in relation to—

- (a) disposals made by individuals on or after 6th April 2000; and
- (b) disposals made by companies on or after 1st April 2000.

Marginal Citations

M49 1986 c. 60.

44 Gifts to charity from certain trusts.

^{F13}(1)

^{F13}(2)

^{F13}(3)

(4) Where in any year of assessment qualifying income arising under a [^{F14}trust the trustees of which are resident in the United Kingdom (a “UK trust”)] exceeds the amount of that income falling within [^{F15}section 628(1) or 630(1) of ITTOIA 2005], any management expenses for that year shall be rateably apportioned between—

- (a) so much of that income as is equal to that amount; and

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(b) so much of that income as exceeds that amount.

[^{F16}(5) In this section—

“qualifying income” has the same meaning as in section 628 of ITTOIA 2005; and

“resident”, in relation to the trustees of a trust, shall be construed in accordance with section 110 of the Finance Act 1989.]

(6) This section has effect in relation to qualifying income arising to a UK trust on or after 6th April 2000.

Textual Amendments

- F13** S. 44(1)-(3) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 512\(2\)](#), [Sch. 3](#) (with [Sch. 2](#))
- F14** Words in s. 44(4) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 512\(3\)\(a\)](#) (with [Sch. 2](#))
- F15** Words in s. 44(4) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 512\(3\)\(b\)](#) (with [Sch. 2](#))
- F16** S. 44(5) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 512\(4\)](#) (with [Sch. 2](#))

^{F17}45 Loans to charities.

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Textual Amendments

- F17** S. 45 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 513](#), [Sch. 3](#) (with [Sch. 2](#))

46 Exemption for small trades etc.

(1) [^{F18}Subject to subsections (2) and (2A) below, exemption—,

(a) from income tax—

(i) under Part 2 of ITTOIA 2005 in respect of a trade carried on wholly or partly in the United Kingdom, or

(ii) under or by virtue of any provision to which section 836B of the Taxes Act 1988 applies, or

(b) from corporation tax under Case I or VI of Schedule D,

shall be granted] on a claim made in that behalf to the Board, in respect of any income of a charity if the requirements of subsection (3) below are satisfied with respect to the income.

[^{F19}(2) Exemption shall not be granted under subsection (1) above in respect of income which is chargeable to—

(a) income tax under or by virtue of any provision to which section 836B of the Taxes Act 1988 applies, or

(b) corporation tax under Case VI of Schedule D,

by virtue of any of the provisions mentioned in subsection (2A).

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- (2A) The provisions are—
- (a) sections 214, 547(1)(b), 703, 776, 788, 790 or 804 of the Taxes Act 1988;
 - (b) paragraph 52(4) of Schedule 18 to the Finance Act 1998;
 - (c) Chapter 9 of Part 4, and Chapter 5 of Part 5, of ITTOIA 2005; and
 - (d) any other enactment specified in an order made by the Treasury.]
- (3) The requirements of this subsection are satisfied with respect to any income for a chargeable period if it is applied solely for the purposes of the charity and either—
- (a) the charity’s gross income for the chargeable period does not exceed the requisite limit; or
 - (b) the charity had, at the beginning of the period, a reasonable expectation that its gross income for the period would not exceed that limit.
- (4) Subject to subsection (5) below, the requisite limit is whichever is the greater of—
- (a) £5,000; and
 - (b) whichever is the lesser of £50,000 and 25% of all of the charity’s incoming resources for the chargeable period.
- (5) For a chargeable period of less than twelve months, the amounts of £5,000 and £50,000 specified in subsection (4) above shall be proportionally reduced.
- (6) In this section—
- “charity” means any body of persons or trust established for charitable purposes only;
 - “gross income”, in relation to a charity, means income before deduction of any expenses;
 - “income”, in relation to a charity, means ^{F20}—
 - (a) any profits or other income or gains —
 - (i) which are chargeable to income tax under Part 2 of ITTOIA 2005 in respect of a trade carried on wholly or partly in the United Kingdom, or
 - (ii) which are chargeable to income tax under or by virtue of any provision to which section 836B of the Taxes Act 1988 applies, and which (in either case) are not, apart from this section, exempted from income tax chargeable under or by virtue of that Part or provision, or]
 - (b) any profits or gains or other income which is chargeable to ^{F21}corporation] tax under Case I or VI of Schedule D and which is not, apart this section, exempted from tax under that Case.
- (7) This section applies for the year 2000-01 and subsequent years of assessment or, in the case of charities which are companies, for accounting periods beginning on or after 1st April 2000.

Textual Amendments

- F18** S. 46(1) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 514\(2\)](#) (with Sch. 2)
- F19** S. 46(2)(2A) substituted (6.4.2005) for s. 46(2) (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 514\(3\)](#) (with Sch. 2)
- F20** Words in s. 46(6) inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 514\(4\)\(a\)](#) (with Sch. 2)

Status: Point in time view as at 19/07/2006.

Changes to legislation: Finance Act 2000 is up to date with all changes known to be in force on or before 03 July 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)

F21 Word in s. 46(6) inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 514\(4\)\(b\)](#) (with Sch. 2)

Employee share ownership

47 Employee share ownership plans.

F22

Textual Amendments

F22 S. 47 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 8 Pt. 1](#) (with Sch. 7)

48 Relief for transfers to employee share ownership plans.

(1) In the ^{M50}Taxation of Chargeable Gains Act 1992, after section 236 insert—

“ Employee share ownership plans

236A Relief for transfers to employee share ownership plans

Schedule 7C (which makes provision for roll-over relief where shares are transferred to an approved employee share ownership plan) shall have effect.”.

(2) After Schedule 7B to that Act insert the Schedule 7C set out in Schedule 9 to this Act.

Marginal Citations

M50 1992 c. 12.

49 Phasing out of approved profit sharing schemes.

- (1) The Board shall not approve a profit sharing scheme under Schedule 9 to the Taxes Act 1988 (approval of share option schemes and profit sharing schemes) unless the application for approval is received by the Board before 6th April 2001.
- (2) For the purposes of subsection (1) an application for approval which is not accompanied by the particulars and evidence referred to in paragraph 1(2) of that Schedule is not regarded as received by the Board until the required particulars and evidence have been received by them.
- (3) In section 186 of that Act (approved profit sharing schemes), in subsection (1) (under which the section applies to appropriations of shares made after 5th April 1979) after “5th April 1979” insert “ and before 1st January 2003 ”.

50 Phasing out of relief for payments to trustees of profit sharing schemes.

- (1) This section has effect to phase out deductions under section 85 of the Taxes Act 1988 (corporation tax relief for payments to trustees of approved profit sharing schemes).

Status: Point in time view as at 19/07/2006.

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- (2) In the case of sums paid to the trustees on or after 21st March 2000 and before 6th April 2002 no deduction may be made by virtue of subsection (2)(a) of that section (sums applied in acquiring shares for appropriation) unless the trustees appropriate the shares acquired, by the application of the sum, as mentioned in that provision—
- (a) before the end of the period of nine months beginning on the day following the end of the period of account in which payment to the trustees was made, and
 - (b) before 1st January 2003.
- (3) No deduction may be made by virtue of subsection (2)(a) of that section in respect of any sum paid to the trustees on or after 6th April 2002.
- (4) No deduction may be made by virtue of subsection (2)(b) of that section (sums to meet expenses of trustees in administering the scheme) in respect of any sum paid to the trustees more than three years after the date of the last appropriation of shares to individuals which was made—
- (a) in accordance with the approved profit sharing scheme, and
 - (b) before 1st January 2003.
- (5) For the purposes of this section references to a deduction under section 85 are to a deduction under subsection (1)(a) or by virtue of subsection (1)(b) of that section.

51 Approved profit sharing scheme: other awards of shares.

- (1) In Schedule 9 to the Taxes Act 1988 (approved share option schemes and profit sharing schemes), in paragraph 3(2) (grounds for withdrawing approval of profit sharing schemes), after “below” in paragraph (e) insert—
- “; or
- (f) the trustees appropriate shares to participants, one or more of whom have had free shares appropriated to them, at an earlier time in the same year of assessment, under a relevant share plan”.
- (2) After paragraph 3(3) of that Schedule insert—
- “(4) For the purposes of sub-paragraph (2)(f) above the reference to persons having had free shares appropriated to them includes persons who would have had free shares appropriated to them but for their failure to obtain a performance allowance (within the meaning of paragraph 25 of Schedule 8 to the Finance Act 2000).
- (5) In sub-paragraph (2)(f) and (4) above—
- “free shares” has the same meaning as in Schedule 8 to the Finance Act 2000;
- “relevant share plan”, in relation to a profit sharing scheme, means an employee share ownership plan that—
- (a) was established by the grantor or a connected company, and
 - (b) is approved under Schedule 8 to that Act.
- (6) For the purposes of sub-paragraph (5) above “connected company” means—
- (a) a company which controls or is controlled by the grantor or which is controlled by a company which also controls the grantor, or

Status: Point in time view as at 19/07/2006.

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- (b) a company which is a member of a consortium owning the grantor or which is owned in part by the grantor as a member of a consortium.”.

52 Approved profit sharing schemes: restriction on type of shares.

- (1) Schedule 9 to the Taxes Act 1988 (share option schemes and profit sharing schemes) is amended in accordance with subsections (2) to (4).
- (2) In paragraph 9(1) (requirements to be satisfied by shares in share option schemes), after “below” insert “ (disregarding paragraph 11A) ”.
- (3) After paragraph 11 (requirements as to listing etc.) insert—

“11A

- (1) In the case of a profit sharing scheme, scheme shares must not be shares—
 - (a) in an employer company, or
 - (b) in a company that—
 - (i) has control of an employer company, and
 - (ii) is under the control of a person or persons within sub-paragraph (2)(b)(i) below in relation to an employer company.
 - (2) For the purposes of this paragraph a company is “an employer company” if—
 - (a) the business carried on by it consists substantially in the provision of the services of the persons employed by it, and
 - (b) the majority of those services are provided to—
 - (i) a person who has, or two or more persons who together have, control of the company, or
 - (ii) a company associated with the company.
 - (3) For the purposes of sub-paragraph (2)(b)(ii) above a company shall be treated as associated with another company if both companies are under the control of the same person or persons.
 - (4) For the purposes of sub-paragraphs (1) to (3) above—
 - (a) references to a person include a partnership, and
 - (b) where a partner, alone or together with others, has control of a company, the partnership shall be treated as having like control of that company.
 - (5) For the purposes of this paragraph the question whether a person controls a company shall be determined in accordance with section 416(2) to (6).”.
- (4) In paragraph 12—
- (a) in sub-paragraph (1), in paragraph (c) for “other than” to the end of that paragraph there shall be substituted “ other than those permitted by sub-paragraph (1A) below. ”, and
 - (b) after sub-paragraph (1) insert—
 - “(1A) Subject to sub-paragraph (1B) below, scheme shares may be subject to—
 - (a) restrictions which attach to all shares of the same class, or

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(b) a restriction authorised by sub-paragraph (2) below.

(1B) In the case of a profit sharing scheme, scheme shares must not be subject to any restrictions affecting the rights attaching to those shares which relate to—

(a) dividends, or

(b) assets on a winding-up of the company,

other than restrictions which attach to all other ordinary shares in the same company.”.

(5) Subsections (1) to (4) shall be deemed to have come into force on 21st March 2000.

(6) Subsections (3) and (4) do not have effect in relation to shares acquired before 21st March 2000 by the trustees of a profit sharing scheme approved under Schedule 9 to the Taxes Act 1988.

Commencement Information

II S. 52(1)-(4) deemed to have come into force at 21.3.2000 see s. 52(5)

53 Approved profit sharing schemes: loan arrangements.

(1) In paragraph 2 of Schedule 9 to the Taxes Act 1988 (conditions for approval of share option schemes and profit sharing schemes), after sub-paragraph (2) insert—

“(2A) The Board shall not approve a profit sharing scheme unless they are satisfied—

(a) that the arrangements for the scheme do not make any provision, and are not in any way associated with any provision made, for loans to some or all of the employees of—

(i) the company that established the scheme, or

(ii) in the case of a group scheme, any participating company, and

(b) that the operation of the scheme is not in any way associated with such loans.

(2B) For the purposes of sub-paragraph (2A) above “arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable.”.

(2) In paragraph 3(2) of that Schedule (withdrawal of approval of profit sharing schemes), before paragraph (d) insert—

“(ca) the Board—

(i) cease to be satisfied of the matters mentioned in paragraph 2(2A) above, or

(ii) in the case of a scheme approved before 21st March 2000, are not satisfied of those matters; or”.

(3) This section shall be deemed to have come into force on 21st March 2000.

Status: Point in time view as at 19/07/2006.

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54 Employee share ownership trusts.

No claim for relief under section 229(1) or (3) of the ^{M51}Taxation of Chargeable Gains Act 1992 (roll-over relief where disposal made to employee share ownership trust) may be made in relation to a disposal of shares, or an interest in shares, made on or after 6th April 2001.

Marginal Citations

M51 1992 c. 12.

55 Shares transferred from employee share ownership trust.

(1) Section 69 of the ^{M52}Finance Act 1989 (chargeable events in relation to employee share ownership trusts) is amended in accordance with subsections (2) to (5).

(2) In subsection (1) (definition of “chargeable event”), after paragraph (d) insert—

“(e) where—

(i) the trustees make a qualifying transfer within subsection (3AA) below for a consideration, and

(ii) they do not, during the period specified in subsection (5A) below, expend a sum of not less than the amount of that consideration for one or more qualifying purposes,

the expiry of that period.”.

(3) After subsection (3) insert—

“(3AA) For the purposes of subsection (1)(a) above a transfer is also a qualifying transfer if—

(a) it is a transfer of relevant shares made to the trustees of the plan trust of an employee share ownership plan,

(b) the plan is approved under Schedule 8 to the Finance Act 2000 when the transfer is made, and

(c) the consideration (if any) for which the transfer is made does not exceed the market value of the shares.

(3AB) For the purpose of determining whether a transfer by the trustees is a qualifying transfer within subsection (3AA) above, where on or after 21st March 2000—

(a) the trustees transfer or dispose of part of a holding of shares (whether by way of a qualifying transfer or otherwise), and

(b) the holding includes any relevant shares,

the relevant shares shall be treated as transferred or disposed of before any other shares included in that holding.

For this purpose “holding” means any number of shares of the same class held by the trustees, growing or diminishing as shares of that class are acquired or disposed of.

(3AC) For the purposes of subsections (3AA) and (3AB) above—

“market value” has the same meaning as in Schedule 8 to the Finance Act 2000; and

Status: Point in time view as at 19/07/2006.

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“relevant shares” means—

- (i) shares that are held by the trustees of the employee share ownership trust at midnight on 20th March 2000, and
- (ii) shares purchased by those trustees with original funds after that time.

(3AD) For the purposes of subsection (3AC) above—

- (a) “original funds” means any money held by the trustees of the employee share ownership trust in a bank or building society account at midnight on 20th March 2000, and
- (b) any payment made by the trustees after that time (whether to acquire shares or otherwise) shall be treated as made out of original funds (and not out of money received after that time) until those funds are exhausted.”.

(4) In subsection (5) after “(1)(d)” insert “ or (e) ”.

(5) After that subsection insert—

“(5A) The period referred to in paragraph (e) of subsection (1) above is the period—

- (a) beginning with the qualifying transfer mentioned in that paragraph, and
- (b) ending nine months after the end of the period of account in which that qualifying transfer took place.

For this purpose the period of account means the period of account of the company that established the employee share ownership trust.”.

(6) In section 70 of the ^{M53}Finance Act 1989 (chargeable amounts), after subsection (3) insert—

“(4) If the chargeable event falls within section 69(1)(e) above the chargeable amount is an amount equal to—

- (a) the amount of the consideration received for the qualifying transfer mentioned in section 69(1)(e) above, less
- (b) the amount of any expenditure by the trustees for a qualifying purpose during the period mentioned in section 69(5A) above.”.

Marginal Citations

M52 1989 c. 26.

M53 1989 c. 26.

56 Further provisions about share options.

F23

Textual Amendments

F23 Ss. 56-60, 62 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 8 Pt. 1](#) (with Sch. 7)

Status: Point in time view as at 19/07/2006.

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Other provisions about employment

57 Benefits in kind: deregulatory amendments.

F24

Textual Amendments
F24 Ss. 56-60, 62 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 8 Pt. 1](#) (with Sch. 7)

58 Education and Training.

F25

Textual Amendments
F25 Ss. 56-60, 62 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 8 Pt. 1](#) (with Sch. 7)

59 Cars available for private use.

F26

Textual Amendments
F26 Ss. 56-60, 62 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 8 Pt. 1](#) (with Sch. 7)

60 Provision of services through intermediary.

F27

Textual Amendments
F27 Ss. 56-60, 62 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 8 Pt. 1](#) (with Sch. 7)

Pension schemes

^{F28}**61 Occupational and personal pension schemes.**

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Textual Amendments
F28 S. 61 repealed (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#)

Status: Point in time view as at 19/07/2006.

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Enterprise incentives

62 Enterprise management incentives.

F29

Textual Amendments

F29 Ss. 56-60, 62 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 8 Pt. 1](#) (with Sch. 7)

63 Corporate venturing scheme.

- (1) Schedule 15 to this Act (which makes provision for the corporate venturing scheme) has effect.
- (2) Schedule 16 to this Act (which makes consequential amendments) has effect.
- (3) Paragraph 3(2)(a)(i) to (iii) and (3) of Schedule 16 (and paragraph 3(1) so far as it relates to those provisions) have effect—
 - (a) in relation to claims made under section 573 of the Taxes Act 1988, in respect of disposals on or after 1st April 2000, and
 - (b) in relation to claims made under section 574 of that Act, in respect of disposals on or after 6th April 2000.
- (4) Subject to that, Schedules 15 and 16 apply in relation to shares issued on or after 1st April 2000 but before 1st April 2010.

64 Enterprise investment scheme: amendments.

The provisions relating to the enterprise investment scheme are amended in accordance with Schedule 17 to this Act.

In that Schedule—

Part I makes amendments reducing various periods which apply in relation to the provisions which determine the reliefs under the scheme;

Part II makes amendments about qualifying companies;

Part III makes other minor amendments.

