



# Finance Act 2000

## 2000 CHAPTER 17

### PART III

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

### CHAPTER I

#### CHARGE AND RATES

##### *Income tax*

#### <sup>F1</sup>31 Charge and rates for 2000-01.

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##### Textual Amendments

F1 S. 31 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

#### <sup>F2</sup>32 Extension of starting rate to savings income of individuals.

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##### Textual Amendments

F2 S. 32 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

#### <sup>F3</sup>33 Deduction of income tax from foreign dividends.

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*Status: Point in time view as at 01/04/2009.*

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**Textual Amendments**

**F3** S. 33 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))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.**

**F4** .....

**Textual Amendments**

**F4** S. 34 repealed (6.4.2003) by [2002 c. 21](#), ss. 60, 61, [Sch. 6](#); [S.I. 2003/962](#), [art. 2\(3\)\(e\)](#), [Sch. 1](#)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*

**<sup>F5</sup>37 Application of starting rate to capital gains tax.**

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**Textual Amendments**

**F5** S. 37 omitted (with effect in accordance with Sch. 2 para. 22 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 21\(e\)](#)

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part III. (See end of Document for details)*

## CHAPTER II

### OTHER PROVISIONS

#### *Giving to charity*

#### **38 Payroll deduction scheme.**

(1) Where in accordance with a scheme approved [<sup>F6</sup>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 [<sup>F7</sup>a person] from a payment which an [<sup>F8</sup>individual] is entitled to receive; and

(b) is paid by the [<sup>F9</sup>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—

[<sup>F10</sup>“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 [<sup>F11</sup>the Taxes Act 1988] and includes each of the bodies mentioned in section 507 of that Act;

“the Taxes Acts” has the same meaning as in the [<sup>M1</sup>Taxes Management Act 1970.

<sup>F12</sup>(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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[<sup>F13</sup>6th April 2004]; and no claim under subsection (2) above shall be entertained if made on or after [<sup>F14</sup>6th April 2005].

<sup>F12</sup>(7) .....

**Textual Amendments**

- F6** 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)
- F7** 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)
- F8** 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)
- F9** 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)
- F10** 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)
- F11** Words in s. 38(4) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 390](#) (with Sch. 2)
- F12** 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)
- F13** Words in s. 38(6) substituted (10.7.2003) by [Finance Act 2003 \(c. 14\), s. 146\(a\)](#)
- F14** Words in s. 38(6) substituted (10.7.2003) by [Finance Act 2003 \(c. 14\), s. 146\(b\)](#)

**Marginal Citations**

- M1** [1970 c. 9.](#)

**39 Gift aid payments by individuals.**

- <sup>F15</sup>(1) .....
- <sup>F15</sup>(2) .....
- <sup>F15</sup>(3) .....
- <sup>F15</sup>(4) .....
- <sup>F15</sup>(5) .....
- <sup>F15</sup>(6) .....

- (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 <sup>M2</sup>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 <sup>M3</sup>Finance Act 1990 where applicable) ”.
- (10) This section has effect in relation to—
  - (a) gifts made on or after 6th April 2000 which are not covenanted payments; and

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(b) covenanted payments falling to be made on or after that date; and any regulations made under subsection (3) of section 25 of the <sup>M4</sup>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.

#### Textual Amendments

**F15** S. 39(1)-(6) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

#### Marginal Citations

**M2** 1990 c. 29.

**M3** 1990 c. 29.

**M4** 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.

(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

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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.

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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.  
<sup>F16</sup>(3) .....  
<sup>F16</sup>(4) .....
- (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.  
<sup>F17</sup>(6) .....
- (7) Section 59 of the <sup>M5</sup>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

- <sup>F16</sup> S. 41(3)(4) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- <sup>F17</sup> 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

- <sup>M5</sup> 1989 c. 26.

#### 42 Millennium gift aid.

- (1) In section 48 of the <sup>M6</sup>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”;
  - (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”.

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(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 <sup>M7</sup>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**

**M6** 1998 c. 36.

**M7** 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
  - (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;



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- (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);
- “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 <sup>M8</sup>Financial Services Act 1986) which is constituted

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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**

**M8** 1986 c. 60.

#### **44 Gifts to charity from certain trusts.**

<sup>F18</sup>(1) .....

<sup>F18</sup>(2) .....

