



# Finance Act 2003

## CHAPTER 14

### FINANCE ACT 2003

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*Status: Point in time view as at 10/07/2003.*

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- 3 In Schedule 6 to the Value Added Tax Act 1994...
- 4 The amendments made by this Schedule apply to supplies of...

SCHEDULE 2 — Supply of electronic services in member States: VAT special accounting scheme

*Introductory*

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*Insertion of new section 3A*

- 2 After section 3 insert— Supply of electronic services in member...

*Persons registered under Schedule 1*

- 3 In Schedule 1 (registration in respect of taxable supplies) in...

*The special accounting scheme*

- 4 After Schedule 3A insert— SCHEDULE 3B Supply of electronic services...



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#### *Variation of testamentary dispositions etc*

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#### *Power to add further exemptions*

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#### *Value added tax*

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#### *Postponed consideration*

3 The amount or value of the chargeable consideration for a...

#### *Just and reasonable apportionment*

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#### *Exchanges*

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#### *Partition etc: disregard of existing interest*

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#### *Valuation of non-monetary consideration*

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#### *Conversion of amounts in foreign currency*

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*Carrying out of works*

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11 Where the whole or part of the consideration for a...

*Land transaction entered into by reason of employment*

12 (1) Where a land transaction is entered into by reason...

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*Surrender of existing lease in return for new lease*

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*Calculation of tax chargeable in respect of rent*

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*Net present value of rent payable over term of lease*

3 The net present value (v) of the rent payable over...

*Rent payable*

4 (1) For the purposes of this Schedule a single sum...

*Effect of provision for rent review*

5 (1) This paragraph applies where the lease contains provision for...

*Term of lease*

6 (1) For the purposes of this Schedule the term of...

*Treatment of lease for indefinite term*

7 (1) For the purposes of this Schedule a lease for...

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*Temporal discount rate*

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*Tax chargeable in respect of consideration other than rent*

9 (1) Where in the case of a transaction to which...

*Increase of rent treated as grant of new lease*

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*Introduction*

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*Land all non-residential*

4 If all the land is non-residential property, the transaction is...

*Land all residential*

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*Land partly non-residential and partly residential*

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Part 3 — LAND PARTLY SITUATED IN A DISADVANTAGED AREA

*Introduction*

7 (1) This Part of this Schedule applies to a land...

*Land all non-residential*

8 If all of the land situated in a disadvantaged area...

*Land all residential*

9 (1) This paragraph applies where all the land situated in...

*Land partly non-residential and partly residential*

10 (1) This paragraph applies where the land situated in a...

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##### *Restrictions on availability of group relief*

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##### *Withdrawal of group relief*

- 3 (1) Where in the case of a transaction (“the relevant...

##### *Cases in which group relief not withdrawn*

- 4 (1) Group relief is not withdrawn under paragraph 3 in...

##### *Recovery of group relief from another group company or controlling director*

- 5 (1) This paragraph applies where— (a) tax is chargeable under...

##### *Recovery of group relief: supplementary*

- 6 (1) The Inland Revenue may serve a notice on a...

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##### *Acquisition relief*

- 8 (1) Where— (a) a company (“the acquiring company”) acquires the...

##### *Withdrawal of reconstruction or acquisition relief*

- 9 (1) Where in the case of a transaction (“the relevant...

##### *Cases in which reconstruction or acquisition relief not withdrawn*

- 10 (1) Reconstruction or acquisition relief is not withdrawn under paragraph...

##### *Withdrawal of reconstruction or acquisition relief on subsequent non-exempt transfer*

- 11 (1) Where paragraph 10(4) (change of control of acquiring company...

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*Recovery of reconstruction or acquisition relief  
from another group company or controlling director*

- 12 (1) This paragraph applies where— (a) tax is chargeable under...

*Recovery of reconstruction or acquisition relief: supplementary*

- 13 (1) The Inland Revenue may serve a notice on a...

SCHEDULE 8 — Stamp duty land tax: charities relief

*Charities relief*

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*Withdrawal of charities relief*

- 2 (1) Where in the case of a transaction (“the relevant...

SCHEDULE 9 — Stamp duty land tax: right to buy, shared ownership leases etc

*Right to buy transactions*

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*Shared ownership lease: election for market value treatment*

- 2 (1) This paragraph applies where— (a) a lease is granted—...

*Transfer of reversion under shared ownership lease  
where election made for market value treatment*

- 3 The transfer of the reversion to the lessee or lessees...

*Shared ownership lease: election where staircasing allowed*

- 4 (1) This paragraph applies where— (a) a lease is granted...

*Shared ownership leases: meaning of “qualifying body” and “preserved right to buy”*

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*Contents of return*

- 1 (1) A land transaction return must— (a) be in the...

*Meaning of filing date and delivery of return*

- 2 (1) References in this Part of this Act to the...

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*Failure to deliver return: flat-rate penalty*

- 3 (1) A person who is required to deliver a land...

*Failure to deliver return: tax-related penalty*

- 4 (1) A purchaser who is required to deliver a land...