65 Venture capital trusts: amendments.

The provisions relating to venture capital trusts are amended in accordance with Schedule 18 to this Act.

In that Schedule—

Part I makes amendments reducing various periods which apply in relation to the provisions which determine the reliefs; and

Part II makes amendments about qualifying holdings.

Status: Point in time view as at 19/07/2006.

Changes to legislation: Finance Act 2000 is up to date with all changes known to be in force on or before 03 July 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)

66 Taper relief: taper for business assets.

- (1) Section 2A of the ^{M54}Taxation of Chargeable Gains Act 1992 (taper relief) is amended as follows.
- (2) In subsection (5), for the first two columns of the table (which relate to gains on disposals of business assets) substitute—

Gains on disposals of business assets	
Number of whole years in qualifying holding period	Percentage of gain chargeable
1	87.5
2	75
3	50
4 or more	25

- (3) For subsections (8) and (9) substitute—

“(8) The qualifying holding period of an asset for the purposes of this section is—

- (a) in the case of a business asset, the period after 5th April 1998 for which the asset had been held at the time of its disposal;
- (b) in the case of a non-business asset where—
 - (i) the time which, for the purposes of paragraph 2 of Schedule A1, is the time when the asset is taken to have been acquired by the person making the disposal is a time before 17th March 1998, and
 - (ii) there is no period which by virtue of paragraph 11 or 12 of that Schedule does not count for the purposes of taper relief, the period mentioned in paragraph (a) plus one year;
- (c) in the case of any other non-business asset, the period mentioned in paragraph (a).

This subsection is subject to paragraph 2(4) of Schedule A1 and paragraph 3 of Schedule 5BA.”

- (4) This section applies to disposals on or after 6th April 2000.

Marginal Citations

M54 1992 c. 12.

67 Taper relief: assets qualifying as business assets.

- (1) Schedule A1 to the ^{M55}Taxation of Chargeable Gains Act 1992 (application of taper relief) is amended as follows.
- (2) In paragraph 4 (conditions for shares to qualify as business assets)—
- (a) in sub-paragraph (4) (disposal by personal representatives), for the words following “if at that time” substitute “ the relevant company was a qualifying company by reference to the personal representatives ”; and

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- (b) in sub-paragraph (5) (disposal by legatee), for paragraph (b) substitute—
 - “(b) the relevant company was a qualifying company by reference to the personal representatives.”.
- (3) In paragraph 5 (conditions for other assets to qualify as business assets)—
 - (a) in sub-paragraph (2) (disposal by individual), for paragraphs (d) and (e) substitute—
 - “(d) the purposes of any office or employment held by that individual with a person carrying on a trade.”;
 - and
 - (b) in sub-paragraph (3) (disposal by trustees of settlement), for paragraphs (e) and (f) substitute—
 - “(e) the purposes of any office or employment held by an eligible beneficiary with a person carrying on a trade.”.
- (4) For paragraph 6 (companies which are qualifying companies) substitute—
 - “6
 - (1) A company shall be taken to have been a qualifying company by reference to an individual at any time when—
 - (a) the company was a trading company or the holding company of a trading group, and
 - (b) one or more of the following conditions was met—
 - (i) the company was unlisted,
 - (ii) the individual was an officer or employee of the company, or of a company having a relevant connection with it, or
 - (iii) the voting rights in the company were exercisable, as to not less than 5%, by the individual.
 - (2) A company shall be taken to have been a qualifying company by reference to the trustees of a settlement at any time when—
 - (a) the company was a trading company or the holding company of a trading group, and
 - (b) one or more of the following conditions was met—
 - (i) the company was unlisted,
 - (ii) an eligible beneficiary was an officer or employee of the company, or of a company having a relevant connection with it, or
 - (iii) the voting rights in the company were exercisable, as to not less than 5%, by the trustees.
 - (3) A company shall be taken to have been a qualifying company by reference to an individual’s personal representatives at any time when—
 - (a) the company was a trading company or the holding company of a trading group, and
 - (b) one or more of the following conditions was met—
 - (i) the company was unlisted, or
 - (ii) the voting rights in the company were exercisable, as to not less than 5%, by the personal representatives.”.
 - (5) In paragraph 22(1) (interpretation), at the appropriate place insert—

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““unlisted company” means a company—

- (a) none of whose shares is listed on a recognised stock exchange, and
- (b) which is not a 51 per cent subsidiary of a company whose shares, or any class of whose shares, is so listed;”;

and omit the definitions of “full-time working officer or employee” and “qualifying office or employment”.

(6) After paragraph 22 insert—

“23 Qualifying shareholdings in joint venture companies

- (1) This Schedule has effect subject to the following provisions where a company (“the investing company”) has a qualifying shareholding in a joint venture company.
- (2) For the purposes of this paragraph a company is a “joint venture company” if, and only if—
 - (a) it is a trading company or the holding company of a trading group, and
 - (b) 75% or more of its ordinary share capital (in aggregate) is held by not more than five companies.

For the purposes of paragraph (b) above the shareholdings of members of a group of companies shall be treated as held by a single company.

- (3) For the purposes of this paragraph a company has a “qualifying shareholding” in a joint venture company if—
 - (a) it holds more than 30% of the ordinary share capital of the joint venture company, or
 - (b) it is a member of a group of companies, it holds ordinary share capital of the joint venture company and the members of the group between them hold more than 30% of that share capital.
- (4) For the purpose of determining whether the investing company is a trading company—
 - (a) any holding by it of shares in the joint venture company shall be disregarded, and
 - (b) it shall be treated as carrying on an appropriate proportion—
 - (i) of the activities of the joint venture company, or
 - (ii) where the joint venture company is the holding company of a trading group, of the activities of that group.

This sub-paragraph does not apply if the investing company is a holding company.

- (5) For the purpose of determining whether the investing company is a holding company—
 - (a) any holding by it of shares in the joint venture company shall be disregarded, and
 - (b) it shall be treated as carrying on an appropriate proportion of the activities—

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- (i) of the joint venture company, or
- (ii) where the joint venture company is the holding company of a trading group, of that group.

This sub-paragraph does not apply if the joint venture company is a 51 per cent subsidiary of the investing company.

- (6) For the purpose of determining whether a group of companies is a trading group—
- (a) every holding of shares in the joint venture company by a member of the group having a qualifying shareholding in that company shall be disregarded, and
 - (b) each member of the group having such a qualifying shareholding shall be treated as carrying on an appropriate proportion of the activities—
 - (i) of the joint venture company, or
 - (ii) where the joint venture company is the holding company of a trading group, of that group.

This sub-paragraph does not apply if the joint venture company is a member of the group.

- (7) In sub-paragraphs (4)(b), (5)(b) and (6)(b) above “an appropriate proportion” means a proportion corresponding to the percentage of the ordinary share capital of the joint venture company held by the investing company or, as the case may be, by the group member concerned.
- (8) The following shall be treated as having a relevant connection with each other—
- (a) the investing company;
 - (b) the joint venture company;
 - (c) any company having a relevant connection with the investing company;
 - (d) any company having a relevant connection with the joint venture company by virtue of being—
 - (i) a 51 per cent subsidiary of that company, or
 - (ii) a member of the same commercial association of companies.
- (9) The acquisition by the investing company of the qualifying shareholding shall not be treated as a relevant change of activity for the purposes of paragraph 11 above.
- (10) For the purposes of this paragraph “ordinary share capital” has the meaning given by section 832(1) of the Taxes Act.”.

- (7) This section has effect for determining whether an asset is a business asset at any time on or after 6th April 2000.

It does not affect the determination on or after that date whether an asset was a business asset at a time before that date.

Marginal Citations

M55 1992 c. 12.

Status: Point in time view as at 19/07/2006.

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Research and development

68 Meaning of “research and development”.

(1) Schedule 19 to this Act (meaning of “research and development”) has effect.

In that Schedule—

Part I contains a new definition of “research and development” for the purposes of the Tax Acts, and

Part II contains consequential amendments.

(2) The amendments in Part II of that Schedule have effect—

- (a) for the purposes of income tax and capital gains tax, in relation to the year 2000-01 and subsequent years of assessment, and
- (b) for the purposes of corporation tax, for accounting periods ending on or after 1st April 2000.

69 Tax relief for expenditure on research and development.

(1) Schedule 20 to this Act (tax relief for expenditure on research and development) has effect for accounting periods ending on or after 1st April 2000.

In that Schedule—

Part I provides for entitlement to relief,

Part II provides for the manner of giving effect to the relief, and

Part III contains supplementary provisions.

(2) Schedule 21 to this Act (which contains consequential amendments) has effect accordingly.

Capital allowances

F3070 First year allowances for small or medium-sized enterprises.

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Textual Amendments

F30 Ss. 70-72 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 579, 580, Sch. 4 (with Sch. 3)

F3171 First year allowances for ICT expenditure by small enterprises.

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Status: Point in time view as at 19/07/2006.

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Textual Amendments

F31 Ss. 70-72 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 579, 580, **Sch. 4** (with **Sch. 3**)

F32 **72 Expenditure of a small enterprise.**

Textual Amendments

F32 Ss. 70-72 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 579, 580, **Sch. 4** (with **Sch. 3**)

73 Repeal of notification requirements.

- (1) In section 118 of the ^{M56}Finance Act 1994 (notification requirements)—
- (a) subsections (1) to (5) and (7) to (9) shall cease to have effect; and
 - (b) in subsection (6), for “the provisions mentioned in subsection (2) above” there shall be substituted—
 - “(a) section 25(1) of the Capital Allowances Act 1990 (meaning of qualifying expenditure for the purposes of writing-down allowances for expenditure on machinery or plant); and
 - (b) section 44(4) of the Finance Act 1971 (provision corresponding to section 25(1) applicable to earlier chargeable periods).”
- (2) This section has effect for chargeable periods as respects which the period specified in subsection (3A) of that section ends on or after 1st April 2000.

Marginal Citations

M56 1994 c. 9.

74 Pool for certain leased assets and inexpensive cars.

- (1) In section 41 of the ^{M57}Capital Allowances Act 1990 (writing-down allowances etc for leased assets and inexpensive cars)—
- (a) in subsection (1), paragraphs (b) and (c) and the word “ or ” at the end of paragraph (a); and
 - (b) in subsection (4), paragraph (a) and, in paragraph (b), the words from “or within (1)(b) or (c)” to “subsection (1)(c)” and the words “or subsection (1) (b) or (c)”,
- shall cease to have effect for chargeable periods ending on or after the relevant date.
- (2) Subsection (3) below applies where—
- (a) immediately before the end of the relevant chargeable period, a person was treated for the purposes of sections 24, 25 and 26 of the ^{M58}Capital Allowances Act 1990 as having incurred expenditure on the provision of machinery or

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- plant wholly and exclusively for the purposes of a separate trade carried on by him;
- (b) the expenditure fell within subsection (1)(b) or (c) of section 41 of that Act; and
- (c) qualifying expenditure in respect of the separate trade for the relevant chargeable period exceeded any disposal value brought into account in respect of that trade for that period.
- (3) The balance of the excess (after the deduction of any writing-down allowances made by reference to it) shall be treated for the purposes of sections 24, 25 and 26 of the ^{M59}Capital Allowances Act 1990 as capital expenditure which—
- (a) was incurred by that person in the relevant chargeable period on the provision of the machinery or plant for the purposes of the trade which is the actual trade for the purposes of section 41 of that Act; and
- (b) does not form part of his qualifying expenditure for that period.
- (4) In this section—
- “the relevant chargeable period” means the chargeable period immediately preceding that which begins on or before and ends on or after the relevant date;
- “the relevant date” means, subject to subsection (5) below, 6th April 2000 for the purposes of income tax and 1st April 2000 for the purposes of corporation tax.
- (5) A person may, by a notice given to an officer of the Board, elect that this section shall have effect in relation to any trade carried on by him as if the relevant date were 6th April 2001 or, as the case may be, 1st April 2001.

Marginal Citations

M57 1990 c. 1.

M58 1990 c. 1.

M59 1990 c. 1.

75 Machinery and plant allowances for non-residents etc.

^{F33}(1)

^{F33}(2)

^{F33}(3)

- (4) In Schedule 19AC to the Taxes Act 1988 (overseas life insurance companies), in paragraph 10B (modifications of section 440), after sub-paragraph (2) there shall be inserted—

“(2A) The following subsection shall be treated as inserted after subsection (4)—

“(4AA) Section 81 of the 1990 Act (as it has effect by virtue of section 83(2A) of that Act) shall apply in relation to any case in which an asset or part of an asset held by an overseas life insurance company—

- (a) ceases to be within the category set out in paragraph (h) of subsection (4) above; and

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- (b) at the same time comes within another of the categories set out in that subsection. " .””

^{F33}(5)

(6) In this section—

- (a) subsections (1), (4) and (5) have effect for chargeable periods ending on or after 21st March 2000;

^{F33}(b)

^{F33}(c)

Textual Amendments

F33 S. 75(1)-(3)(5)(6)(b)(c) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 579, 580, **Sch. 4** (with **Sch. 3**)

76 Production animals.

^{F34}(1)

- (2) In paragraph 9(4) of Schedule 5 to the Taxes Act 1988 (treatment of farm animals etc for purposes of Case I of Schedule D), for the words from “in relation to animals” to the end there shall be substituted—

“(a) in relation to animals or other creatures kept singly as they apply in relation to herds; and

(b) in relation to shares in animals or other creatures as they apply in relation to animals or other creatures themselves.”.

- (3) The enactments amended by subsections (1) and (2) above shall be deemed always to have had effect with the amendments made by those subsections.

Textual Amendments

F34 S. 76(1) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2 ss. 579, 580, **Sch. 4** (with **Sch. 3**)

^{F35}77 Sale and leaseback.

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Textual Amendments

F35 S. 77 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c.2, ss. 579, 580, **Sch. 4** (with **Sch. 3**)

78 Meaning of “fixture”.

- (1) Section 51 of the ^{M60}Capital Allowances Act 1990 (application and interpretation of Chapter VI: plant and machinery: fixtures) is amended as follows.

Status: Point in time view as at 19/07/2006.

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- (2) In subsection (1) for the words from the beginning to “other land” substitute—
- “(1) This Chapter applies to determine entitlement to allowances under this Part in respect of expenditure on the provision of machinery or plant that is, or becomes, a fixture;”.
- (3) In subsection (2) (definitions), for the definition of “fixture” substitute—
- ““fixture”, subject to subsection (2A) below, means machinery or plant that is so installed or otherwise fixed in or to a building or other description of land as to become, in law, part of that building or other land;”.
- (4) After subsection (2), insert—
- “(2A) In this Chapter—
- “fixture” includes any boiler, or water-filled radiator, installed in a building as part of a space or water heating system; and
- “relevant land”, in relation to such a fixture, means the building in which it is so installed.”.
- (5) For subsection (8) substitute—
- “(8) Nothing in this Chapter affects the entitlement of any person to an allowance by virtue of section 154 (allowances in respect of contributions to capital expenditure).”.
- (6) The amendments in this section shall be deemed always to have had effect.

Marginal Citations

M60 1990 c. 1.

F3679 Leased assets under the Affordable Warmth Programme.

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Textual Amendments

F36 S. 79 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss 579, 580, Sch 4 (with Sch. 3)

F3780 Fixtures and machinery and plant on hire-purchase etc.

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Textual Amendments

F37 S. 80 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss 579, 580, Sch. 4 (with Sch. 3)

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F³⁸81 Production sharing contracts.

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Textual Amendments

F38 S. 81 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss, 579, 580, Sch. 4 (with Sch. 3)

Tonnage tax

82 Tonnage tax.

Schedule 22 to this Act (tonnage tax) has effect.

Other relieving provisions

83 Relief for interest on loans to buy annuities.

- (1) In section 365(3) of the Taxes Act 1988 (loans to buy annuities)—
 - (a) for the words “the qualifying maximum for the year of assessment”, in the first place where they occur, there shall be substituted the words “ the sum of £30,000 ”; and
 - (b) for those words, in the second place where they occur, there shall be substituted the words “ that sum ”.
- (2) In section 353(1G) of that Act (percentage of interest eligible for relief), for the words from “the percentage” to the end there shall be substituted “ 23 per cent. ”.
- (3) In section 369(1A) of that Act (deductible percentage where interest payable under deduction of tax), for the words from “the percentage” to the end there shall be substituted “ 23 per cent. ”.
- (4) This section has effect in relation to payments of interest made on or after 6th April 2000.

F³⁹84 Exemption of payments under New Deal 50plus.

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Textual Amendments

F39 S. 84 repealed (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), Sch. 1 para. 515, Sch. 3 (with Sch. 2)

F⁴⁰85 Exemption of payments under Employment Zones programme.

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Status: Point in time view as at 19/07/2006.

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Textual Amendments

F40 S. 85 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 516, Sch. 3](#) (with Sch. 2)

86 Loan where return bears inverse relationship to results.

(1) In section 209 of the Taxes Act 1988 (meaning of “distribution”), after subsection (3A) insert—

“(3B) For the purposes of subsection (2)(e)(iii) above the consideration given by the company for the use of the principal secured shall not be treated as being to any extent dependent on the results of the company’s business or any part of it by reason only of the fact that the terms of the security provide—

- (a) for the consideration to be reduced in the event of the results improving, or
- (b) for the consideration to be increased in the event of the results deteriorating.”This subsection applies to payments made on or after 21st March 2000.

(2) In Schedule 18 to the Taxes Act 1988 (group relief: equity holders and profits available for distribution), in paragraph 1(5E)—

- (a) in paragraph (a), after “improving” insert “ , or for the rate of interest to be increased in the event of the results of the company’s business or any part of it deteriorating ”; and
- (b) in paragraph (b), after “increasing” insert “ , or for the rate of interest to be increased in the event of the value of any of the company’s assets diminishing ”.

This subsection applies for the purposes of determining whether, at any time on or after 21st March 2000, a loan is a normal commercial loan for the purposes of paragraph 1(1)(b) of Schedule 18 to the Taxes Act 1988.

^{F41}87 Tax treatment of acquisition, disposal or revaluation of certain rights.

Textual Amendments

F41 S. 87 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 517, Sch. 3](#) (with Sch. 2)

88 Contributions to local enterprise agencies, etc.

In sections 79(11) and 79A(7) of the Taxes Act 1988 (relief for contributions to local enterprise agencies, business links and similar organisations: time limits), the words “and before 1st April 2000” shall cease to have effect.