<sup>F18</sup>(3) .....

[<sup>F19</sup>(5A) This section applies if—

- (a) in a year of assessment qualifying income arises under a UK settlement,
- (b) the qualifying income consists of charitable income and non-charitable income, and
- (c) expenses of the trustees are to be used to reduce the charitable income for the purpose of calculating a beneficiary's liability to corporation tax.

(5B) The amount of those expenses which can used for that purpose is limited to the amount allocated to the charitable income.

(5C) The amount of the expenses allocated to the charitable income is determined by apportioning them rateably between the charitable income and the non-charitable income.

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(5D) In this section—

“charitable income” means income within section 628(1) or 630(1) of ITTOIA 2005,

“non-charitable income” means income which is not charitable income, and

“qualifying income” and “UK settlement” have the same meaning as in section 628 of ITTOIA 2005.]

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

**Textual Amendments**

**F18** 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](#))

**F19** S. 44(5A)-(5D) substituted for s. 44(4)(5) (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 391](#) (with [Sch. 2](#))

**<sup>F20</sup>45 Loans to charities.**

**Textual Amendments**

**F20** 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) Subject to subsections (2) and (2A) below, exemption—

<sup>F21</sup>(a) .....

[<sup>F22</sup>(b) from corporation tax chargeable—

(i) under Part 3 of the Corporation Tax Act 2009 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 834A of the Taxes Act 1988 (miscellaneous charges) applies,]

shall be granted on a claim made in that behalf to the Board, in respect of any income of a [<sup>F23</sup>charitable company] if the requirements of subsection (3) below are satisfied with respect to the income.

[<sup>F24</sup>(2) Exemption shall not be granted under subsection (1) above in respect of income which is chargeable to—

<sup>F25</sup>(a) .....

(b) corporation tax [<sup>F26</sup>under or by virtue of any provision to which section 834A of the Taxes Act 1988 applies],

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

(2A) The provisions are—

(a) sections 214, <sup>F27</sup>...[<sup>F28</sup> or 776] of the Taxes Act 1988;

<sup>F29</sup>(b) .....

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- <sup>F30</sup>(c) .....
- (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 [<sup>F31</sup>an accounting] period if it is applied solely for the purposes of the [<sup>F32</sup>charitable company] and either—
- (a) the [<sup>F33</sup>charitable company's] gross income for the [<sup>F34</sup>accounting] period does not exceed the requisite limit; or
- (b) the [<sup>F32</sup>charitable company] 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 [<sup>F35</sup>charitable company's] incoming resources for the [<sup>F36</sup>accounting] period.
- (5) For [<sup>F37</sup>an accounting] 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—
- [<sup>F38</sup>“charitable company” means any body of persons established for charitable purposes only;]
- <sup>F39</sup>...
- “gross income”, in relation to a [<sup>F40</sup>charitable company], means income before deduction of any expenses;
- “income”, in relation to a [<sup>F41</sup>charitable company], means [<sup>F42</sup>—
- (a) <sup>F43</sup>.....]
- (b) [<sup>F44</sup>any profits or gains or other income—
- (i) which is chargeable to corporation tax under Part 3 of the Corporation Tax Act 2009 in respect of a trade carried on wholly or partly in the United Kingdom, or
- (ii) which is chargeable to corporation tax under or by virtue of any provision to which section 834A of the Taxes Act 1988 applies,
- and which (in either case) is not, apart from this section, exempted from corporation tax chargeable under or by virtue of that Part or provision.]
- (7) This section applies <sup>F45</sup>... for accounting periods beginning on or after 1st April 2000.

#### Textual Amendments

- F21** S. 46(1)(a) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 392\(2\)\(a\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F22** S. 46(1)(b) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 463\(2\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F23** Words in s. 46(1) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 392\(2\)\(b\)](#) (with [Sch. 2](#))
- F24** 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](#))
- F25** S. 46(2)(a) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 392\(3\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part III. (See end of Document for details)*