*Formal notice to deliver return: daily penalty*

- 5 (1) If it appears to the Inland Revenue—

*Amendment of return by purchaser*

- 6 (1) The purchaser may amend a land transaction return given...

*Correction of return by Revenue*

- 7 (1) The Inland Revenue may amend a land transaction return...

*Penalty for incorrect or uncorrected return*

- 8 (1) A purchaser who— (a) fraudulently or negligently delivers in...  
Part 2 — DUTY TO KEEP AND PRESERVE RECORDS

*Duty to keep and preserve records*

- 9 (1) A purchaser who is required to deliver a land...

*Preservation of information instead of original records*

- 10 (1) The duty under paragraph 9 to preserve records may...

*Penalty for failure to keep and preserve records*

- 11 (1) A person who fails to comply with paragraph 9...  
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- 12 (1) The Inland Revenue may enquire into a land transaction...

*Scope of enquiry*

- 13 (1) An enquiry extends to anything contained in the return,...

*Notice to produce documents etc for purposes of enquiry*

- 14 (1) If the Inland Revenue give notice of enquiry into...

*Appeal against notice to produce documents etc*

- 15 (1) An appeal may be brought against a requirement imposed...

*Penalty for failure to produce documents etc*

- 16 (1) A person who fails to comply with a notice...

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*Amendment of self-assessment during enquiry to prevent loss of tax*

17 (1) If at a time when an enquiry is in...

*Amendment of return by taxpayer during enquiry*

18 (1) This paragraph applies if a return is amended under...

*Referral of questions to Special Commissioners during enquiry*

19 (1) At any time when an enquiry is in progress...

*Withdrawal of notice of referral*

20 (1) The Inland Revenue or the purchaser may withdraw a...

*Effect of referral on enquiry*

21 (1) While proceedings on a referral under paragraph 19 are...

*Effect of determination*

22 (1) The determination of a question referred to the Special...

*Completion of enquiry*

23 (1) An enquiry under paragraph 12 is completed when the...

*Direction to complete enquiry*

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*Determination of tax chargeable if no return delivered*

25 (1) If in the case of a chargeable transaction no...

*Determination to have effect as a self-assessment*

26 (1) A Revenue determination has effect for enforcement purposes as...

*Determination superseded by actual self-assessment*

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*Assessment to recover excessive repayment of tax*

29 (1) If an amount of tax has been repaid to...

*Restrictions on assessment where return delivered*

30 (1) If the purchaser has delivered a land transaction return...

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*Time limit for assessment*

- 31 (1) The general rule is that no assessment may be...

*Assessment procedure*

- 32 (1) Notice of an assessment must be served on the...  
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- 33 (1) A person who believes he has been assessed to...

*Relief in case of mistake in return*

- 34 (1) A person who believes he has paid tax under...  
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*Notice of appeal*

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*Settling of appeals by agreement*

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*Recovery of tax not postponed by appeal*

- 38 (1) Where there is an appeal to the Commissioners under...

*Direction by Commissioners to postpone payment*

- 39 (1) If the appellant has grounds for believing that he...

*Agreement to postpone payment of tax*

- 40 (1) If the appellant and the relevant officer of the...

SCHEDULE 11 — Stamp duty land tax: self-certificates  
Part 1 — GENERAL

*Introductory*

- 1 In this Schedule— (a) references to a self-certificate are to...

*Form and contents of self-certificate*

- 2 (1) A self-certificate must— (a) be in the prescribed form,...

*Tax-related penalty for fraud or negligence*

- 3 (1) A person who— (a) fraudulently or negligently gives a...  
Part 2 — DUTY TO KEEP AND PRESERVE RECORDS



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*Duty to keep and preserve records*

- 4 (1) A purchaser who may be required to give a...

*Preservation of information instead of original records*

- 5 (1) The duty under paragraph 4 to preserve records may...

*Penalty for failure to keep and preserve records*

- 6 (1) A person who fails to comply with paragraph 4...

Part 3 — ENQUIRY INTO SELF-CERTIFICATE

*Notice of enquiry*

- 7 (1) The Inland Revenue may enquire into a self-certificate if...

*Scope of enquiry*

- 8 An enquiry extends to anything contained in the certificate, or...

*Notice to produce documents etc for purposes of enquiry*

- 9 (1) If the Inland Revenue give notice of enquiry into...

*Appeal against notice to produce documents etc*

- 10 (1) An appeal may be brought against a requirement imposed...

*Penalty for failure to produce documents etc*

- 11 (1) A person who fails to comply with a notice...

*Referral of questions to Special Commissioners during enquiry*

- 12 (1) At any time when an enquiry is in progress...

*Withdrawal of notice of referral*

- 13 (1) The Inland Revenue or the purchaser may withdraw a...

*Effect of referral on enquiry*

- 14 (1) While proceedings on a referral under paragraph 12 are...

*Effect of determination*

- 15 (1) The determination of a question referred to the Special...

*Completion of enquiry*

- 16 (1) An enquiry under paragraph 7 is completed when the...

*Direction to complete enquiry*

- 17 (1) The purchaser may apply to the General or Special...