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89 Waste disposal: entitlement of successor to allowances.

In Chapter V of Part IV of the Taxes Act 1988 (provisions relating to the Schedule D charge: deductions), after section 91B (waste disposal: site preparation), insert—

“91BA Waste disposal: entitlement of successor to allowances.

- (1) This section applies where—
 - (a) site preparation expenditure has been incurred in relation to a waste disposal site,
 - (b) that expenditure was incurred by a person in the course of carrying on a trade, and
 - (c) on or after 21st March 2000—
 - (i) that person (“the predecessor”) ceases to carry on that trade, or ceases to carry it on so far as it relates to that site, and
 - (ii) another person (“the successor”) begins to carry on that trade, or to carry on in the course of a trade the activities formerly carried on by the predecessor in relation to that site.
- (2) If the conditions specified in the following provisions of this section are met, then, for the purposes of section 91B above—
 - (a) the trade carried on by the successor shall be treated as the same trade as that carried on by the predecessor, and
 - (b) allowances shall be made to the successor (and not to the predecessor) as if everything done to or by the predecessor had been done to or by the successor.
- (3) The first condition is that the whole of the site in question is transferred to the successor.

Provided the successor holds an estate or interest in the whole of the site, it need not be the same as that held by the predecessor.
- (4) The second condition is that the successor, at the time he first deposits waste material at the site, holds a relevant licence in respect of the site which is then in force.
- (5) Expressions used in this section have the same meaning as in section 91B.”.

Capital gains tax: gifts and trusts

90 Restriction of gifts relief.

- (1) In section 165(1) of the ^{M61}Taxation of Chargeable Gains Act 1992 (relief for gifts of business assets), in the closing words (which list the provisions restricting relief), for “sections 166 and 167” substitute “ sections 166, 167 and 169 ”.
- (2) In section 260(1) of that Act (gifts on which inheritance tax is chargeable etc.), in the closing words (which list the provisions restricting relief), for “section 261” substitute “ sections 169 and 261 ”.
- (3) In section 165(2)(b)(i) of, and paragraph 2(2)(b)(i) of Schedule 7 to, that Act (shares or securities in respect of which gifts relief may be claimed), for “neither listed on a

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recognised stock exchange nor dealt in on the Unlisted Securities Market" substitute "not listed on a recognised stock exchange".

- (4) In section 165(3)(b) of that Act (disposals of shares or securities excepted from gifts relief), after "shares or securities," insert "the transferee is a company or".
- (5) This section has effect in relation to disposals made on or after 9th November 1999.

Marginal Citations

M61 1992 c.12.

91 Disposal of interest in settled property: deemed disposal of underlying assets.

- (1) After section 76 of the ^{M62}Taxation of Chargeable Gains Act 1992, insert—

“76A Disposal of interest in settled property: deemed disposal of underlying assets.

Schedule 4A to this Act has effect with respect to disposals for consideration of an interest in settled property.”.

- (2) After Schedule 4 to that Act insert the Schedule 4A set out in Schedule 24 to this Act.
- (3) This section applies to any disposal of an interest in settled property made, or the effective completion of which falls, on or after 21st March 2000.

Expressions used in this subsection have the same meaning as in Schedule 4A to the ^{M63}Taxation of Chargeable Gains Act 1992.

Marginal Citations

M62 1992 c. 12.

M63 1992 c. 12.

92 Transfers of value by trustees linked with trustee borrowing.

- (1) After section 76A of the ^{M64}Taxation of Chargeable Gains Act 1992 (inserted by section 91(1) above), insert—

“76B Transfers of value by trustees linked with trustee borrowing.

Schedule 4B to this Act has effect with respect to transfers of value by trustees that are, in accordance with the Schedule, treated as linked with trustee borrowing.”.

- (2) After Schedule 4A to that Act (inserted by section 91(2) above), insert the Schedule 4B set out in Schedule 25 to this Act.
- (3) After section 85 of that Act, insert—

Status: Point in time view as at 19/07/2006.

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“85A Transfers of value: attribution of gains to beneficiaries.

Schedule 4C to this Act has effect with respect to the attribution to beneficiaries of gains accruing under Schedule 4B.”.

- (4) After Schedule 4B to the ^{M65}Taxation of Chargeable Gains Act 1992 (inserted by subsection (2) above), insert the Schedule 4C set out in Part I of Schedule 26 to this Act.

The consequential amendments in Part II of Schedule 26 to this Act have effect.

- (5) The provisions of this section have effect in relation to any transfer of value in relation to which the material time is on or after 21st March 2000.

The expressions “transfer of value” and “material time” have the same meaning in this subsection as in Schedule 4B to the ^{M66}Taxation of Chargeable Gains Act 1992.

Marginal Citations

M64 1992 c. 12.

M65 1992 c. 12.

M66 1992 c. 12.

93 Restriction on set-off of trust losses.

- (1) After section 79 of the ^{M67}Taxation of Chargeable Gains Act 1992, insert—

“79A Restriction on set-off of trust losses.

- (1) This section applies to a chargeable gain accruing to the trustees of a settlement where—
- (a) in computing the gain, the allowable expenditure is reduced in consequence, directly or indirectly, of a claim to gifts relief in relation to an earlier disposal to the trustees;
 - (b) the transferor on that earlier disposal, or any person connected with the transferor, has at any time—
 - (i) acquired an interest in the settled property, or
 - (ii) entered into an arrangement to acquire such an interest; and
 - (c) in connection with that acquisition or arrangement any person has at any time received, or become entitled to receive, any consideration.
- (2) Where this section applies to a chargeable gain, no allowable losses accruing to the trustees (in the year in which the gain accrues or any earlier year) may be set against the gain.

This applies to the whole of the chargeable gain (and not just the element deferred as a result of the claim to gifts relief).

- (3) In this section—
- (a) “gifts relief” means relief under section 165 or 260; and

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- (b) references to losses not being allowed to be set against a chargeable gain are to the losses not being allowed as a deduction against chargeable gains to the extent that they include that gain.
- (4) The references in subsection (1)(b) above to an interest in settled property have the same meaning as in Schedule 4A.”.
- (2) This section applies to gains accruing on or after 21st March 2000.

Marginal Citations

M67 1992 c. 12.

94 Attribution to trustees of gains of non-resident companies.

- (1) After section 79A of the ^{M68}Taxation of Chargeable Gains Act 1992 (inserted by section 93 above), insert—

“79B Attribution to trustees of gains of non-resident companies.

- (1) This section applies where trustees of a settlement are participators—
- (a) in a close company, or
 - (b) in a company that is not resident in the United Kingdom but would be a close company if it were resident in the United Kingdom.

For this purpose “participator” has the same meaning as in section 13.

- (2) Where this section applies, nothing in any double taxation relief arrangements shall be read as preventing a charge to tax arising by virtue of the attribution to the trustees under section 13, by reason of their participation in the company mentioned in subsection (1) above, of any part of a chargeable gain accruing to a company that is not resident in the United Kingdom.
- (3) Where this section applies and—
- (a) a chargeable gain accrues to a company that is not resident in the United Kingdom but would be a close company if it were resident in the United Kingdom, and
 - (b) all or part of the chargeable gain is treated under section 13(2) as accruing to a close company which is not chargeable to corporation tax in respect of the gain by reason of double taxation relief arrangements, and
 - (c) had the company mentioned in paragraph (b) (and any other relevant company) not been resident in the United Kingdom, all or part of the chargeable gain would have been attributed to the trustees by reason of their participation in the company mentioned in subsection (1) above,

section 13(9) shall apply as if the company mentioned in paragraph (b) above (and any other relevant company) were not resident in the United Kingdom.

- (4) The references in subsection (3) above to “any other relevant company” are to any other company which if it were not resident in the United Kingdom would be a company in relation to which section 13(9) applied with the result that

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all or part of the chargeable gain was attributed to the trustees as mentioned in that subsection.”.

- (2) This section applies where a chargeable gain accrues on or after 21st March 2000 to a company that is not resident in the United Kingdom.

Marginal Citations

M68 1992 c. 12.

95 Disposal of interest in non-resident settlement.

- (1) Section 85 of the ^{M69}Taxation of Chargeable Gains Act 1992 (disposal of interest in non-resident settlements) is amended as follows.
- (2) In subsection (2) (market value uplift for interest where trustees become non-resident) for “Subject to subsections (4) and (9) below,” substitute “ Subject to subsections (4), (9) and (10) below, ”.
- (3) In subsection (5) (market value uplift for interest where trustees become treaty non-resident), at the beginning insert “ Subject to subsection (10) below, ”.
- (4) After subsection (9) add—

“(10) Subsection (3) or (7) above does not apply to the disposal of an interest created by or arising under a settlement which has relevant offshore gains at the material time.

The material time is—

- (a) in relation to subsection (3) above, the relevant time within the meaning of section 80;
- (b) in relation to subsection (7) above, the time found under subsection (8) above.

(11) For the purposes of subsection (10) above, a settlement has relevant offshore gains at any time if, were the year of assessment to end at that time, there would be an amount of trust gains which by virtue of section 89(2) or paragraph 8(3) of Schedule 4C would be available to be treated as chargeable gains accruing to any beneficiaries of the settlement receiving capital payments in the following year of assessment.”.

- (5) This section applies where the material time (within the meaning of section 85(10) of the ^{M70}Taxation of Chargeable Gains Act 1992, inserted by subsection (4) above) falls on or after 21st March 2000.

Marginal Citations

M69 1992 c. 12.

M70 1992 c. 12.

Status: Point in time view as at 19/07/2006.

Changes to legislation: Finance Act 2000 is up to date with all changes known to be in force on or before 03 July 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)

96 Payments by trustees to non-resident companies.

- (1) In section 96(5) of the ^{M71}Taxation of Chargeable Gains Act 1992 (capital payments by trustees to non-resident company), in the opening words (which refer to the persons by whom the company is controlled), omit “and each of them is then resident or ordinarily resident in the United Kingdom”.
- (2) This section applies to payments received on or after 21st March 2000.

Marginal Citations

M71 1992 c. 12.

Groups and group relief

97 Group relief for non-resident companies etc.

Schedule 27 to this Act has effect.

In that Schedule—

Part I makes amendments of Chapter IV of Part X of the Taxes Act 1988 (group relief), and

Part II contains consequential amendments.

98 Recovery of tax payable by non-resident company.

- (1) Schedule 28 to this Act has effect with respect to the recovery of unpaid corporation tax payable by a company not resident in the United Kingdom.
- (2) The provisions of that Schedule have effect in relation to corporation tax for accounting periods ending on or after 1st April 2000.

99 Joint arrangements for claims.

In paragraph 77 of Schedule 18 to the ^{M72}Finance Act 1998 (power to make provision by regulations about joint arrangements for group relief), in sub-paragraph (1)(a) (arrangements permitting claim for relief without copy of notice of consent to surrender), after “the surrendering company” insert “, provided authority for the claim being so made is given by a company which is authorised in relation to the claimant company as mentioned in paragraph (b) ”.

Marginal Citations

M72 1998 c. 36.

100 Limit on amount of group relief in case of consortium claim.

- (1) For section 403C of the Taxes Act 1988 (special rules for consortium cases) substitute—

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“403C Amount of relief in consortium cases.

- (1) In the case of a consortium claim the amount that may be set off against the total profits of the claimant company is limited by this section.
- (2) Where the claimant company is a member of the consortium, the amount that may be set off against the total profits of that company for the overlapping period is limited to the relevant fraction of the surrenderable amount.

That fraction is whichever is the lowest in that period of the following percentages—

- (a) the percentage of the ordinary share capital of the surrendering company that is beneficially owned by the claimant company;
- (b) the percentage to which the claimant company is beneficially entitled of any profits available for distribution to equity holders of the surrendering company; and
- (c) the percentage to which the claimant company would be beneficially entitled of any assets of the surrendering company available for distribution to its equity holders on a winding-up.

If any of those percentages have fluctuated in that period, the average percentage over the period shall be taken.

- (3) Where the surrendering company is a member of the consortium, the amount that may be set off against the total profits of the claimant company for the overlapping period is limited to the relevant fraction of the claimant company’s total profits for the overlapping period.

That fraction is whichever is the lowest in that period of the following percentages—

- (a) the percentage of the ordinary share capital of the claimant company that is beneficially owned by the surrendering company;
- (b) the percentage to which the surrendering company is beneficially entitled of any profits available for distribution to equity holders of the claimant company; and
- (c) the percentage to which the surrendering company would be beneficially entitled of any assets of the claimant company available for distribution to its equity holders on a winding-up.

If any of those percentages have fluctuated in that period, the average percentage over the period shall be taken.

- (4) In any case where the claimant or surrendering company is a subsidiary of a holding company which is owned by a consortium, for the references in subsection (2) or (3) above to the claimant or surrendering company there shall be substituted references to the holding company.
- (5) Expressions used in this section and in section 403A have the same meanings in this section as in that section.

(6) Schedule 18 has effect for supplementing this section.”.

- (2) In section 406(6) of the Taxes Act 1988 (claims relating to losses etc. of consortium company or group member), for “accounting period in respect of which the member’s

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share in the consortium" substitute “ overlapping period in respect of which the relevant fraction ”.

- (3) The following provisions shall cease to have effect—
 - (a) in section 402(4) of the Taxes Act 1988, the words from “if the share in the consortium” to “is nil or”; and
 - (b) in section 413 of that Act, subsections (8) and (9).
- (4) In Schedule 18 to the Taxes Act 1988—
 - (a) in paragraphs 1(1), 2(1), 3(1), 4(3) and (4), 5A(3) and (4), 5C(3) and (4), 5D(3) and (4), 5E(3) and (4) and 6, for “section 413(7) to (9)” substitute “ sections 403C and 413(7) ”; and
 - (b) in paragraph 7(1)(b), for “subsection (8) of that section” substitute “ section 403C ”.
- (5) The amendments in this section shall be deemed always to have had effect.

101 Notional transfers within groups of companies.

- (1) After section 171 of the ^{M73}Taxation of Chargeable Gains Act 1992 insert—

“171A Notional transfers within a group.

- (1) This section applies where—
 - (a) two companies (“A” and “B”) are members of a group of companies; and
 - (b) A disposes of an asset to a person who is not a member of the group (“C”).
- (2) Subject to subsections (3) and (4) below, A and B may, by notice in writing to an officer of the Board, jointly elect that, for the purposes of corporation tax on chargeable gains—
 - (a) the asset, or any part of it, shall be deemed to have been transferred by A to B immediately before the disposal to C;
 - (b) section 171(1) shall be deemed to have applied to that transfer; and
 - (c) the disposal of the asset or part to C shall be deemed to have been made by B.
- (3) No election may be made under subsection (2) above unless section 171(1) would have applied to an actual transfer of the asset or part from A to B.
- (4) An election under that subsection must be made before the second anniversary of the end of the accounting period of A in which the disposal to C was made.
- (5) Any payment by A to B, or by B to A, in pursuance of an agreement between them in connection with the election—
 - (a) shall not be taken into account in computing profits or losses of either company for corporation tax purposes, and
 - (b) shall not for any purposes of the Corporation Tax Acts be regarded as a distribution or a charge on income,

provided it does not exceed the amount of the chargeable gain or allowable loss that is treated, as a result of the disposal, as accruing to B.”.

Status: Point in time view as at 19/07/2006.

Changes to legislation: Finance Act 2000 is up to date with all changes known to be in force on or before 03 July 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) This section has effect in relation to disposals made on or after 1st April 2000.

Marginal Citations

M73 1992 c. 12.

102 Chargeable gains: non-resident companies and groups etc.

Schedule 29 to this Act has effect.

In that Schedule—

Part I makes provision with respect to the application of the ^{M74}Taxation of Chargeable Gains Act 1992 to companies not resident in the United Kingdom and groups of companies etc,

Part II contains minor and consequential amendments, and

Part III contains transitional provisions.

Marginal Citations

M74 1992 c. 12.

International matters

103 Double taxation relief.

Schedule 30 to this Act (double taxation relief) shall have effect.

104 Controlled foreign companies.

Schedule 31 to this Act (which makes provision in relation to controlled foreign companies) shall have effect.

105 Corporation tax: use of currencies other than sterling.

(1) For sections 92 to 95 of the ^{M75}Finance Act 1993 there shall be substituted—

“92 The basic rule: sterling to be used.

(1) Where a company carries on a business, the profits or losses of the business for an accounting period shall for the purposes of corporation tax be computed and expressed in sterling; but this is subject to section 93 below.

(2) In this section—

“losses” includes management expenses and any allowances falling to be made under section 28 or 61(1) of the ^{M76}Capital Allowances Act 1990;

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“profits” includes gains, income and any charges falling to be made under section 28 or 61(1) of that Act.

93 Use of currency other than sterling.

- (1) This section applies where in an accounting period a company carries on a business and either the first condition or the second condition is fulfilled.
- (2) The first condition is that—
 - (a) the accounts of the company as a whole are prepared in a currency other than sterling in accordance with normal accounting practice; and
 - (b) in the case of a company which is not resident in the United Kingdom, the company makes a return of accounts for its branch in the United Kingdom prepared in such a currency in accordance with such practice.
- (3) The second condition is that—
 - (a) the accounts of the company as a whole are prepared in sterling but, so far as relating to the business, they are prepared, using the closing rate/net investment method, from financial statements prepared in a currency other than sterling; or
 - (b) in the case of a company which is not resident in the United Kingdom, the company makes a return of accounts for its branch in the United Kingdom prepared in sterling but, so far as relating to the business, it is prepared, using that method, from financial statements prepared in such a currency.
- (4) The profits or losses of the business for an accounting period shall for the purposes of corporation tax be found by—
 - (a) taking the amount of all the profits and losses of the business for the period computed and expressed in the relevant foreign currency;
 - (b) taking account of any of the following which are so computed and expressed—
 - (i) any management expenses brought forward under section 75(3) of the Taxes Act 1988 from an earlier accounting period;
 - (ii) any losses of the business brought forward under section 392B or 393 of that Act from such a period; and
 - (iii) any non-trading deficits on loan relationships brought forward under section 83 of the ^{M77}Finance Act 1996 from the previous accounting period; and
 - (c) taking the sterling equivalent of the amount found by applying paragraphs (a) and (b) above.
- (5) In the application of section 22B, 34, 35, 38C, 38D or 79A of the ^{M78}Capital Allowances Act 1990 for the purposes of subsection (4)(a) or (b) above, it shall be assumed that any sterling amount mentioned in any of those sections is its equivalent expressed in the relevant foreign currency.
- (6) Where in an accounting period—

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- (a) a company carries on different parts of a business through different branches (whether within or outside the United Kingdom); and
- (b) this section would apply differently in relation to different parts if they were separate businesses,

those parts shall be treated for the purposes of this section as if they were separate businesses for that period.