- F26** Words in s. 46(2)(b) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 463\(3\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F27** Word in s. 46(2A) omitted (with effect in accordance with [Sch. 14 para. 18](#) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 17\(i\)](#)
- F28** Words in s. 46(2A) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 463\(4\)\(a\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F29** S. 46(2A)(b) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 463\(4\)\(b\), Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))
- F30** S. 46(2A)(c) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 392\(4\)\(c\), Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F31** Words in s. 46(3) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 392\(5\)\(a\)](#) (with [Sch. 2](#))
- F32** Words in s. 46(3) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 392\(5\)\(b\)](#) (with [Sch. 2](#))
- F33** Words in s. 46(3)(a) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 392\(5\)\(c\)](#) (with [Sch. 2](#))
- F34** Word in s. 46(3)(a) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 392\(5\)\(d\)](#) (with [Sch. 2](#))
- F35** Words in s. 46(4)(b) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 392\(6\)\(a\)](#) (with [Sch. 2](#))
- F36** Word in s. 46(4)(b) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 392\(6\)\(b\)](#) (with [Sch. 2](#))
- F37** Words in s. 46(5) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 392\(7\)](#) (with [Sch. 2](#))
- F38** Words in s. 46(6) inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 392\(8\)\(a\)](#) (with [Sch. 2](#))
- F39** Words in s. 46(6) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 392\(8\)\(b\), Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F40** Words in s. 46(6) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 392\(8\)\(c\)](#) (with [Sch. 2](#))
- F41** Words in s. 46(6) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 392\(8\)\(d\)\(i\)](#) (with [Sch. 2](#))
- F42** 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](#))
- F43** Words in S. 46(6) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 392\(8\)\(d\)\(ii\), Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F44** Words in s. 46(6) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 463\(5\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F45** Words in s. 46(7) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 392\(9\), Sch. 3 Pt. 1](#) (with [Sch. 2](#))

### *Employee share ownership*

#### **47 Employee share ownership plans.**

F46 .....

#### **Textual Amendments**

- F46** 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](#))

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects  
 for the Finance Act 2000, Part III. (See end of Document for details)*

#### **48 Relief for transfers to employee share ownership plans.**

(1) In the <sup>M9</sup>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**

**M9** 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 ”.

#### <sup>F47</sup>**50 Phasing out of relief for payments to trustees of profit sharing schemes.**

.....

#### **Textual Amendments**

**F47** S. 50 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 464, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

#### **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”.

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(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
- (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.

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- (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
    - (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—



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- (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.

#### **54 Employee share ownership trusts.**

No claim for relief under section 229(1) or (3) of the <sup>M10</sup>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**

M10 1992 c. 12.

#### **55 Shares transferred from employee share ownership trust.**

- (1) Section 69 of the <sup>M11</sup>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

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- (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

“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 <sup>M12</sup>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

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- (b) the amount of any expenditure by the trustees for a qualifying purpose during the period mentioned in section 69(5A) above.”

**Marginal Citations**

**M11** 1989 c. 26.

**M12** 1989 c. 26.

**56 Further provisions about share options.**

F48

**Textual Amendments**

**F48** 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)

*Other provisions about employment*

**57 Benefits in kind: deregulatory amendments.**

F49

**Textual Amendments**

**F49** 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.**

F50

**Textual Amendments**

**F50** 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.**

F51

**Textual Amendments**

**F51** 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)

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## 60 Provision of services through intermediary.

F52 .....

### Textual Amendments

**F52** 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*

## F53 61 Occupational and personal pension schemes.

.....

### Textual Amendments

**F53** S. 61 repealed (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 3**

### *Enterprise incentives*

## 62 Enterprise management incentives.

F54 .....

### Textual Amendments

**F54** 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, <sup>F55</sup>...
  - <sup>F55</sup>(b) .....
- (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.

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part III. (See end of Document for details)*

**Textual Amendments**

**F55** S. 63(3)(b) and the word immediately preceding it repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

**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; <sup>F56</sup>...

**Textual Amendments**

**F56** Words in s. 65 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

<sup>F57</sup>**66 Taper relief: taper for business assets.**

.....

**Textual Amendments**

**F57** S. 66 omitted (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 55\(c\)](#)

<sup>F58</sup>**67 Taper relief: assets qualifying as business assets.**

.....

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for the Finance Act 2000, Part III. (See end of Document for details)*

**Textual Amendments**

**F58** S. 67 omitted (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 2 para. 55(c)**

*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.**

<sup>F59</sup>(1) .....

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

**Textual Amendments**

**F59** S. 69(1) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 465, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Capital allowances*

**<sup>F60</sup>70 First year allowances for small or medium-sized enterprises.**

.....

