

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, SCHEDULE 23. (See end of Document for details)

SCHEDULES

[^{F1}SCHEDULE 23 U.K.]

Section 87.]

TAX TREATMENT OF AMOUNTS RELATING TO ACQUISITION ETC. OF CERTAIN RIGHTS

Textual Amendments

- F1** Sch. 23 ceases to have effect for specified purposes (1.4.2002) by virtue of 2002 c. 23, ss. 84(1), 117, Sch. 29 Pt. 14 para. 128(4)

Rights to which this Schedule applies

- 1 This Schedule applies to—
- (a) licences granted under section 1 of the ^{M1}Wireless Telegraph Act 1949 in accordance with regulations made under section 3 of the ^{M2}Wireless Telegraphy Act 1998 (bidding for licences), and
 - (b) infeasible rights to use a telecommunications cable system (“IRUs”), and to any right derived, directly or indirectly, from a right within paragraph (a) or (b).

Marginal Citations

- M1** 1949 c. 54.
M2 1998 c. 6.

Tax treatment of expenditure on acquisition and receipts from disposal

- 2 (1) Amounts that may in accordance with [^{F2} generally accepted accounting practice] be taken into account in determining profit or loss for accounting purposes in respect of—
- (a) expenditure on the acquisition of a right to which this section applies, or
 - (b) receipts from the disposal of any such right,
- shall be treated as items of a revenue nature for tax purposes provided they are so taken into account in any relevant statutory accounts of the taxpayer.
- (2) The reference in sub-paragraph (1) to the acquisition of a right to which this Schedule applies includes—
- (a) the extension of rights attached to such a right, and
 - (b) in relation to a right subject to a derivative right, the cancellation or restriction of rights attached to the derivative right.
- (3) The reference in sub-paragraph (1) to the disposal of a right to which this Schedule applies includes—
- (a) the cancellation or restriction of rights attached to such a right, and

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- (b) the granting of a derivative right or the extension of rights attached to a derivative right.

Textual Amendments

F2 Words in [Sch. 23 para. 2\(1\)](#) substituted (24.7.2002) by [2002 c. 23, s. 103\(4\)\(f\)](#)

Tax treatment of amounts arising from revaluation

- 3 (1) There shall also be taken into account for tax purposes as an item of a revenue nature any amount in respect of the revaluation of a right to which this Schedule applies that, in accordance with [^{F3}generally accepted accounting practice], falls to be taken into account for accounting purposes.
- (2) This paragraph applies whether or not the item—
- (a) may be so taken into account in determining profit or loss, or
- (b) is so taken into account in any relevant statutory accounts of the taxpayer.
- (3) An item taken into account for tax purposes under this paragraph shall be so taken into account as a credit or debit for the period of account in which it is recognised for accounting purposes in accordance with [^{F3} generally accepted accounting practice].

Textual Amendments

F3 Words in [Sch. 23 para. 3\(1\)\(3\)](#) substituted (24.7.2002) by [2002 c. 23, s. 103\(4\)\(f\)](#)

Tax treatment must accord with accounting approach in relevant group accounts

- 4 (1) If the taxpayer is a member of a group of companies for which consolidated group accounts are required to be prepared, the accounting approach adopted by the taxpayer for tax purposes in respect of items within paragraph 2 or 3 must not be more cautious than that adopted in the group accounts.
- (2) The “accounting approach” means the accounting policies used in preparing the accounts and the methods of applying those policies.
- (3) Where consolidated group accounts are required to be prepared for more than one group of which the taxpayer is a member, this paragraph applies in relation to each of them.
- (4) In this paragraph—
- “consolidated group accounts” means group accounts that satisfy the requirements of—
- (a) section 227 of the ^{M3}Companies Act 1985, or
- (b) in Northern Ireland, Article 235 of the ^{M4}Companies (Northern Ireland) Order 1986,
- or the corresponding requirements of the law of a country outside the United Kingdom; and
- “group of companies” means a group as defined in—
- (a) section 262(1) of the ^{M5}Companies Act 1985, or

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(b) in Northern Ireland, Article 270(1) of the ^{M6}Companies (Northern Ireland) Order 1986,
or the corresponding provisions of the law of a country outside the United Kingdom.

Marginal Citations

- M3** 1985 c. 6.
M4 S.I. 1986/1032 (N.I. 6).
M5 1985 c. 6.
M6 S.I. 1986/1032 (N.I. 6).

Interpretation

5 In this Schedule—

F4 . . .

F4 . . .

“for tax purposes” means for the purposes of calculating the amount of any profits chargeable to income tax or corporation tax.

Textual Amendments

- F4** Definitions in Sch. 23 para. 5 repealed (24.7.2002) by 2002 c. 23, s. 141, Sch. 40 Pt. 3(16)

Transitional provision in relation to IRUs

- 6 (1) This Schedule does not apply to IRUs acquired before 21st March 2000.
(2) This Schedule does not apply to an IRU by virtue of its being acquired on or after that date, directly or indirectly, from an associate or an associated company if the associate or associated company acquired the IRU before that date.

For this purpose—

“associate” has the meaning given by section 417(3) and (4) of the Taxes Act 1988; and

“associated company”—

- (a) in relation to another company, has the meaning given by section 416(1) of that Act, and
(a) in relation to an individual, means a company of which that individual has control within the meaning of subsections (2) to (6) of that section.

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