(7) In this section, unless the context otherwise requires—

“accounts”, in relation to a company, means—

- (a) the annual accounts of the company prepared in accordance with Part VII of the ^{M79}Companies Act 1985 or Part VIII of the ^{M80}Companies (Northern Ireland) Order 1986; or
- (b) if the company is not required to prepare such accounts, the accounts which it is required to keep under the law of its home State; or
- (c) if the company is not so required to keep accounts, such of its accounts as most closely correspond to accounts which it would have been required to prepare if the provisions of that Part applied to it;

“branch” includes any collection of assets and liabilities;

“the closing rate/net investment method” means the method so called as described under the title “Foreign currency translation” in the Statement of Standard Accounting Practice issued in April 1983 by the Institute of Chartered Accountants in England and Wales;

“home State”, in relation to a company, means the country or territory under whose laws the company is incorporated;

“losses” has the same meaning as in section 92 above except that it does not include allowable losses within the meaning of the ^{M81}Taxation of Chargeable Gains Act 1992;

“profits” has the same meaning as in section 92 above except that it does not include chargeable gains within the meaning of that Act;

“the relevant foreign currency” means the currency other than sterling or, where the first condition is fulfilled and two different such currencies are involved, the currency in which the return of accounts is prepared;

“return of accounts”, in relation to a branch in the United Kingdom, means a return of such accounts of the branch as may be required by the Inland Revenue under paragraph 3 of Schedule 18 to the Finance Act 1998 (company tax returns, assessments and related matters).

94 Rules for ascertaining currency equivalents.

- (1) Any receipt or expense which is to be taken into account in making a computation under subsection (1) of section 92 above for an accounting period, and is denominated in a currency other than sterling, shall be translated into its sterling equivalent—
 - (a) if either of the conditions mentioned in subsection (2) below is fulfilled, by reference to the rate used in the preparation of the accounts of the company as a whole for that period;

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- (b) if neither of those conditions is fulfilled, by reference to the London closing exchange rate for the relevant day.
- (2) The conditions are—
- (a) that the rate is an arm's length exchange rate for the relevant day;
 - (b) that the rate is an average arm's length exchange rate for a period ending with that day, or for a period not exceeding three months which includes that day, and the arm's length exchange rate for any day in that period (except the first) is not significantly different from that for the preceding day.
- (3) Subject to subsections (5) and (7) below, any amount found by applying paragraphs (a) and (b) of subsection (4) of section 93 above shall be translated into its sterling equivalent by reference to the London closing exchange rate for the relevant day.
- (4) The following—
- (a) any receipt or expense which is to be taken into account in making a calculation for the purposes of subsection (4)(a) or (b) of section 93 above, and is denominated in a currency other than the relevant foreign currency; and
 - (b) any such sterling amount as is referred to in subsection (5) of that section,
- shall be translated into its equivalent expressed in the relevant foreign currency by reference to the London closing exchange rate for the relevant day.
- (5) Where section 93 above applies by virtue of the first condition mentioned in that section, then, as regards the business or part of the business, the company—
- (a) may elect, by a notice given to an officer of the Board, that as from the first day of the accounting period in which the notice is given, an average arm's length exchange rate shall be used for the purposes of subsection (3) above instead of the rate there mentioned; and
 - (b) may withdraw such an election, by a notice so given, as from the first day of the first accounting period beginning on or after the date of the notice.
- (6) Where an election under subsection (5) above is withdrawn, no further election may be made under that subsection so as to take effect before the third anniversary of the day on which the withdrawal takes effect.
- (7) Where—
- (a) section 93 above applies by virtue of the second condition mentioned in that section; and
 - (b) the accounts of the company, so far as relating to the business or part of the business, are prepared by reference to an average arm's length exchange rate,
- that exchange rate shall be used for the purposes of subsection (3) above instead of the rate there mentioned.
- (8) In this section—
- “accounts” has the same meaning as in section 93 above;

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“arm’s length exchange rate” means such exchange rate as might reasonably be expected to be agreed between persons dealing at arm’s length;

“average arm’s length exchange rate”, in relation to a period, means the rate which represents an appropriate average of arm’s length exchange rates for the period;

“the relevant day” means—

- (a) for the purposes of subsections (1), (2) and (4)(a) above, the day on which the company becomes entitled to the receipt or incurs (or is treated as incurring) the expense;
- (b) for the purposes of subsection (3) above, the last day of the accounting period in question;
- (c) for the purposes of subsection (4)(b) above, the day on which the company incurs the capital expenditure.

(9) Nothing in this section affects the operation of Chapter IV of Part VII of the Taxes Act 1988 (controlled foreign companies) or Chapter II of this Part.

(10) Nothing in paragraph 88 of Schedule 18 to the ^{M82}Finance Act 1998 (company tax returns, assessments and related matters) shall be taken to prevent any amount which is taken to be conclusively determined for the purposes of the Corporation Tax Acts from being translated under this section by reference to an exchange rate which was not used to determine the amount which can no longer be altered.”.

(2) Where any of the items referred to in section 93(4)(b) of the ^{M83}Finance Act 1993 (as substituted by subsection (1) above) fall to be taken into account in the first accounting period in relation to which this section has effect, the amounts of those items shall be computed and expressed in the relevant currency by reference to the London closing exchange rate for the last day of the immediately preceding accounting period.

(3) Where [^{F42}any amount falls to be taken into account under Chapter 5 of Part 2 of the Capital Allowances Act as available qualifying expenditure] for the first accounting period in relation to which this section has effect relate to expenditure which was incurred before the beginning of that period, the amounts of those items shall be computed and expressed in the relevant currency by reference to the London closing exchange rate for the last day of the immediately preceding accounting period.

(4) Subject to subsection (5) below, this section has effect for accounting periods beginning on or after 1st January 2000 and ending on or after 21st March 2000.

(5) Any company which did not, for the accounting period immediately preceding the first accounting period falling within subsection (4) above, make an election in respect of a trade or part of a trade under the Local Currency Elections Regulations 1994 may, by notice given to an officer of the Board on or before 31st August 2000, elect that this section shall not have effect in relation to it until the first accounting period beginning on or after 1st July 2000.

Textual Amendments

F42 Words substituted (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. 106 (with Sch. 3)

Status: Point in time view as at 19/07/2006.

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Marginal Citations

- M75** 1993 c. 34.
- M76** 1990 c. 1.
- M77** 1996 c. 8.
- M78** 1990 c. 1.
- M79** 1985 c. 6.
- M80** S.I. 1986/1032 (N.I.6).
- M81** 1992 c. 12.
- M82** 1998 c. 36.
- M83** 1993 c. 34.

^{F43} **106**

Textual Amendments

- F43** S. 106 repealed (24.7.2002 with effect as mentioned in s. 79(3) of, and Sch. 23 to, the repealing Act) by 2002 c. 23, s. 141, **Sch. 40 Pt. 3(10)** Note 2

Insurance

107 General insurance reserves.

- (1) Where an amount representing the whole or any part of the technical provisions which are made by a general insurer for a period of account is taken into account in computing for tax purposes the profits of his trade for that period—
 - (a) subsection (2) below applies if it becomes apparent in a later period of account that the amount taken into account was excessive; and
 - (b) subsection (3) below applies if it becomes apparent in such a period that that amount was insufficient.
- (2) For the purpose of making good to the Exchequer the loss occasioned by the excess, an amount calculated by applying, for a prescribed period, a prescribed rate of interest to the amount of the excess shall be treated as a receipt of the general insurer's trade in computing for tax purposes the profits of that trade for the later period of account.
- (3) For the purpose of making good to the general insurer the loss occasioned by the deficiency, an amount calculated by applying, for a prescribed period, a prescribed rate of interest to the amount of the deficiency shall be treated as an expense of the general insurer's trade in computing for tax purposes the profits of that trade for the later period of account.
- (4) A general insurer may, before the end of a prescribed period, elect that any part of the technical provisions made by him for a period of account shall not be taken into account in computing for tax purposes the profits of his trade for that period; and where he does so, the profits of his trade for the next period of account shall be adjusted accordingly for the purposes of any computation for tax purposes.
- (5) The Board may by regulations make provision for giving effect to subsections (1) to (4) above.

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- (6) The regulations may, in particular—
- (a) exclude from the operation of subsections (1) to (4) above such descriptions of general insurer as may be prescribed;
 - (b) make such provision as appears to the Board to be appropriate for determining for the purposes of subsections (1) to (3) above whether any amount taken into account was excessive or insufficient and, if so, the amount of the excess or deficiency, including—
 - (i) provision requiring discounting at a prescribed rate; and
 - (ii) provision allowing a prescribed margin for error;
 - (c) make provision for applying subsections (1) to (3) above, to such extent and with such modifications as appear to the Board to be appropriate, to cases where it becomes apparent—
 - (i) that any amount taken into account was or has become insufficient; or
 - (ii) that any amount treated as a receipt or expense of a trade was excessive;
 - (d) make such provision as appears to the Board to be appropriate for dealing with cases where a general insurer transfers his general business to, or enters into a qualifying contract with, another person; and
 - (e) in the event of any changes in the rules or practice of Lloyd's, make such amendments of this section as appear to the Board to be expedient having regard to those changes.

- (7) In this section—

“closing year”, in relation to a syndicate, has the same meaning as in Chapter III of Part II of the ^{M84}Finance Act 1993 or Chapter V of Part IV of the ^{M85}Finance Act 1994;

[^{F44} “general business” means business which consists of the effecting or carrying out of contracts that fall within Part I of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;]

“general insurer” means any of the following which carries on general business—

- (a) a person (other than a friendly society) who has permission under Part 4 of the Financial Services and Markets Act 2000 to effect or carry out contracts that fall within Part I of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;
 - (b) an EEA firm of the kind mentioned in paragraph 5(d) of Schedule 3 to that Act which has permission under paragraph 15 of Schedule 3 to that Act (as a result of qualifying for authorisation under paragraph 12(1) of that Schedule) to effect or carry out such contracts;
 - (ba) [^{F45}a firm which has permission under paragraph 4 of Schedule 4 to that Act (as a result of qualifying for authorisation under paragraph 2 of that Schedule) to effect or carry out such contracts;]
 - (c) a controlled foreign company within the meaning of Chapter IV of Part XVII of the Taxes Act 1988; and
 - (d) an underwriting member of Lloyd's (“an underwriting member”);
- “period of account”—
- (a) except in relation to an underwriting member, means a period for which an account is made up;

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(b) in relation to such a member, means an underwriting year in which profits or losses are declared for an earlier underwriting year;

“prescribed” means prescribed by regulations under this section;

“qualifying contract”, in relation to a general insurer, means a contract for reinsuring the liabilities to which any technical provisions of his relate;

“reinsurance to close contract” means a contract where, in accordance with the rules or practice of Lloyd’s and in consideration of the payment of a premium, one underwriting member agrees with another to meet liabilities arising from the latter’s underwriting business for an underwriting year so that the accounts of the business for that year may be closed;

“syndicate” means a syndicate of underwriting members of Lloyd’s formed for an underwriting year;

“technical provisions”, except in relation to an underwriting member, means any of the following—

- (a) provisions for claims outstanding;
- (b) provisions for unearned premiums;
- (c) provisions for unexpired risks;

and in this definition expressions which are used in Schedule 9A to the ^{M86}Companies Act 1985 have the same meanings as in that Schedule;

“technical provisions”, in relation to an underwriting member, means—

- (a) so much of the premiums paid, or treated (in accordance with the rules or practice of Lloyd’s) as paid, by him under reinsurance to close contracts; and
- (b) so much of any provisions made for the unpaid liabilities of an open syndicate of which he is a member,

as may be determined by or under regulations made by the Board;

“underwriting year” means the calendar year;

and for the purposes of this section a syndicate is an open syndicate at any time after the end of its closing year if, at that time, the accounts of its business for the underwriting year for which it was formed have not been closed.

- (8) Regulations under this section may—
 - (a) make different provision for different cases or descriptions of case, including different provision for different entitlements to participate in the general business carried on by syndicates; and
 - (b) make such supplementary, incidental, consequential and transitional provision as appears to the Board to be appropriate.
- (9) An amount which under subsection (2) or (3) above is treated as a receipt or expense of an underwriting member’s trade—
 - (a) shall not be included in the aggregate amount mentioned in paragraph 1 of Schedule 19 to the ^{M87}Finance Act 1993; but
 - (b) shall be regarded as arising directly from his membership of one or more syndicates for the purposes of section 172(1)(a) of the Finance Act 1993 or section 220(2)(a) of the ^{M88}Finance Act 1994.
- (10) Nothing in paragraph 7 of Schedule 19 to the Finance Act 1993 shall be taken to affect the operation of subsection (2) or (3) above or the exercise of the power conferred by subsection (4) above.

Status: Point in time view as at 19/07/2006.

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- (11) Section 177 of the ^{M89}Finance Act 1993 and section 224 of the ^{M90}Finance Act 1994 (which are superseded by this section) shall cease to have effect.
- (12) In this section—
- (a) subsections (1) to (3), subsections (5) to (8) and (10) so far as relating to those subsections and subsection (9) have effect where—
 - (i) the first period of account mentioned in subsection (1) begins on or after 1st January 2000; and
 - (ii) the later period of account mentioned in that subsection begins on or after 1st January 2001;
 - (b) subsection (4), and subsections (5) to (8) and (10) so far as relating to that subsection, have effect in relation to periods of account beginning on or after 1st January 2000;
 - (c) subsection (11) has effect in relation to profits of underwriting members' trades which are declared in periods of account beginning on or after that date.

Textual Amendments

- F44** S. 107(7): definition of “general business” substituted (1.12.2001) by S.I. 2001/3629, arts. 1(2), 106
- F45** S. 107(7): paras. (a)(b)(ba) in definition of “general insurer” substituted (1.12.2001) for paras. (a)(b) by S.I. 2001/3629, arts. 1(2), 106

Modifications etc. (not altering text)

- C1** S. 107(1)-(4) restricted (29.5.2001 with effect as mentioned in art. 1 of the amending S.I.) by S.I. 2001/1757, arts 1, 6

Marginal Citations

- M84** 1993 c. 34.
M85 1994 c. 9.
M86 1985 c. 6.
M87 1993 c. 34.
M88 1994 c. 9.
M89 1993 c. 34.
M90 1994 c. 9.

108 Overseas life assurance business.

- (1) In subsection (1) of section 431D of the Taxes Act 1988 (meaning of “overseas life assurance business”), for “or life reinsurance business” there shall be substituted “, life reinsurance business or business of any description excluded from this section by regulations made by the Board”.
- (2) For subsections (2) to (8) of that section there shall be substituted—
- “(2) Regulations under subsection (1) above may describe the excluded business by reference to any circumstances appearing to the Board to be relevant.
 - (3) The Board may by regulations—
 - (a) make provision as to the circumstances in which a trustee who is a policy holder or annuitant residing in the United Kingdom is to be treated for the purposes of this section as not so residing; and

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- (b) provide that nothing in Chapter II of Part XIII shall apply to a policy or contract which constitutes overseas life assurance business by virtue of any such provision as is mentioned in paragraph (a) above.
- (4) Regulations under subsection (1) or (3) above may contain such supplementary, incidental, consequential or transitional provision as appears to the Board to be appropriate.”.
- (3) Where the policy or contract for any life assurance business was made before such day as the Treasury may by order appoint, the amendments made by this section (and any regulations made under them) shall not have effect for determining whether the business is overseas life assurance business.