**Textual Amendments**

**F60** 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)

**<sup>F61</sup>71 First year allowances for ICT expenditure by small enterprises.**

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**Textual Amendments**

**F61** 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**)

**F62** **72 Expenditure of a small enterprise.**

.....

**Textual Amendments**

**F62** 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 <sup>M13</sup>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**

**M13** 1994 c. 9.

**74 Pool for certain leased assets and inexpensive cars.**

- (1) In section 41 of the <sup>M14</sup>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 <sup>M15</sup>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 <sup>M16</sup>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.

<b>Marginal Citations</b>	
<b>M14</b>	1990 c. 1.
<b>M15</b>	1990 c. 1.
<b>M16</b>	1990 c. 1.

**75 Machinery and plant allowances for non-residents etc.**

- F63(1) .....
- F63(2) .....
- F63(3) .....
- F64(4) .....
- F63(5) .....
- (6) F65 .....
- F66(a) .....
- F63(b) .....
- F63(c) .....



*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part III. (See end of Document for details)*

**Textual Amendments**

- F63** 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**)
- F64** S. 75(4) repealed (with effect in relation to periods of account (whenever beginning) which end on or after 31.12.2006) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, **Sch. Pt. 1**
- F65** Words in s. 75(6) repealed (with effect in relation to periods of account (whenever beginning) which end on or after 31.12.2006) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, **Sch. Pt. 1**
- F66** S. 75(6)(a) repealed (with effect in relation to periods of account (whenever beginning) which end on or after 31.12.2006) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, **Sch. Pt. 1**

**76 Production animals.**

<sup>F67</sup>(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**

- F67** 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**)

<sup>F68</sup>**77 Sale and leaseback.**

.....

**Textual Amendments**

- F68** 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 <sup>M17</sup>Capital Allowances Act 1990 (application and interpretation of Chapter VI: plant and machinery: fixtures) is amended as follows.

(2) In subsection (1) for the words from the beginning to “other land” substitute—

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part III. (See end of Document for details)*

“(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**

M17 1990 c. 1.

**F6979 Leased assets under the Affordable Warmth Programme.**

.....

**Textual Amendments**

**F69** 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)

**F7080 Fixtures and machinery and plant on hire-purchase etc.**

.....

**Textual Amendments**

**F70** 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)

**F7181 Production sharing contracts.**

.....

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part III. (See end of Document for details)*

**Textual Amendments**

**F71** 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 ”.

<sup>F72</sup>(2) .....

(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.

**Textual Amendments**

**F72** S. 83(2) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with Sch. 2)

<sup>F73</sup>**84 Exemption of payments under New Deal 50plus.**

.....

**Textual Amendments**

**F73** 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)

<sup>F74</sup>**85 Exemption of payments under Employment Zones programme.**

.....

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects  
 for the Finance Act 2000, Part III. (See end of Document for details)*

#### Textual Amendments

**F74** 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.

### <sup>F75</sup>87 Tax treatment of acquisition, disposal or revaluation of certain rights.

#### Textual Amendments

**F75** 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 <sup>M18</sup>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**

**M18** 1992 c.12.

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

- (1) After section 76 of the <sup>M19</sup>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 <sup>M20</sup>Taxation of Chargeable Gains Act 1992.

**Marginal Citations**

**M19** 1992 c. 12.

**M20** 1992 c. 12.

**92 Transfers of value by trustees linked with trustee borrowing.**

- (1) After section 76A of the <sup>M21</sup>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 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part III. (See end of Document for details)*

### **“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 <sup>M22</sup>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 <sup>M23</sup>Taxation of Chargeable Gains Act 1992.

#### **Marginal Citations**

**M21** 1992 c. 12.

**M22** 1992 c. 12.

**M23** 1992 c. 12.

### **93 Restriction on set-off of trust losses.**

- (1) After section 79 of the <sup>M24</sup>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**

M24 1992 c. 12.

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

- (1) After section 79A of the <sup>M25</sup>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**

**M25** 1992 c. 12.

**95 Disposal of interest in non-resident settlement.**

- (1) Section 85 of the <sup>M26</sup>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 <sup>M27</sup>Taxation of Chargeable Gains Act 1992, inserted by subsection (4) above) falls on or after 21st March 2000.