109 Insurance business: apportionment rules.

- (1) In subsection (4)(b) of section 432ZA of the Taxes Act 1988 (linked assets), for the words from “the proportion which” to the end there shall be substituted—
 - “the proportion A/B where—
 - A is the total of the linked liabilities of the company which are liabilities of the internal linked fund in which the asset is held and are referable to that category of business;
 - B is the total of the linked liabilities of the company which are liabilities of that fund.”.
- (2) For subsection (6) of that section there shall be substituted—
 - “(6) In this section—
 - “internal linked fund”, in relation to an insurance company, means an account—
 - (a) to which linked assets are appropriated by the company; and
 - (b) which may be divided into units the value of which is determined by the company by reference to the value of those assets;
 - “linked liabilities” means liabilities in respect of benefits to be determined by reference to the value of linked assets.”.
- (3) In the subsections mentioned in subsection (4) below—
 - (a) in paragraph (a), after “reduced” there shall be inserted “ (but not below nil) ” and for “values” there shall be substituted “ net values ”; and
 - (b) for paragraph (b) there shall be substituted—
 - “(b) the denominator is the aggregate of—
 - (i) the numerator given by paragraph (a) above; and
 - (ii) the numerators given by that paragraph in relation to the other categories of business.”.
- (4) The subsections are—
 - (a) subsection (6) of section 432A of the Taxes Act 1988 (apportionment of income and gains);
 - (b) subsection (4) of section 432C of that Act (section 432B apportionment: income of non-participating funds); and

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- (c) subsection (3) of section 432D of that Act (section 432B apportionment: value of non-participating funds).
- (5) For subsection (8) of section 432A there shall be substituted—
- “(8) In subsection (6) above “appropriate part”, in relation to the investment reserve, means—
- (a) where none (or none but an insignificant proportion) of the liabilities of the long term business are with-profits liabilities, the part of that reserve which bears to the whole the proportion A/B where—
- A is the amount of the liabilities of the category of business in question;
- B is the whole amount of the liabilities of the long term business; and
- (b) in any other case, the part of that reserve which bears to the whole the proportion C/D where—
- C is the amount of the with-profits liabilities of the category of business in question;
- D is the whole amount of the with-profits liabilities of the long term business.”.
- (6) After subsection (9) of that section there shall be inserted—
- “(9A) In this section and sections 432C and 432D “net value”, in relation to any assets, means the excess of the value of the assets over any liabilities which—
- (a) represent a money debt; and
- (b) are liabilities of an internal linked fund in which the assets are held;
- and in this subsection “internal linked fund” has the same meaning as in section 432ZA.
- (9B) In this section—
- “investment reserve”, in relation to an insurance company, means the excess of the value of the assets of the company’s long term business over the aggregate of—
- (a) the liabilities of that business; and
- (b) any liabilities of the long term business fund which represent a money debt;
- “money debt” has the same meaning as in Chapter II of Part IV of the ^{M91}Finance Act 1996.”.
- (7) In subsection (5)(b) of section 432C, after “subsection (1)” there shall be inserted “or (2)”.
- (8) In Schedule 11 to the ^{M92}Finance Act 1996 (loan relationships: special provisions for insurers), after paragraph 3 there shall be inserted—
- “3A (1) This paragraph applies where—
- (a) any money debt of an insurance company is represented by a liability which is a liability of the long term business fund of the company; and

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- (b) any question arises for the purposes of the Corporation Tax Acts as to the extent to which any debits or credits given for the purposes of this Chapter in respect of that debt or liability are referable to any category of the company's long term business.
- (2) If any debits relate to interest payable in respect of the late payment of any benefits, they are referable to the category of long term business which comprises the effecting and carrying out of the policies or contracts under which the benefits are payable.
- (3) If the liability is a liability of an internal linked fund of the company, any debits or credits are referable—
- (a) to the category of long term business to which the fund relates; or
 - (b) where the fund relates to two or more categories of such business, to those categories in the same proportion as the linked assets in the fund are apportioned to them under section 432ZA(4) of the Taxes Act 1988 (linked assets).
- (4) In any case not falling within sub-paragraph (2) or (3) above, there shall be referable to any category of long term business the relevant fraction of any debits or credits.
- (5) For the purpose of determining that fraction, subsections (6) and (8) of section 432A of the Taxes Act 1988 (apportionment of income and gains) shall have effect as if—
- (a) the debits or credits were income not directly referable to any category of business;
 - (b) the reference in subsection (6)(a) to assets directly referable to a category of business were a reference to assets linked to that category of business; and
 - (c) subsection (9) of that section were omitted.
- (6) In this paragraph “internal linked fund” has the same meaning as in section 432ZA of the Taxes Act 1988 (linked assets).”.
- (9) In consequence of the preceding provisions of this section—
- (a) in section 431(2) of the Taxes Act 1988 (interpretative provisions in relation to insurance companies), the definition of “investment reserve” shall cease to have effect;
 - (b) in paragraph 4(2) of Schedule 19AA to that Act (overseas life assurance fund), after “investment reserve” there shall be inserted “ (within the meaning of section 432A) ”; and
 - (c) in paragraph 7(3) of Schedule 19AC to that Act (modification of Act in relation to overseas life insurance companies)—
 - (i) in paragraph (b), for “value” there shall be substituted “ net value ”; and
 - (ii) paragraph (c) shall cease to have effect.
- (10) This section shall have effect in relation to accounting periods beginning on or after 1st January 2000 and ending on or after 21st March 2000.

Status: Point in time view as at 19/07/2006.

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Marginal Citations

M91 1996 c. 8.

M92 1996 c. 8.

Miscellaneous

^{F46} 110 Rent factoring.

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Textual Amendments

F46 S. 110 repealed (with effect in accordance with Sch.6 to the amending Act) by [Finance Act 2006](#) (c. 25), [Sch. 26 Pt. 3\(12\)](#)

111 Payments under deduction of tax.

- (1) Chapter VIIA of Part IV of the Taxes Act 1988 (paying and collecting agents) shall cease to have effect.
- (2) In section 349 of the Taxes Act 1988 (payments under deduction of tax)—
 - (a) in subsections (3)(c) and (3B) (payments excepted from deduction of tax), for “payment to which section 124 applies” substitute “ payment of interest on a quoted Eurobond ”; and
 - (b) in subsection (4), after the definition of “qualifying deposit right” insert—

““quoted Eurobond” means any security that—

 - (i) is issued by a company,
 - (ii) is listed on a recognised stock exchange, and
 - (iii) carries a right to interest;”;

and accordingly section 124 of that Act (interest on quoted Eurobonds) shall cease to have effect.
- (3) In section 482 of the Taxes Act 1988 (supplementary provisions with respect to deposit-takers etc)—
 - (a) after subsection (2) insert—

“(2A) A declaration under section 481(5)(k)(i) must contain—

 - (a) in a case falling within section 481(4)(a), the name and principal residential address of the individual who is beneficially entitled to the interest or, where two or more individuals are so entitled, of each of them;
 - (b) in a case falling within section 481(4)(b), the name and principal residential address of each of the partners.”;

and

 - (b) subsection (11)(a) shall cease to have effect.

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- (4) In section 477A of the Taxes Act 1988 (building societies: regulations for deduction of tax), after subsection (2) insert—
- “(2A) Without prejudice to the generality of subsection (2)(a) above, regulations under subsection (1) above may make provision with respect to the furnishing of information to or by building societies corresponding to any provision that is made by, or may be made under, section 482 with respect to the furnishing of information to or by deposit-takers.”.
- (5) In section 37(11) of the ^{M93}Finance (No.2) Act 1997 (interest to be paid gross), for “Sections 50 and 118D(4)” substitute “ Section 50 ”.
- (6) In this section—
- (a) subsections (1) and (5) apply to relevant payments or receipts in relation to which the chargeable date for the purposes of Chapter VIIA of Part IV is on or after 1st April 2001;
 - (b) subsection (2) applies in relation to payments of interest made on or after that date;
 - (c) subsection (3) applies in relation to declarations under section 481(5)(k)(i) of the Taxes Act 1988 made on or after 6th April 2001.

Marginal Citations

M93 1997 c. 58.

112 UK public revenue dividends: deduction of tax.

- (1) In subsection (A1) of section 50 of the Taxes Act 1988 (Treasury directions for payment of public revenue dividends without deduction of tax), for “registered gilt-edged securities” substitute “ gilt-edged securities ”.
- (2) After subsection (3B) of section 349 of that Act (payments not out of profits or gains brought into charge to income tax, and annual interest) insert—
- “(3C) Subject to any provision to the contrary in the Income Tax Acts, where any UK public revenue dividend is paid, the person by or through whom the payment is made shall, on making the payment, deduct out of it a sum representing the amount of income tax on it for the year in which the payment is made.”.
- (3) At the end of subsection (4) of that section insert—
- ““UK public revenue dividend” means any income from securities which is paid out of the public revenue of the United Kingdom or Northern Ireland, but does not include interest on local authority stock.”.
- (4) After section 350 of that Act insert—

“350A UK public revenue dividends: deduction of tax.

- (1) The Board may by regulations—
- (a) make provision as to the time and manner in which persons who under section 349(3C) deduct sums representing income tax out of

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payments of UK public revenue dividends are to account for and pay those sums; and

- (b) otherwise modify the provisions of sections 349 and 350 in their application to such dividends;

and in this section “UK public revenue dividend” has the same meaning as in section 349.

(2) Regulations under this section may—

- (a) make different provision for different descriptions of UK public revenue dividend and for different circumstances;
- (b) make special provision for UK public revenue dividends which—
 - (i) are payable to the Bank of Ireland out of the public revenue of the United Kingdom, or
 - (ii) 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;
- (c) include such transitional and other supplementary provisions as appear to the Board to be necessary or expedient.

(3) No regulations under this section shall be made unless a draft of them has been laid before and approved by a resolution of the House of Commons.”.

(5) This section applies to payments made on or after 1st April 2001.

^{F47} **113 Tax treatment of expenditure on production or acquisition of films.**

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Textual Amendments

F47 S.113 repealed (22.3.2001 with effect as mentioned in s. 579(1)) by 2001 c. 2, ss 579, 580, Sch 4

PART IV

STAMP DUTY AND STAMP DUTY RESERVE TAX

Stamp duty

114 Rates: conveyance or transfer on sale.

(1) In Schedule 13 to the ^{M94}Finance Act 1999 (instruments chargeable and rates of duty), in Part I (conveyance or transfer on sale), in the third column of the table in paragraph 4—

- (a) in the third entry, for “2.5%” substitute “ 3% ”; and
- (b) in the fourth entry, for “3.5%” substitute “ 4% ”.

(2) This section applies to instruments executed on or after 28th March 2000.

(3) But this section does not apply to an instrument giving effect to a contract made on or before 21st March 2000, unless—

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- (a) the instrument is made in consequence of the exercise after that date of any option, right of pre-emption or similar right; or
 - (b) the instrument transfers the property in question to, or vests it in, a person other than the purchaser under the contract, because of an assignment (or, in Scotland, assignation) or further contract made after that date.
- (4) This section shall be deemed to have come into force on 28th March 2000.

Marginal Citations

M94 1999 c. 16.

115 Rates: duty on lease chargeable by reference to rent.

- (1) In Schedule 13 to the ^{M95}Finance Act 1999 (instruments chargeable and rates of duty), in Part II (lease)—
- (a) in paragraph 11, in paragraph 1 of the table, and
 - (b) in paragraph 12(3), in paragraph 1(a) and (b) of the table,
- for “£500” substitute “ £5,000 ”.
- (2) This section has effect in relation to instruments executed on or after 28th March 2000.
- (3) This section shall be deemed to have come into force on 28th March 2000.

Marginal Citations

M95 1999 c. 16.

116 Rate of duty on seven year leases.

- (1) In paragraph 12(3) of Schedule 13 to the ^{M96}Finance Act 1999 (rates of stamp duty on leases where part of consideration is rent), in paragraph 1 of the table, for “less than 7 years” substitute “ not more than 7 years ”.
- (2) This section applies to instruments executed on or after 1st October 1999, subject to Schedule 32 to this Act (which makes transitional provision for instruments executed on or after 1st October 1999 but before 28th March 2000).
- (3) This section shall be deemed to have come into force on 28th March 2000.

Marginal Citations

M96 1999 c. 16.

117 Power to vary stamp duties.

Schedule 33 to this Act (power to vary stamp duties) has effect.

Status: Point in time view as at 19/07/2006.

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118 Land transferred etc for other property.

- (1) Subsection (2) applies where—
 - (a) an instrument transferring or vesting an estate or interest in land would not, apart from this section, be or fall to be treated as a conveyance or transfer on sale for the purposes of stamp duty; but
 - (b) the transfer or vesting of the estate or interest is for consideration; and
 - (c) the consideration is or includes any property (“the other property”).
- (2) For the purposes of Part I of Schedule 13 to the Finance Act 1999 (stamp duty on conveyance or transfer on sale) the instrument transferring or vesting the estate or interest shall be taken to be a transfer on sale of the estate or interest.
- (3) If—
 - (a) the other property is or includes one or more estates or interests in land, and
 - (b) *ad valorem* duty is chargeable on the conveyance or transfer of all or any of those estates or interests,the amount of duty that would (apart from this subsection) be chargeable in consequence of subsection (2) on the transfer on sale there mentioned shall be reduced (but not below nil) by the total of the *ad valorem* duty chargeable as mentioned in paragraph (b).
- (4) If, for the purposes of Part I of Schedule 13 to the Finance Act 1999, the amount or value of the consideration for the transfer on sale mentioned in subsection (2) would (apart from this subsection) exceed the market value of the estate or interest immediately before the execution of the instrument transferring or vesting it, the amount or value of the consideration shall be taken for those purposes to be equal to that market value.
- (5) For the purposes of this section, the market value of property at any time is the price which that property might reasonably be expected to fetch on a sale at that time in the open market.
- (6) Subsection (2) has effect even though—
 - (a) the transfer or vesting of the estate or interest is the whole or part of the consideration for a sale of the other property; or
 - (b) the transaction is by way of exchange.
- (7) Subsection (2) does not affect any charge to stamp duty in respect of the same or any other instrument so far as it relates to the transfer of the other property.
- (8) This section is subject to subsection (5) of section 119.
- (9) This section shall be construed as one with the ^{M97}Stamp Act 1891.
- (10) This section applies to instruments executed on or after 28th March 2000.
- (11) But this section does not apply to an instrument giving effect to a contract made on or before 21st March 2000, unless—
 - (a) the instrument is made in consequence of the exercise after that date of any option, right of pre-emption or similar right; or
 - (b) the instrument transfers the property in question to, or vests it in, a person other than the purchaser under the contract, because of an assignment (or, in Scotland, assignation) or further contract made after that date.

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(12) This section shall be deemed to have come into force on 28th March 2000.

Marginal Citations

M97 1891 c. 39.

119 Transfer of land to connected company.

- (1) This section applies where an estate or interest in land is transferred to or vested in a company (“A”) and—
 - (a) the person transferring or vesting the estate or interest (“B”) is connected with A; or
 - (b) some or all of the consideration for the transfer or vesting consists of the issue or transfer of shares in a company with which B is connected.
- (2) For the purposes of Part I of Schedule 13 to the Finance Act 1999 (stamp duty on conveyance or transfer on sale) an instrument transferring or vesting the estate or interest shall be taken to be a transfer on sale of the estate or interest.
- (3) If for those purposes the amount or value of the consideration for the transfer on sale of the estate or interest would, apart from this subsection, be less than the value determined under subsection (4), the consideration shall be taken for those purposes to be the value determined under subsection (4).
- (4) That value is—
 - (a) the market value of the estate or interest immediately before the execution of the instrument transferring or vesting it; but
 - (b) reduced by the value of so much of any actual consideration as does not consist of property.
- (5) Where—
 - (a) apart from this section, an instrument would be chargeable to stamp duty in accordance with section 118, and
 - (b) apart from that section, the instrument would be chargeable to stamp duty in accordance with this section,
 the stamp duty chargeable on the instrument shall be determined in accordance with this section (instead of that section).
- (6) This section applies only if, in consequence of its application, the instrument transferring or vesting the estate or interest is chargeable with a greater amount of stamp duty than it would be apart from this section and section 118.
- (7) For the purposes of this section, the market value of property at any time is the price which that property might reasonably be expected to fetch on a sale at that time in the open market.
- (8) In this section—

“company” means any body corporate;

“shares” includes stock and the reference to shares in a company includes a reference to securities issued by a company.

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- (9) For the purposes of this section, the question whether any person is connected with another shall be determined in accordance with the provisions of section 839 of the Taxes Act 1988.
- (10) This section shall be construed as one with the ^{M98}Stamp Act 1891.
- (11) This section applies to instruments executed on or after 28th March 2000.
- (12) But this section does not apply to an instrument giving effect to a contract made on or before 21st March 2000, unless—
- (a) the instrument is made in consequence of the exercise after that date of any option, right of pre-emption or similar right; or
 - (b) the instrument transfers the property in question to, or vests it in, a person other than the purchaser under the contract, because of an assignment (or, in Scotland, assignation) or further contract made after that date.
- (13) This section shall be deemed to have come into force on 28th March 2000.

Marginal Citations

M98 1891 c. 39.

120 Exceptions from section 119.

- (1) Section 119 does not apply by virtue of paragraph (a) of subsection (1) of that section in any of the following cases (any reference in this section to A or B being taken as a reference to the person referred to as A or B, as the case may be, in that subsection).
- (2) Case 1 is where B holds the estate or interest as nominee or bare trustee for A.
- (3) Case 2 is where A is to hold the estate or interest as nominee or bare trustee for B.
- (4) Case 3 is where B holds the estate or interest as nominee or bare trustee for some other person and A is to hold it as nominee or bare trustee for that other person.
- (5) Case 4 is where (in a case not falling within subsection (2) or (4) above)—
- (a) the transfer or vesting is a conveyance or transfer out of a settlement in or towards satisfaction of a beneficiary's interest;
 - (b) the beneficiary's interest is not an interest acquired for money or money's worth; and
 - (c) the conveyance or transfer is a distribution of property in accordance with the provisions of the settlement.
- (6) Case 5 is where (in a case not falling within subsection (3) above) A—
- (a) is a person carrying on a business which consists of or includes the management of trusts; and
 - (b) is to hold the estate or interest as trustee acting in the course of that business.
- (7) Case 6 is where (in a case not falling within subsection (3) above) A is to hold the estate or interest as trustee and, apart from section 839(3) of the Taxes Act 1988 (trustees as connected persons), would not be connected with B.
- (8) Case 7 is where—

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- (a) B is a company;
 - (b) the transfer or vesting is, or is part of, a distribution of assets (whether or not in connection with the winding up of the company); and
 - (c) the estate or interest was acquired by B by virtue of an instrument which is duly stamped.
- (9) This section shall be construed as one with the ^{M99}Stamp Act 1891.
- (10) This section applies to instruments executed after the day on which this Act is passed.

Marginal Citations

M99 1891 c. 39.

121 Grant of lease to connected company.

- (1) This section applies where a lease is granted to a company (“A”) and—
- (a) the person granting the lease (“B”) is connected with A; or
 - (b) some or all of the consideration for the grant of the lease consists of the issue or transfer of shares in a company with which B is connected.
- (2) Subsection (3) has effect for the purposes of stamp duty chargeable under Part II of Schedule 13 to the ^{M100}Finance Act 1999 (stamp duty on a lease) by reference to Part I of that Schedule (conveyance or transfer on sale).
- (3) If, apart from this subsection, the amount or value of the consideration for the grant would be less than the value determined under subsection (4), the consideration shall be taken to be the value determined under subsection (4).
- (4) That value is—
- (a) the market value, immediately before the instrument granting the lease is executed, of the lease granted; but
 - (b) reduced by the value of so much of any actual consideration as does not consist of property.
- (5) This section applies only if, in consequence of its application, the lease is chargeable with a greater amount of stamp duty than it would be apart from this section.
- (6) For the purposes of this section, the market value of property at any time is the price which that property might reasonably be expected to fetch on a sale at that time in the open market.
- (7) In this section—
- “company” means any body corporate;
 - “shares” includes stock and the reference to shares in a company includes a reference to securities issued by a company.
- (8) For the purposes of this section, the question whether any person is connected with another shall be determined in accordance with the provisions of section 839 of the Taxes Act 1988.
- (9) This section shall be construed as one with the ^{M101}Stamp Act 1891.
- (10) This section applies to instruments executed on or after 28th March 2000.

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- (11) But this section does not apply to an instrument giving effect to a contract made on or before 21st March 2000, unless—
- (a) the instrument is made in consequence of the exercise after that date of any option, right of pre-emption or similar right; or
 - (b) the instrument transfers the property in question to, or vests it in, a person other than the purchaser under the contract, because of an assignment (or, in Scotland, assignation) or further contract made after that date.
- (12) This section shall be deemed to have come into force on 28th March 2000.

Marginal Citations

M100 1999 c. 16.

M101 1891 c. 39.

122 Marketable securities transferred etc for exempt property.

- (1) Subsection (2) applies where—
- (a) an instrument transferring marketable securities would not, apart from this section, be or fall to be treated as a transfer on sale for the purposes of stamp duty; but
 - (b) the transfer of the marketable securities is for consideration; and
 - (c) the consideration is or includes any qualifying property (“the other property”).
- (2) For the purposes of Part I of Schedule 13 to the Finance Act 1999 (stamp duty on conveyance or transfer on sale) the instrument transferring the marketable securities shall be taken to be a transfer on sale of those securities.
- (3) If the amount or value of the consideration for that transfer on sale would (apart from this subsection) exceed the market value of the marketable securities immediately before the execution of the instrument transferring them, the amount or value of the consideration shall be taken to be equal to that market value.
- For this purpose the market value of property at any time is the price which that property might reasonably be expected to fetch on a sale at that time in the open market.
- (4) Subsection (2) has effect even though—
- (a) the transfer of the marketable securities is the whole or part of the consideration for a sale of the other property; or
 - (b) the transaction is by way of exchange.
- (5) Subsection (2) does not affect any charge to stamp duty in respect of the same or any other instrument so far as it relates to the transfer of the other property.
- (6) In this section “qualifying property” means any debt due, stock or securities, to the extent that the debt, stock or securities are not chargeable securities, within the meaning of Part IV of the ^{M102}Finance Act 1986 (stamp duty reserve tax).
- (7) This section shall be construed as one with the ^{M103}Stamp Act 1891.
- (8) This section applies to instruments executed on or after 28th March 2000.

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- (9) But this section does not apply to an instrument giving effect to a contract made on or before 21st March 2000, unless—
- (a) the instrument is made in consequence of the exercise after that date of any option, right of pre-emption or similar right; or
 - (b) the instrument transfers the property in question to, or vests it in, a person other than the purchaser under the contract, because of an assignment (or, in Scotland, assignation) or further contract made after that date.
- (10) This section shall be deemed to have come into force on 28th March 2000.

Marginal Citations

M102 1986 c. 41.

M103 1891 c. 39.

123 Transfer of property between associated companies: Great Britain.

- (1) Amend section 42 of the ^{M104}Finance Act 1930 as follows.
- (2) In subsection (2) (instruments on which stamp duty not chargeable) in paragraph (a) for “to another” substitute “ (“the transferor”) to another (“the transferee”) ”.
- (3) In that subsection, after paragraph (b) insert— “ unless at the time the instrument is executed arrangements are in existence by virtue of which at that or some later time any person has or could obtain, or any persons together have or could obtain, control of the transferee but not of the transferor. ”.
- (4) In subsection (2B) (body to be parent of another if beneficial owner of 75% of ordinary share capital) after “if at that time the first body” insert “ (a) ” and at the end of the subsection add—
 - “(b) is beneficially entitled to not less than 75 per cent of any profits available for distribution to equity holders of the second body; and
 - (c) would be beneficially entitled to not less than 75 per cent of any assets of the second body available for distribution to its equity holders on a winding-up.”.
- (5) In subsection (3)—
 - (a) after “The ownership referred to in” insert “ paragraph (a) of ”; and
 - (b) for “this section” substitute “ that paragraph ”.
- (6) At the end of the section add—
 - “(5) Schedule 18 to the ^{M105}Income and Corporation Taxes Act 1988 shall apply for the purposes of paragraphs (b) and (c) of subsection (2B) as it applies for the purposes of paragraphs (a) and (b) of section 413(7) of that Act; but this is subject to subsection (6).
 - (6) In determining for the purposes of this section whether a body corporate is the parent of the transferor, paragraphs 5(3) and 5B to 5E of Schedule 18 to the Income and Corporation Taxes Act 1988 shall not apply for the purposes of paragraph (b) or (c) of subsection (2B).

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(7) In this section, “control” shall be construed in accordance with section 840 of the ^{M106}Income and Corporation Taxes Act 1988.”.

(7) This section has effect in relation to instruments executed after the day on which this Act is passed.

Marginal Citations

M104 1930 c. 28.

M105 1988 c. 1.

M106 1988 c. 1.

124 Transfer of property between associated companies: Northern Ireland.

(1) Amend section 11 of the ^{M107}Finance Act (Northern Ireland) 1954 as follows.

(2) After subsection (2) (instruments on which stamp duty not chargeable) insert—

“(2A) But this section does not apply to an instrument by virtue of subsection (2) (a) if, at the time the instrument is executed, arrangements are in existence by virtue of which at that or some later time any person has or could obtain, or any persons together have or could obtain, control of the transferee but not of the transferor.”.

(3) In subsection (3AA) (body to be parent of another if beneficial owner of 75% of ordinary share capital) after “if at that time the first body” insert “(a)” and at the end of the subsection add—

- “(b) is beneficially entitled to not less than 75 per cent of any profits available for distribution to equity holders of the second body; and
- (c) would be beneficially entitled to not less than 75 per cent of any assets of the second body available for distribution to its equity holders on a winding-up.”.

(4) In subsection (3A)—

- (a) after “The ownership referred to in” insert “ paragraph (a) of ”; and
- (b) for “this section” substitute “ that paragraph ”.

(5) At the end of the section add—

“(6) Schedule 18 to the ^{M108}Income and Corporation Taxes Act 1988 shall apply for the purposes of paragraphs (b) and (c) of subsection (3AA) as it applies for the purposes of paragraphs (a) and (b) of section 413(7) of that Act; but this is subject to subsection (7).

(7) In determining for the purposes of this section whether a body corporate is the parent of the transferor, paragraphs 5(3) and 5B to 5E of Schedule 18 to the Income and Corporation Taxes Act 1988 shall not apply for the purposes of paragraph (b) or (c) of subsection (3AA).

(8) In this section, “control” shall be construed in accordance with section 840 of the ^{M109}Income and Corporation Taxes Act 1988.”.

(6) This section has effect in relation to instruments executed after the day on which this Act is passed.

Status: Point in time view as at 19/07/2006.

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Marginal Citations

M107 1954 c. 23 (N.I.).

M108 1988 c. 1.

M109 1988 c. 1.

125 Grant of leases etc between associated companies.

- (1) Amend section 151 of the ^{M110}Finance Act 1995 as follows.
- (2) In subsection (1) (stamp duty not chargeable on leases etc) at the end insert the following paragraph—

“This subsection is subject to subsection (4A) below.”.
- (3) After subsection (4) insert—

“(4A) An instrument shall not be exempt from stamp duty by virtue of subsection (1) above if at the time the instrument is executed arrangements are in existence by virtue of which at that or some later time any person has or could obtain, or any persons together have or could obtain, control of the lessee but not of the lessor.”.
- (4) In subsection (8) (body to be parent of another if beneficial owner of 75% of ordinary share capital) after “if at that time the first body” insert “ (a) ” and at the end of the subsection add—
 - (b) is beneficially entitled to not less than 75 per cent of any profits available for distribution to equity holders of the second body; and
 - (c) would be beneficially entitled to not less than 75 per cent of any assets of the second body available for distribution to its equity holders on a winding-up.”.
- (5) In subsection (10)—
 - (a) after “The ownership referred to in” insert “ paragraph (a) of ”; and
 - (b) for “this section” substitute “ that paragraph ”.
- (6) After subsection (10) insert—

“(10A) Schedule 18 to the ^{M111}Income and Corporation Taxes Act 1988 shall apply for the purposes of paragraphs (b) and (c) of subsection (8) as it applies for the purposes of paragraphs (a) and (b) of section 413(7) of that Act; but this is subject to subsection (10B).

(10B) In determining for the purposes of this section whether a body corporate is the parent of the lessor, paragraphs 5(3) and 5B to 5E of Schedule 18 to the Income and Corporation Taxes Act 1988 shall not apply for the purposes of paragraph (b) or (c) of subsection (8) above.

(10C) In this section, “control” shall be construed in accordance with section 840 of the ^{M112}Income and Corporation Taxes Act 1988.”.
- (7) This section has effect in relation to instruments executed after the day on which this Act is passed.

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Marginal Citations

M110 1995 c. 4.

M111 1988 c. 1.

M112 1988 c. 1.

126 Future issues of stock.

- (1) Amend section 55 of the ^{M113}Stamp Act 1891 (calculation of ad valorem duty in respect of stock and securities) as follows.
- (2) After subsection (1) insert—
 - “(1A) For the purposes of subsection (1), it is immaterial—
 - (a) whether, at the time of the execution of the conveyance on sale, the stock or marketable security is or has been issued or is to be issued; and
 - (b) in a case where the stock or marketable security is to be issued, when it is to be, or is, issued and whether the issue is certain or contingent.”.
- (3) This section has effect in relation to instruments executed after the day on which this Act is passed.

Marginal Citations

M113 1891 c. 39.

127 Company acquisition reliefs: redeemable shares.

- (1) Amend section 75 of the ^{M114}Finance Act 1986 (acquisitions: reliefs) in accordance with subsections (2) and (3).
- (2) In subsection (4), in paragraph (a) (which requires that the consideration for the acquisition consists of or includes the issue of shares) after “the issue of” insert “ non-redeemable ”.
- (3) In subsection (4), after paragraph (b) add—

“In paragraph (a) above, “non-redeemable shares” means shares which are not redeemable shares.”.
- (4) In section 76 of the ^{M115}Finance Act 1986 (acquisitions: further provisions about reliefs) in subsection (3)(a) (which requires that the consideration for the acquisition consists of or includes the issue of shares) for “shares” substitute “ non-redeemable shares (within the meaning of section 75(4)(a) above) ”.
- (5) This section has effect in relation to instruments executed after the day on which this Act is passed.

Marginal Citations

M114 1986 c. 41.

Status: Point in time view as at 19/07/2006.

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M115 1986 c. 41.

128 Surrender of leases.

- (1) Where a lease is or has been surrendered or, in Scotland, renounced at any time, a document evidencing the surrender or renunciation shall be treated for the purposes of stamp duty as if it were a deed executed at that time effecting the surrender or renunciation.
- (2) Stamp duty shall be chargeable by virtue of subsection (1) on a document containing a statutory declaration, notwithstanding anything in [^{F48}land registration rules under the Land Registration Act 2002].
- (3) Stamp duty shall not be chargeable by virtue of subsection (1) on any lease or agreement for a lease or with respect to any letting if the lease or agreement—
 - (a) is made in consideration of the surrender or renunciation; and
 - (b) relates to the same subject matter as the lease surrendered or renounced.
- (4) Stamp duty shall not be chargeable by virtue of subsection (1) on any document if a document falling within subsection (5) has been duly stamped.
- (5) The documents that fall within this subsection are—
 - (a) a deed effecting the surrender or renunciation;
 - (b) an agreement which falls to be treated for the purposes of stamp duty as if it were such a deed;
 - (c) any document which falls to be so treated by virtue of subsection (1); and
 - (d) any lease or agreement falling within subsection (3).
- (6) A land registrar shall regard a document which by virtue of subsection (4) is not chargeable to stamp duty by virtue of subsection (1) as not duly stamped unless—
 - (a) it is stamped as if it were a deed effecting the surrender or renunciation; or
 - (b) it appears by some stamp impressed on it that the full and proper duty chargeable on such a deed has been paid on another document; or
 - (c) it appears by some stamp impressed on it that a lease or agreement falling within subsection (3) has been duly stamped; or
 - (d) the land registrar is aware of a document falling within subsection (5) which has been duly stamped.
- (7) The documents which evidence the surrender or renunciation of a lease shall be taken to include an application, in consequence of the surrender or renunciation of the lease, for—
 - (a) the making in a land register, or
 - (b) the removal from a land register,
 of an entry relating to the lease.
- (8) In this section—

“land register”—

 - (a) in relation to England and Wales, means the register kept under section 1 of the [^{F49}Land Registration Act 2002];
 - (b) in relation to Scotland, means the Land Register of Scotland or the General Register of Sasines;

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- (c) in relation to Northern Ireland, means the register maintained under section 10 of the ^{M116}Land Registration Act (Northern Ireland) 1970;
- “land registrar”—
- (a) in relation to England and Wales, means the Chief Land Registrar or any other officer of Her Majesty’s Land Registry exercising functions of the Chief Land Registrar;
- (b) in relation to Scotland, means the Keeper of the Registers of Scotland;
- (c) in relation to Northern Ireland, means the Registrar of Titles or any other official of the Land Registry exercising functions of the Registrar of Titles.
- (9) This section shall be construed as one with the ^{M117}Stamp Act 1891.
- (10) This section applies to documents relating to the surrender or renunciation of a lease after the day on which this Act is passed.

Textual Amendments

- F48** Words in s. 128(2) substituted (13.10.2003) by [Land Registration Act 2002 \(c. 9\), s. 136\(2\), Sch. 11 para. 39\(a\)](#) (with s. 129); S.I. 2003/1725, art. 2(1)
- F49** Words in s. 128(8)(a) substituted (13.10.2003) by [Land Registration Act 2002 \(c. 9\), s. 136\(2\), Sch. 11 para. 39\(b\)](#) (with s. 129); S.I. 2003/1725, art. 2(1)

Marginal Citations

- M116** 1970 c. 18 (N.I.)
- M117** 1891 c. 39.

129 Abolition of duty on instruments relating to intellectual property.

- (1) No stamp duty is chargeable on an instrument for the sale, transfer or other disposition of intellectual property.
- (2) In subsection (1) “intellectual property” means—
- (a) any patent, trade mark, registered design, copyright or design right,
- (b) any plant breeders’ rights and rights under section 7 of the ^{M118}Plant Varieties Act 1997,
- (c) any licence or other right in respect of anything within paragraph (a) or (b), and
- (d) any rights under the law of a country or territory outside the United Kingdom that correspond or are similar to those within paragraph (a), (b) or (c).
- (3) Schedule 34 to this Act (which contains provisions supplementing this section) has effect.
- (4) This section and Schedule 34 shall be construed as one with the ^{M119}Stamp Act 1891.
- (5) This section applies to instruments executed on or after 28th March 2000.
- (6) This section shall be deemed to have come into force on that date.

Marginal Citations

- M118** 1997 c. 66.

Status: Point in time view as at 19/07/2006.

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M119 1891 c. 39.

130 Transfers to registered social landlords etc.

- (1) No stamp duty shall be chargeable under Part I or II, or paragraph 16 of Part III, of Schedule 13 to the ^{M120}Finance Act 1999 on a conveyance or transfer of an estate or interest in land, or on a lease of land,—
 - (a) to a qualifying landlord controlled by its tenants;
 - (b) to a qualifying landlord by a qualifying transferor; or
 - (c) to a qualifying landlord purchasing the estate or interest, or the grant of the lease, with the assistance of a public subsidy.
- (2) For the purposes of this section the cases where a qualifying landlord is controlled by its tenants are those cases where the majority of the board members of the qualifying landlord are tenants occupying properties owned or managed by the qualifying landlord.
- (3) For the purposes of subsection (2) a “board member” means—
 - (a) in relation to a qualifying landlord which is a company, a director of the company;
 - (b) in relation to a qualifying landlord which is a body corporate whose affairs are managed by its members, a member;
 - (c) in relation to a qualifying landlord which is a body of trustees, a member of that body of trustees;
 - (d) in relation to a qualifying landlord not falling within any of paragraphs (a) to (c), a member of the committee of management or other body to which is entrusted the direction of the affairs of the qualifying landlord.
- (4) In subsection (3), “company” has the same meaning as in the ^{M121}Companies Act 1985 (see section 735(1) of that Act).
- (5) In this section “qualifying landlord” means—
 - (a) in relation to England and Wales, any body registered as a social landlord in a register maintained under section 1(1) of the ^{M122}Housing Act 1996;
 - (b) in relation to Scotland—
 - (i) any housing association registered in the register maintained under section 3(1) of the ^{M123}Housing Associations Act 1985 by Scottish Homes; or
 - (ii) any body corporate whose objects correspond to those of a housing association and which, pursuant to a contract with Scottish Homes, is registered in a register kept for the purpose by Scottish Homes;
 - (c) in relation to Northern Ireland, any housing association registered in the register maintained under Article 14 of the ^{M124}Housing (Northern Ireland) Order 1992.
- (6) In this section “qualifying transferor” means any of the following—
 - (a) a qualifying landlord;
 - (b) a housing action trust established under Part III of the ^{M125}Housing Act 1988;
 - (c) a principal council, within the meaning of the ^{M126}Local Government Act 1972;
 - (d) the Common Council of the City of London;

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- (e) a council constituted under section 2 of the ^{M127}Local Government etc. (Scotland) Act 1994;
 - (f) Scottish Homes;
 - (g) the Department for Social Development in Northern Ireland;
 - (h) the Northern Ireland Housing Executive.
- (7) In this section “public subsidy” means any grant or other financial assistance—
- (a) made or given by way of a distribution pursuant to section 25 of the ^{M128}National Lottery etc. Act 1993 (application of money by distributing bodies);
 - (b) under section 18 of the ^{M129}Housing Act 1996 (social housing grants);
 - (c) under section 126 of the ^{M130}Housing Grants, Construction and Regeneration Act 1996 (financial assistance for regeneration and development);
 - (d) under section 2 of the ^{M131}Housing (Scotland) Act 1988 (general functions of Scottish Homes); or
 - (e) under Article 33 of the ^{M132}Housing (Northern Ireland) Order 1992 (housing association grants).
- (8) Where stamp duty would be chargeable on an instrument but for paragraph (c) of subsection (1), that subsection shall only have effect in relation to the instrument if the instrument is certified to the Board by the qualifying landlord concerned as being an instrument on which stamp duty is by virtue of that paragraph not chargeable.
- (9) An instrument on which stamp duty is not chargeable by virtue only of this section shall not be taken to be duly stamped unless—
- (a) it is stamped with the duty to which it would be liable but for this section; or
 - (b) it has, in accordance with section 12 of the ^{M133}Stamp Act 1891, been stamped with a particular stamp denoting that it is not chargeable with any duty.
- (10) This section applies to instruments executed after the day on which this Act is passed.