**Marginal Citations**

**M26** 1992 c. 12.

**M27** 1992 c. 12.

*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects  
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## 96 Payments by trustees to non-resident companies.

- (1) In section 96(5) of the <sup>M28</sup>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

M28 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 <sup>M29</sup>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

M29 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 [F76 Civil penalties: incorrect certificates]

- (1) After section 171 of the <sup>M30</sup>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.”.

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(2) This section has effect in relation to disposals made on or after 1st April 2000.

**Textual Amendments**

**F76** Sch. 6 para. 101 heading substituted (19.7.2007) by Finance Act 2007 (c. 11), Sch. 2 para. 12(7)

**Marginal Citations**

**M30** 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 <sup>M31</sup>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**

**M31** 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 <sup>M32</sup>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—

*Status: Point in time view as at 01/04/2009.*

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“losses” includes management expenses and any allowances falling to be made under section 28 or 61(1) of the <sup>M33</sup>Capital Allowances Act 1990;

“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 <sup>M34</sup>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 <sup>M35</sup>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.

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*Status: Point in time view as at 01/04/2009.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part III. (See end of Document for details)*

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- (6) Where in an accounting period—
- (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 <sup>M36</sup>Companies Act 1985 or Part VIII of the <sup>M37</sup>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 <sup>M38</sup>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 <sup>M39</sup>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 <sup>M40</sup>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 [<sup>F77</sup>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

**F77** 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)

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**Marginal Citations**

- M32** 1993 c. 34.
- M33** 1990 c. 1.
- M34** 1996 c. 8.
- M35** 1990 c. 1.
- M36** 1985 c. 6.
- M37** S.I. 1986/1032 (N.I.6).
- M38** 1992 c. 12.
- M39** 1998 c. 36.
- M40** 1993 c. 34.

<sup>F78</sup>**106** .....

**Textual Amendments**

- F78** 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*

<sup>F79</sup>**107** **General insurance reserves.**

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**Textual Amendments**

- F79** S. 107 repealed (19.7.2007 with effect in accordance with Sch. 11 para. 5(2)-(7) to the amending Act) by *Finance Act 2007 (c. 11)*, Sch. 11 para. 4, **Sch. 27 Pt. 2(11)**

**108** **Overseas life assurance business.**

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

(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
- (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.”.

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- (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.

**Textual Amendments**

**F80** S. 108(1) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(7\)](#)

**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.”.

<sup>F81</sup>(3) .....

<sup>F82</sup>(4) .....

- (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—

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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 <sup>M41</sup>Finance Act 1996.”.

<sup>F83</sup>(7) .....

(8) In Schedule 11 to the <sup>M42</sup>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
- (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).

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- (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;
  - <sup>F84</sup>(b) .....
  - (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.

**Textual Amendments**

- F81** S. 109(3) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(7\)](#)
- F82** S. 109(4) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(7\)](#)
- F83** S. 109(7) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(7\)](#)
- F84** S. 109(9)(b) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(7\)](#)

**Marginal Citations**

- M41** 1996 c. 8.
- M42** 1996 c. 8.

*Miscellaneous*

<sup>F85</sup>**110 Rent factoring.**

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part III. (See end of Document for details)*

**Textual Amendments**

**F85** 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.

<sup>F86</sup>(2) .....

<sup>F86</sup>(3) .....

<sup>F86</sup>(4) .....

<sup>F86</sup>(5) .....

(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;

<sup>F87</sup>(b) .....

<sup>F87</sup>(c) .....

**Textual Amendments**

**F86** S. 111(2)-(5) repealed (6.4.2007) by [Income Tax Act 2007](#) (c. 3), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

**F87** S. 111(6)(b)(c) repealed (6.4.2007) by [Income Tax Act 2007](#) (c. 3), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

<sup>F88</sup>**112 UK public revenue dividends: deduction of tax.**

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**Textual Amendments**

**F88** S. 112 repealed (6.4.2007) by [Income Tax Act 2007](#) (c. 3), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

<sup>F89</sup>**113 Tax treatment of expenditure on production or acquisition of films.**

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**Textual Amendments**

**F89** S.113 repealed (22.3.2001 with effect as mentioned in s. 579(1)) by [2001 c. 2](#), ss 579, 580, [Sch 4](#)

**Status:**

Point in time view as at 01/04/2009.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2000, Part III.