Marginal Citations

- M120** 1999 c. 16.
- M121** 1985 c. 6.
- M122** 1996 c. 52.
- M123** 1985 c. 69.
- M124** S.I. 1992/1725 (N.I. 15).
- M125** 1988 c. 50.
- M126** 1972 c. 70.
- M127** 1994 c. 39.
- M128** 1993 c. 39.
- M129** 1996 c. 52.
- M130** 1996 c. 53.
- M131** 1988 c. 43.
- M132** S.I. 1992/1725 (N.I. 15).
- M133** 1891 c. 39.

Status: Point in time view as at 19/07/2006.

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131 Relief for certain instruments executed before this Act has effect.

- (1) This section applies to an instrument of any of the following descriptions executed in the period beginning with 22nd March 2000 and ending with the day on which this Act is passed—
 - (a) an instrument transferring or vesting an estate or interest in land in such circumstances as are mentioned in section 119 (transfer of land to connected company), in a case specified in section 120 (excepted cases);
 - (b) a conveyance or transfer of an estate or interest in land, or a lease of land, to a qualifying landlord within the meaning of section 130 (transfers to registered social landlords, etc.) from a qualifying transferor within subsection (6)(c), (d), (e), (f) or (h) of that section.
- (2) If the instrument is not stamped until after the day on which this Act is passed, the law in force at the time of its execution shall be deemed for stamp duty purposes to be that which would have applied if it had been executed after that day.
- (3) If the Commissioners are satisfied that—
 - (a) the instrument was stamped on or before the day on which this Act is passed,
 - (b) stamp duty was chargeable in respect of it, and
 - (c) had it been stamped after that day no stamp duty, or less stamp duty, would have been chargeable,
 they shall pay to such person as they consider appropriate an amount equal to the duty (and any interest or penalty) that would not have been payable if the law in force at the time of execution of the instrument had been that which would have applied had it been executed after that day.
- (4) Any such payment must be claimed before 1st April 2001.
- (5) Entitlement to a payment is subject to compliance with such conditions as the Commissioners may determine with respect to the production of the instrument, to its being stamped so as to indicate that it has been produced under this section or to other matters.
- (6) For the purposes of section 10 of the ^{M134}Exchequer and Audit Departments Act 1866 (Commissioners to deduct repayments from gross revenues) any amount paid under this section shall be treated as a repayment.
- (7) This section shall be construed as one with the ^{M135}Stamp Act 1891.

Marginal Citations

M134 1866 c. 39.

M135 1891 c. 39.

132 The Northern Ireland Assembly Commission.

- (1) Amend section 55 of the ^{M136}Finance Act 1987 (Crown exemption from stamp duty) as follows.
- (2) In subsection (1) (which specifies the bodies relieved from stamp duty)—
 - (a) after “agreed to be made” insert “ (a) ”;
 - (b) after “Minister of the Crown or” insert “ (b) ”; and

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- (c) after “Treasury, or” insert “ (c) ”.
- (3) In subsection (1), after “National Assembly for Wales,” insert “or
(d) to the Northern Ireland Assembly Commission,”.
- (4) Subsection (3) has effect in relation to instruments executed on or after 28th March 2000.
- (5) This section shall be deemed to have come into force on 28th March 2000.

Marginal Citations

M136 1987 c. 16.

Stamp duty and Stamp duty reserve tax

[^{F50}133 Loan capital where return bears inverse relationship to results.

- (1) In section 79 of the ^{M137}Finance Act 1986 (loan capital), after subsection (7) insert—
 - “(7A) Subsection (4) above shall not be prevented from applying to an instrument by virtue of subsection (6)(b) above by reason only that the loan capital concerned carries a right to interest which—
 - (a) reduces in the event of the results of a business or part of a business improving, or the value of any property increasing, or
 - (b) increases in the event of the results of a business or part of a business deteriorating, or the value of any property diminishing.”.
- (2) For the purposes of stamp duty, subsection (1) above has effect where the instrument is executed on or after 21st March 2000.
- (3) For the purposes of stamp duty reserve tax, subsection (1) above has effect—
 - (a) in relation to the charge to tax under section 87 of the Finance Act 1986, where—
 - (i) the agreement to transfer is conditional and the condition is satisfied on or after 21st March 2000, or
 - (ii) the agreement is not conditional and is made on or after that date;
 - (b) in relation to the charge to tax under section 93(1) of that Act, where securities are transferred, issued or appropriated on or after 21st March 2000 (whenever the arrangement was made);
 - (c) in relation to the charge to tax under section 96(1) of that Act, where securities are transferred or issued on or after 21st March 2000 (whenever the arrangement was made);
 - (d) in relation to the charge to tax under section 93(10) of that Act, where securities are issued or transferred on sale, under terms there mentioned, on or after 21st March 2000;
 - (e) in relation to the charge to tax under section 96(8) of that Act, where securities are issued or transferred on sale, under terms there mentioned, on or after 21st March 2000.]

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Textual Amendments

F50 S. 133 repealed (with effect as mentioned in Sch. 40 Pt. III Note 3 of the amending Act) by 2000 c. 17, s. 156, Sch. 40 Pt. III

Marginal Citations

M137 1986 c. 41.

[^{F51}134 Transfers between depositary receipt systems and clearance systems.

(1) In Part III of the ^{M138}Finance Act 1986 (stamp duty), after section 72 insert—

“ Transfers between depositary receipt system and clearance system

Transfers between depositary receipt system and clearance system.

- (1) Where an instrument transfers relevant securities of a company incorporated in the United Kingdom between a depositary receipt system and a clearance system—
 - (a) the provisions of section 67(2) to (5) or, as the case may be, section 70(2) to (5) above shall not apply, and
 - (b) the stamp duty chargeable on the instrument is £5.
- (2) A transfer between a depositary receipt system and a clearance system means a transfer—
 - (a) from (or to) a company that at the time of the transfer falls within section 67(6) above, and
 - (b) to (or from) a company that at that time falls within section 70(6) above.
- (3) This section does not apply to a transfer from a clearance system (that is, from such a company as is mentioned in subsection (2)(b) above) if at the time of the transfer an election is in force under section 97A below in relation to the clearance services for the purposes of which the securities are held immediately before the transfer.”.

(2) In Part IV of the ^{M139}Finance Act 1986 (stamp duty reserve tax), after section 97A insert—

“ Transfer between depositary receipt system and clearance system.

- (1) There shall be no charge to tax under section 93 or 96 above where securities are transferred between a depositary receipt system and a clearance system.
- (2) A transfer between a depositary receipt system and a clearance system means a transfer—
 - (a) from (or to) a company which at the time of the transfer falls within section 67(6) above, and
 - (b) to (or from) a company which at that time falls within section 70(6) above.

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- (3) This section does not apply to a transfer from a clearance system (that is, from such a company as is mentioned in subsection (2)(b) above) if at the time of the transfer an election is in force under section 97A above in relation to the clearance services for the purposes of which the securities are held immediately before the transfer.”.
- (3) In sections 67(9), 70(9), 95(1) and 97(1) of the ^{M140}Finance Act 1986 (transfers between depositary receipt systems or between clearance systems), the words “and is resident in the United Kingdom” and “and is so resident” shall cease to have effect.
- (4) In section 97A of that Act (clearance services: election for alternative system of charge), after subsection (12) add—
- “(13) Nothing in section 70(9) or 97(1) above has effect to prevent a charge to stamp duty or stamp duty reserve tax arising—
- (a) on a transfer to which subsection (5) above applies, or
- (b) on a deemed transfer under subsection (11) above.”.
- (5) The amendments in this section have effect as follows—
- (a) subsection (1), and subsections (3) and (4) as they apply for stamp duty purposes, apply in relation to instruments executed after the day on which this Act is passed;
- (b) subsection (2), and subsections (3) and (4) as they apply for the purposes of stamp duty reserve tax, apply where the securities are transferred after that day.]

Textual Amendments

F51 S. 134 repealed (with effect as mentioned in Sch. 40 Pt. III Note 3 of the amending Act) by 2000 c. 17, s. 156, Sch. 40 Pt. III

Marginal Citations

M138 1986 c. 41.
M139 1986 c. 41.
M140 1986 c. 41.

PART V

OTHER TAXES

Value added tax

^{F52}**135** Supplies to which reduced rate applies.

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Textual Amendments

F52 S. 135 repealed (11.5.2001 with effect as mentioned in s. 99(7) of the amending Act) by 2001 c.9, ss. 99(7), 110, **Sch. 33 Pt. III(1)** Note 2

136 Disposals of assets for which a VAT repayment is claimed.

- (1) In section 3(2) of the^{M141}Value Added Tax Act 1994 (taxable persons and registration), for “Schedules 1 to 3” there shall be substituted “ Schedules 1 to 3A ”.
- (2) In section 67 of that Act (failure to notify)—
 - (a) in subsection (1)(a), for “or with paragraph 3 or 8(2) of Schedule 3” there shall be substituted “ , with paragraph 3 or 8(2) of Schedule 3 or paragraph 3, 4 or 7(2) or (3) of Schedule 3A ”;
 - (b) in subsection (3)(a), for “or paragraph 3 of Schedule 3” there shall be substituted “ , paragraph 3 of Schedule 3 or paragraph 3 or 4 of Schedule 3A ”; and
 - (c) in subsection (3)(b), for “or with sub-paragraph (2) of paragraph 8 of Schedule 3” there shall be substituted “ , with sub-paragraph (2) of paragraph 8 of Schedule 3 or with sub-paragraph (2) or (3) of paragraph 7 of Schedule 3A ”.
- (3) In section 69(1)(a) of that Act (breaches of regulatory provisions), for “or paragraph 5 of Schedule 3” there shall be substituted “ , paragraph 5 of Schedule 3 or paragraph 5 of Schedule 3A ”.
- (4) In section 73(3)(b) of that Act (failure to make returns etc.), for “or paragraph 6(2) or (3) of Schedule 3” there shall be substituted “ , paragraph 6(2) or (3) of Schedule 3 or paragraph 6(1) or (2) of Schedule 3A ”.
- (5) In section 74(1)(c) of that Act (interest on VAT recovered or recoverable by assessment), for “under paragraph 8 of Schedule 3” there shall be substituted “ , under paragraph 8 of Schedule 3 or under paragraph 7 of Schedule 3A ”.
- (6) In the following provisions of that Act—
 - (a) paragraph 1(4)(a) and (5) of Schedule 1 (registration in respect of taxable supplies); and
 - (b) paragraph 1(4) of Schedule 2 (registration in respect of supplies from other member States),
 for “or paragraph 6(3) of Schedule 3” there shall be substituted “ , paragraph 6(3) of Schedule 3 or paragraph 6(2) of Schedule 3A ”.
- (7) In paragraph 1(3) of Schedule 3 to that Act (registration in respect of acquisitions from other member States), for “or paragraph 6(2) of Schedule 2” there shall be substituted “ , paragraph 6(2) of Schedule 2 or paragraph 6(2) of Schedule 3A ”.
- (8) After Schedule 3 to that Act there shall be inserted the Schedule 3A set out in Schedule 36 to this Act.
- (9) In paragraph 5(5) of Schedule 4 to that Act (matters to be treated as a supply of goods or services), for the words from “under sections 25 and 26” to the end there shall be substituted—

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- “(a) under sections 25 and 26, to credit for the whole or any part of the VAT on the supply, acquisition or importation of those goods or of anything comprised in them; or
- (b) under a scheme embodied in regulations made under section 39, to a repayment of VAT on the supply or importation of those goods or of anything comprised in them.”.
- (10) Subsections (1) to (7) and (9) above have effect in relation to supplies made on or after 21st March 2000; and subsection (8) above and Schedule 36 to this Act have effect in relation to relevant supplies (within the meaning of Schedule 3A to that Act) made on or after that date.

Marginal Citations

M141 1994 c. 23.

137 Gold: penalty for failure to comply with record-keeping requirements etc.

- (1) Part IV of the ^{M142}Value Added Tax Act 1994 (administration, collection and enforcement) is amended as follows.
- (2) After section 69 (breaches of regulatory provisions) insert—

“69A Breach of record-keeping requirements etc. in relation to transactions in gold.

- (1) This section applies where a person fails to comply with a requirement of regulations under section 13(5)(a) or (b) of the ^{M143}Finance Act 1999 (gold: duties to keep records or provide information).

Where this section applies, the provisions of section 69 do not apply.

- (2) A person who fails to comply with any such requirement is liable to a penalty not exceeding 17.5% of the value of the transactions to which the failure relates.
- (3) For the purposes of assessing the amount of any such penalty, the value of the transactions to which the failure relates shall be determined by the Commissioners to the best of their judgement and notified by them to the person liable.
- (4) No assessment of a penalty under this section shall be made more than 2 years after evidence of facts sufficient in the opinion of the Commissioners to justify the making of the assessment comes to their knowledge.
- (5) The reference in subsection (4) above to facts sufficient to justify the making of the assessment is to facts sufficient—
- (a) to indicate that there had been a failure to comply with any such requirement as is referred to in subsection (1) above, and
- (b) to determine the value of the transactions to which the failure relates.
- (6) A failure by any person to comply with any such requirement as is mentioned in subsection (1) above shall not give rise to a liability to a penalty under this

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section if the person concerned satisfies the Commissioners or, on appeal, a tribunal, that there is a reasonable excuse for the failure.

- (7) Where by reason of conduct falling within subsection (1) above a person—
- (a) is assessed to a penalty under section 60, or
 - (b) is convicted of an offence (whether under this Act or otherwise),
- that conduct shall not also give rise to a penalty under this section.”.

(3) In section 70(1) of that Act (mitigation of penalties), for “or 67” substitute “ , 67 or 69A ”.

(4) In section 76(1) of that Act (assessment of amount due by way of penalty etc.), for “to 69” (in both places) substitute “ to 69A ”.

(5) In section 83 of that Act (appeals), in paragraph (n) for “59 to 69” substitute “ 59 to 69A ”.

Marginal Citations

M142 1994 c. 23.

M143 1999 c. 16.

Inheritance tax

138 Treatment of employee share ownership trusts.

- (1) The ^{M144}Inheritance Tax Act 1984 is amended as follows.
- (2) In section 13 (dispositions by close companies for benefit of employees), in subsection (4), after paragraph (b) insert “; or
- (c) if the trusts are those of an employee share ownership plan approved under Schedule 8 to the Finance Act 2000, of any power to appropriate shares to, or acquire shares on behalf of, individuals under the plan.”.
- (3) In section 72 (property leaving employee trusts and newspaper trusts)—
- (a) in subsection (2) after “subsection (4)” insert “ , (4A) ”, and
 - (b) after subsection (4) insert—
- “(4A) If the trusts are those of an employee share ownership plan approved under Schedule 8 to the Finance Act 2000, tax shall not be chargeable under this section by virtue of subsection (3)(b) above on an appropriation of shares to, or acquisition of shares on behalf of, an individual under the plan.”.
- (4) In section 86 (trusts for benefit of employees), in subsection (3), after paragraph (b) insert “; or
- (c) the trusts on which the settled property is held are those of an employee share ownership plan approved under Schedule 8 to the Finance Act 2000.”.

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Marginal Citations

M144 1984 c. 51.

Petroleum revenue tax

139 Operating expenditure incurred while safeguard relief applies.

(1) After section 9 of the ^{M145}Oil Taxation Act 1975 insert—

“9A Operating expenditure incurred while section 9 applies.

- (1) Subsections (2) and (3) below apply where—
- (a) operating expenditure is incurred by a participator in an oil field during a chargeable period to which section 9(1) of this Act applies (“the relevant chargeable period”);
 - (b) a claim for the allowance of the expenditure is made under Schedule 5 or 6 for the claim period which coincides with the relevant chargeable period (“the relevant claim period”); and
 - (c) the claim is made more than four months after the end of the relevant claim period.
- (2) The Board shall not allow the expenditure except to such extent (if any) as they consider necessary to secure that the participator’s overall liability to tax is no greater than it would have been if the claim had been allowed before the Board had made an assessment to tax or a determination on or in relation to the participator in respect of the field for the relevant chargeable period.
- (3) Any amounts of oil allowance which, if the claim had been allowed before the Board had made an assessment to tax or a determination on or in relation to the participator in respect of the field for the relevant chargeable period, would not have been utilised by him in that period, or any subsequent chargeable period, shall be disregarded for the purposes of section 8(6) of this Act.
- (4) Where—
- (a) the participator transfers the whole or part of his interest in the oil field to another person; and
 - (b) Parts II and III of Schedule 17 to the ^{M146}Finance Act 1980 apply to the transfer,
- subsections (2) and (3) above shall have effect as if references to the participator included references to that other person.
- (5) In this section—
- “acquisition”, in relation to an asset, includes acquisition of an interest in the asset;
 - “capital expenditure” means expenditure on the acquisition or construction of an asset which is to be used for any of the following purposes—
- (a) for ascertaining the extent or characteristics of any oil-bearing area wholly or partly included in the field, or what the reserves of oil of any such oil-bearing area are;

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- (b) for winning oil from the field;
 - (c) for transporting oil won from the field, whether to a place in the United Kingdom or to a place in another country; or
 - (d) for the initial treatment or initial storage of oil won from the field;
- “operating expenditure” means any expenditure other than capital expenditure.

- (6) Where a claim period is a period of twelve months, this section shall have effect as if—
- (a) that period were two separate claim periods of six months each;
 - (b) any claim for that period under Schedule 5 or 6 were two separate claims, one for each of those separate periods; and
 - (c) the operating expenditure to which that claim relates were apportioned between those separate periods and those separate claims in such manner as may be just and reasonable.”.

(2) This section has effect in relation to expenditure incurred on or after 21st March 2000.

Marginal Citations

M145 1975 c. 22.
 M146 1980 c. 48.

Landfill tax

140 Rate.

- (1) In section 42 of the ^{M147}Finance Act 1996 (amount of landfill tax), in subsections (1) (a) and (2) for “£10” substitute “£11”.
- (2) This section has effect in relation to taxable disposals made, or treated as made, on or after 1st April 2000.

Marginal Citations

M147 1996 c. 8.

141 Disposals which are not taxable.

- (1) In section 62 of the ^{M148}Finance Act 1996 (regulations about taxable disposals) amend subsection (7) (limit on power to make regulations providing that a disposal is not taxable) as follows.
- (2) For paragraph (a) substitute—
- “(a) the material comprised in the disposal is held temporarily pending one or more of the following—
 - (i) the incineration or recycling of the material, or
 - (ii) the removal of the material for use elsewhere, or

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- (iii) the use of the material, if it is qualifying material within the meaning of section 42(3) above, for the restoration to use of the site at which the disposal takes place, or any part of that site, upon completion of waste disposal operations at the site, or as the case may be, that part of the site, or
- (iv) the sorting of the material with a view to its removal elsewhere or its eventual disposal, and”.

(3) In paragraph (b) for “the temporary disposal is made” substitute “ the material in question is held temporarily ”.

Marginal Citations

M148 1996 c. 8.

142 Secondary liability.

- (1) In section 60 of the ^{M149}Finance Act 1996 (which gives effect to Schedule 5 to the Act), after “penalties” insert “ , secondary liability ”.
- (2) Accordingly the sidenote to that section becomes “Information, powers, penalties, secondary liability, etc”.
- (3) At the end of Schedule 5 to that Act (supplementary provisions relating to landfill tax) add the Part VIII set out in Schedule 37 to this Act.
- (4) Subsection (3) has effect in relation to taxable disposals made on or after the day on which this Act is passed.

Marginal Citations

M149 1996 c. 8.

PART VI

MISCELLANEOUS AND SUPPLEMENTARY PROVISIONS

Incentives for electronic communications

143 Power to provide incentives to use electronic communications.

- (1) Regulations may be made in accordance with Schedule 38 to this Act for providing incentives to use electronic communications.
- (2) Anything received by way of incentive under any such regulations shall not be regarded as income for any [^{F53}corporation tax purposes].

Status: Point in time view as at 19/07/2006.

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Textual Amendments

- F53** Words in s. 143(2) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 518](#) (with [Sch. 2](#))

Compliance

144 Offence of fraudulent evasion of income tax

- (1) A person commits an offence if he is knowingly concerned in the fraudulent evasion of income tax by him or any other person.
- (2) A person guilty of an offence under this section is liable—
 - (a) on summary conviction, to imprisonment for a term not exceeding six months or a fine not exceeding the statutory maximum, or both;
 - (b) on conviction on indictment, to imprisonment for a term not exceeding seven years or a fine, or both.
- (3) This section applies to things done or omitted on or after 1st January 2001.

145 Information about interest etc paid, credited or received.

- (1) In section 17 of the ^{M150}Taxes Management Act 1970 (interest paid or credited by banks etc without or after deduction of tax), subsections (4B) and (4C) shall cease to have effect.
- (2) In subsection (5) of that section—
 - (a) for paragraph (c) there shall be substituted—

“(c) that if a person is required—

 - (i) to make and deliver a return under subsection (1) above;
 - (ii) to include information in such a return under any provision made under paragraph (a) above; or
 - (iii) to furnish information under any provision made under paragraph (b) above,

and the notice under subsection (1) above specifies the form in which the return is to be made and delivered, or the information is to be included or furnished, the person shall make and deliver the return, or include or furnish the information, in that form;”;
 - and
 - (b) at the end there shall be inserted—

“The further information required as mentioned in paragraph (a) or (b) above may include, in prescribed cases, the name and address of the person beneficially entitled to the interest paid or credited.”.
- (3) After paragraph (a) of subsection (6) of that section there shall be inserted—

“(aa) may make provision with respect to the furnishing of information by persons required—

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- (i) to make and deliver a return under subsection (1) above;
 - (ii) to include information in such a return under any provision made under subsection (5)(a) above; or
 - (iii) to furnish information under any provision made under subsection (5)(b) above,including the inspection of books, documents and other records on behalf of the Board;”.
- (4) In subsection (1) of section 18 of that Act (interest paid without or after deduction of tax)—
 - (a) for “by whom” there shall be substituted “ by or through whom ”; and
 - (b) for “who receives any such interest” there shall be substituted “ by whom any such interest is received ”.
- (5) Subsections (3) and (3AA) of that section shall cease to have effect.
- (6) In subsection (3A) of that section, after “interest paid” there shall be inserted “ or received ”.
- (7) At the end of subsection (3B) of that section there shall be inserted—

“The further information required as mentioned in paragraph (a) above may include, in prescribed cases, the name and address of the person beneficially entitled to the interest paid or received.”.
- (8) After paragraph (a) of subsection (3C) of that section there shall be inserted—

“(aa) may make provision with respect to the furnishing of information by persons required to furnish information under subsection (1) above, or under any provision made under subsection (3B)(a) above, including the inspection of books, documents and other records on behalf of the Board;”.
- (9) For subsection (3D) of that section there shall be substituted—

“(3D) For the purposes of this section interest shall be treated as received by any person if it is received by another person at his direction or with his consent.

(3E) For the purposes of this section the following shall be treated as interest—

 - (a) any dividend in respect of a share in a building society;
 - (b) any amount to which a person holding a relevant discounted security is entitled on the redemption of that security; and
 - (c) any foreign dividend.

(3F) In subsection (3E)(b) above “relevant discounted security” has the meaning given by paragraph 3 of Schedule 13 to the ^{M151}Finance Act 1996.

(3G) In subsection (3E)(c) above “foreign dividend” means any annual payment, interest or dividend payable out of, or in respect of the stocks, funds, shares or securities of—

 - (a) a body of persons that is not resident in the United Kingdom, or
 - (b) a government or public or local authority in a country outside the United Kingdom.”.
 - (10) Section 482A of Taxes Act 1988 (audit powers in relation to non-residents) shall cease to have effect.

Status: Point in time view as at 19/07/2006.

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- (11) This section has effect in relation to amounts paid, credited or received on or after 6th April 2001.

Marginal Citations

M150 1970 c. 9.

M151 1996 c. 8.

^{F54}146 International exchange of information: general.

Textual Amendments

F54 S. 146 repealed (19.7.2006) by [Finance Act 2006 \(c. 25\)](#), [Sch. 26 Pt. 8\(2\)](#)

^{F55}147 International exchange of information: inheritance tax.

Textual Amendments

F55 S. 147 repealed (19.7.2006) by [Finance Act 2006 \(c. 25\)](#), [Sch. 26 Pt. 8\(2\)](#)

148 Use of minimum wage information.

- (1) Information obtained by an officer acting for the purposes of the ^{M152}National Minimum Wage Act 1998 (“the 1998 Act”) by virtue of section 13(1)(a) or (b) of that Act (officers) may be supplied by or with the authority of the Secretary of State to the Board for the purpose of any of its functions.

^{F56}(2)

- (3) Information supplied to the Secretary of State under section 16(2) of the 1998 Act (information obtained by agricultural wages officers) may be supplied by the Secretary of State to the Board for the purpose of any of its functions.

- (4) For section 15(6) of the 1998 Act (restrictions on use of information) there shall be substituted—

“(6) This section—

- (a) does not limit the circumstances in which information may be supplied or used apart from this section; and
- (b) is subject to section 148 of the Finance Act 2000 (use of minimum wage information).”.

Textual Amendments

F56 S. 148(2) repealed (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), Sch. 4 para. 80, [Sch. 5](#); S.I. 2005/1126, art. 2(2)(h)(i)

Status: Point in time view as at 19/07/2006.

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Marginal Citations

M152 1998 c. 39.

149 Orders for the delivery of documents.

(1) After section 20B of the ^{M153}Taxes Management Act 1970 insert—

“20BA Orders for the delivery of documents.

- (1) The appropriate judicial authority may make an order under this section if satisfied on information on oath given by an authorised officer of the Board—
- (a) that there is reasonable ground for suspecting that an offence involving serious fraud in connection with, or in relation to, tax is being, has been or is about to be committed, and
 - (b) that documents which may be required as evidence for the purposes of any proceedings in respect of such an offence are or may be in the power or possession of any person.

- (2) An order under this section is an order requiring the person who appears to the authority to have in his possession or power the documents specified or described in the order to deliver them to an officer of the Board within—
- (a) ten working days after the day on which notice of the order is served on him, or
 - (b) such shorter or longer period as may be specified in the order.

For this purpose a “working day” means any day other than a Saturday, Sunday or public holiday.

- (3) Where in Scotland the information mentioned in subsection (1) above relates to persons residing or having places of business at addresses situated in different sheriffdoms—
- (a) an application for an order may be made to the sheriff for the sheriffdom in which any of the addresses is situated, and
 - (b) where the sheriff makes an order in respect of a person residing or having a place of business in his own sheriffdom, he may also make orders in respect of all or any of the other persons to whom the information relates (whether or not they have an address within the sheriffdom).

(4) Schedule 1AA to this Act contains provisions supplementing this section.”.

(2) After Schedule 1 to the ^{M154}Taxes Management Act 1970, insert the Schedule 1AA set out in Schedule 39 to this Act.

(3) In section 20BB of that Act (falsification etc. of documents)—

- (a) in subsection (1)(a), after “above” insert “ or an order under section 20BA above ”;
- (b) in subsection (3), after “notice is given” insert “ or the order is made ”; and
- (c) after “notice”, in the second place where it occurs in that subsection, insert “ or order ”.

Status: Point in time view as at 19/07/2006.

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- (4) In section 20D(1) of that Act (meaning of “appropriate judicial authority”), after “20A” insert “, 20BA”.

Marginal Citations

M153 1970 c. 9.

M154 1970 c. 9.

150 Search warrants: miscellaneous amendments.

- (1) Section 20C of the ^{M155}Taxes Management Act 1970 (search warrants) is amended as follows.

- (2) After subsection (1) insert—

“(1AA) The Board shall not approve an application for a warrant under this section unless they have reasonable grounds for believing that use of the procedure under section 20BA above and Schedule 1AA to this Act (order for production of documents) might seriously prejudice the investigation.”.

- (3) After subsection (3) insert—

“(3A) In the case of any information contained in a computer which is information that—

- (a) an officer who enters the premises as mentioned in subsection (3) above has reasonable cause to believe may be required as evidence for the purposes mentioned in paragraph (b) of that subsection, and
- (b) is accessible from the premises,

the power of seizure under that subsection includes a power to require the information to be produced in a form in which it can be taken away and in which it is visible and legible.”.

- (4) For subsection (4) substitute—

“(4) Nothing in subsection (3) above authorises the seizure and removal of items subject to legal privilege.

- (4A) In subsection (4) “items subject to legal privilege” means—

- (a) communications between a professional legal adviser and his client or any person representing his client made in connection with the giving of legal advice to the client;
- (b) communications between a professional legal adviser and his client or any person representing his client or between such an adviser or his client or any such representative and any other person made in connection with or in contemplation of legal proceedings and for the purposes of such proceedings; and
- (c) items enclosed with or referred to in such communications and made—
 - (i) in connection with the giving of legal advice; or
 - (ii) in connection with or in contemplation of legal proceedings and for the purposes of such proceedings,

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when they are in the possession of a person who is entitled to possession of them.

(4B) Items held with the intention of furthering a criminal purpose are not subject to legal privilege.”.

(5) After subsection (8) insert—

“(9) Where in Scotland the information mentioned in subsection (1) above relates to premises situated in different sheriffdoms—

- (a) petitions for the issue of warrants in respect of all the premises to which the information relates may be made to the sheriff for a sheriffdom in which any of the premises is situated, and
- (b) where the sheriff issues a warrant in respect of premises situated in his own sheriffdom, he shall also have jurisdiction to issue warrants in respect of all or any of the other premises to which the information relates.

This does not affect any power or jurisdiction of a sheriff to issue a warrant in respect of an offence committed within his own sheriffdom.”.

Marginal Citations

M155 1970 c. 9.

Provisions relating to government finance

151 Debt Management Account.

In Schedule 5A to the ^{M156}National Loans Act 1968 (the Debt Management Account), in paragraph 11, after sub-paragraph (1) (excess of Account’s liabilities over its assets to be liability of National Loans Fund) insert—

“(1A) The Treasury may pay from the National Loans Fund to the Debt Management Account an amount representing all or any of any excess mentioned in sub-paragraph (1) above, and if they do the liability there mentioned shall be extinguished or reduced accordingly.”.

Marginal Citations

M156 1968 c. 13.

152 National Savings Bank.

(1) In section 4 of the ^{M157}National Savings Bank Act 1971 (deposits: limits and minimum balances), after subsection (3) insert—

“(4) Regulations under section 2 of this Act may include any provision that may be included in an order under this section.”.

Status: Point in time view as at 19/07/2006.

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- (2) In section 26 of that Act (regulations and orders etc.), for subsections (2) and (3) (parliamentary control of regulations under section 2 and orders under section 4) substitute—

“(2) A statutory instrument containing—

- (a) regulations under section 2 of this Act, or
- (b) an order under section 4 of this Act,

shall be subject to annulment in pursuance of a resolution of either House of Parliament.”.

- (3) If a draft of a statutory instrument containing an order under section 4 of that Act has been laid before Parliament, but the instrument has not been made, before the day on which this Act is passed, the instrument may be made either—

- (a) as if section 26 of that Act had not been amended by this section, or
- (b) in reliance on section 26(2) as substituted by this section.

The instrument shall be taken to be made as mentioned in paragraph (a) unless it states that it is made in reliance on section 26(2) as substituted by this section.

Marginal Citations

M157 1971 c. 29.

153 National savings certificates.

- (1) This section applies to a national savings certificate issued under section 12 of the ^{M158}National Loans Act 1968 if—
- (a) it was purchased on or before 7th October 1999, and
 - (b) the fifth anniversary of its purchase falls after the day on which this Act is passed.
- (2) The power of the Treasury (under the prospectus under which the certificate was issued) to alter or end the extension terms for the certificate shall have effect as if it included power for the Treasury to decide before the fifth anniversary of the certificate’s purchase that the extension terms for the certificate are to involve it (so far as not cashed in) undergoing automatic roll-over on that anniversary.
- (3) Where a certificate undergoes automatic roll-over on any occasion, the Treasury has power to decide before the fifth anniversary of that occasion that the extension terms for the certificate are to involve it (so far as not cashed in) undergoing automatic roll-over on that anniversary.
- (4) For the purposes of this section a certificate undergoes “automatic roll-over” on an occasion if during the period of 5 years beginning with that occasion the certificate (so far as not cashed in) will earn interest as though it were a national savings certificate—
- (a) purchased on that occasion for a term of 5 years at a price equal to the value (rounded, if necessary, to the nearest penny) of the certificate on that occasion, and
 - (b) earning such interest (whether at fixed rates or at rates that give effect to indexing or partly one and partly the other) as has been decided by the Treasury before that occasion.

Status: Point in time view as at 19/07/2006.

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- (5) Subject to subsections (2) and (3), a certificate to which this section applies continues (so far as not cashed in) to be held on the terms of the prospectus under which it was issued.

However, any obligation of the Director of Savings to take steps to inform the holder of the certificate before the fifth anniversary of its purchase of what is to happen to the certificate after that anniversary extends to taking the corresponding steps in relation to the fifth anniversary of each occasion on which the certificate has undergone automatic roll-over.

- (6) Nothing in this section shall be taken as prejudicing the rights of the holder of a certificate to which this section applies to apply at any time to cash in the certificate.
- (7) References in this section to cashing in a certificate include reinvesting it.

Marginal Citations

M158 1968 c. 13.

154 Exchange Equalisation Account.

- (1) For section 4 of the ^{M159}Exchange Equalisation Account Act 1979 (examination and certification of the Account) substitute—

“4 Annual accounts.

- (1) For each financial year in which the Account operates the Treasury shall prepare, in such form and on such basis as they may prescribe, accounts in relation to the transactions, assets and liabilities of the Account.
- (2) The Treasury shall send the accounts to the Comptroller and Auditor General not later than 30th November of the financial year following that to which the accounts relate.
- (3) The Comptroller and Auditor General shall examine and certify the accounts, issue a report on them and send the certified accounts and the report to the Treasury not later than 15th January of that year.
- (4) The Treasury shall lay the certified accounts and the report before each House of Parliament not later than 31st January of that year.
- (5) In certifying accounts under subsection (3) above the Comptroller and Auditor General shall state whether or not it is his opinion, having regard to his examination of the accounts, that—
- (a) the resources of the Account have been used in accordance with the provisions of this Act;
 - (b) the transactions of the Account are in accordance with any relevant authority; and
 - (c) the accounts have been prepared in the form, and on the basis, prescribed under subsection (1) above.
- (6) The Treasury may by order made by statutory instrument amend the date for the time being specified in any of subsections (2) to (4) above.

Status: Point in time view as at 19/07/2006.

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- (7) Before making an order under subsection (6) above the Treasury shall consult the Comptroller and Auditor General.
- (8) A statutory instrument containing an order under subsection (6) above shall be subject to annulment in pursuance of a resolution of the House of Commons.
- (9) In this section a reference to the use of resources is a reference to their expenditure, consumption or reduction in value.”.
- (2) This section applies in relation to the operation of the Exchange Equalisation Account in the financial year ending 31st March 2001 and subsequent financial years.

Marginal Citations

M159 1979 c. 30.

Supplementary provisions

155 Interpretation.

In this Act “the Taxes Act 1988” means the ^{M160}Income and Corporation Taxes Act 1988 [^{F57}and “ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005].

Textual Amendments

F57 Words in s. 155 inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 519](#) (with [Sch. 2](#))

Marginal Citations

M160 1988 c. 1.

156 Repeals.

- (1) The enactments mentioned in Schedule 40 to this Act (which include provisions that are spent or of no practical utility) are repealed to the extent specified in the third column of that Schedule.
- (2) The repeals specified in that Schedule have effect subject to the commencement provisions and savings contained or referred to in the notes set out in that Schedule.

157 Short title.

This Act may be cited as the Finance Act 2000.

Status:

Point in time view as at 19/07/2006.

Changes to legislation:

Finance Act 2000 is up to date with all changes known to be in force on or before 03 July 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.