SCHEDULE 12 — Stamp duty land tax: collection and recovery of tax  
Part 1 — GENERAL

*Status: Point in time view as at 10/07/2003.*

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*Issue of tax demands and receipts*

- 1 (1) Where tax is due and payable, a collector may...

*Recovery of tax by distraint*

- 2 (1) In England and Wales or Northern Ireland, if a...

*Recovery of tax by diligence in Scotland*

- 3 (1) In Scotland, where any tax is due and has...

Part 2 — COURT PROCEEDINGS

*Civil proceedings in magistrates' court or court of summary jurisdiction*

- 4 (1) An amount not exceeding £2,000 due and payable by...

*Proceedings in county court or sheriff court*

- 5 (1) Tax due and payable may be sued for and...

*Proceedings in High Court or Court of Session*

- 6 Tax may be sued for and recovered from the person...

*Evidence of unpaid tax*

- 7 (1) A certificate of an officer of the Board—

SCHEDULE 13 — Stamp duty land tax: information powers

Part 1 — POWER OF AUTHORISED OFFICER TO CALL FOR DOCUMENTS OR INFORMATION FROM TAXPAYER

*Notice requiring taxpayer to deliver documents or provide information*

- 1 (1) An authorised officer of the Board may by notice...

*Requirement of consent of General or Special Commissioner*

- 2 (1) The consent of a General or Special Commissioner is...

*Contents of notice under this Part*

- 3 (1) A notice under paragraph 1 must—

*Summary of reasons to be given*

- 4 (1) An officer who gives a notice under paragraph 1...

*Power to take copies of documents etc*

- 5 The person to whom documents are delivered, or to whom...

Part 2 — POWER OF AUTHORISED OFFICER TO CALL FOR DOCUMENTS FROM THIRD PARTY

*Notice requiring documents to be delivered or made available*

- 6 (1) An authorised officer of the Board may for the...

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*Requirement of consent of General or Special Commissioner*

7 (1) The consent of a General or Special Commissioner is...

*Contents of notice under paragraph 6*

8 (1) A notice under paragraph 6 must—

*Copy of notice to be given to taxpayer*

9 (1) Where a notice is given to a person under...

*Summary of reasons to be given*

10 (1) An officer who gives a notice under paragraph 6...

*Power to give notice relating to unnamed taxpayer or taxpayers*

11 (1) If, on an application made by an officer of...

*Contents of notice under paragraph 11*

12 (1) A notice under paragraph 11 must—

*Power to take copies of documents etc*

13 The person to whom documents are delivered or made available...

Part 3 — POWER TO CALL FOR PAPERS OF TAX ACCOUNTANT

*Power to call for papers of tax accountant*

14 (1) Where a person who has stood in relation to...

*When notice may be given*

15 (1) No notice under paragraph 14 may be given for...

*Requirement of consent of appropriate judicial authority*

16 (1) The consent of the appropriate judicial authority is required...

*Contents of notice*

17 (1) A notice under paragraph 14 must—

*Power to take copies of documents etc*

18 The officer to whom documents are delivered in pursuance of...

Part 4 — RESTRICTIONS ON POWERS UNDER PARTS 1 TO 3

*Introduction*

19 The provisions of Parts 1 to 3 of this Schedule...

*Personal records or journalistic material*

20 (1) Parts 1 to 3 of this Schedule do not...

*Status: Point in time view as at 10/07/2003.*

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*Documents or information relating to pending appeal*

21 (1) A notice under Part 1 of this Schedule does...

*Barristers, advocates and solicitors*

22 (1) A notice under Part 2 or 3 of this...

*Provision of copies instead of original documents*

23 (1) To comply with a notice under Part 1 or...

*Documents originating more than six years before date of notice*

24 (1) A notice under Part 2 of this Schedule does...

*Documents subject to legal privilege*

25 (1) A notice under Part 2 or 3 of this...

*Documents belonging to auditor or tax adviser*

26 (1) A notice under Part 2 of this Schedule—

*Documents belonging to auditor or tax adviser: information to be disclosed*

27 (1) This paragraph applies where a notice is given under...

**Part 5 — POWERS OF BOARD TO CALL FOR DOCUMENTS OR INFORMATION**

*Notice requiring delivery of documents or provision of information*

28 (1) The Board may by notice in writing require a...

*Contents of notice*

29 A notice under paragraph 28 must— (a) specify or describe...

*Power to take copies of documents etc*

30 The person to whom documents are delivered, or to whom...

*Exclusion of personal records or journalistic material*

31 (1) This Part of this Schedule does not apply to...

**Part 6 — ORDER OF JUDICIAL AUTHORITY FOR THE DELIVERY OF DOCUMENTS**

*Order for the delivery of documents*

32 (1) The appropriate judicial authority may make an order under...

*Notice of application for order*

33 (1) A person is entitled— (a) to notice of the...

*Obligations of person given notice of application*

34 (1) A person who has been given notice of intention...

*Status: Point in time view as at 10/07/2003.*

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*Exception of items subject to legal privilege*

35 (1) This Part of this Schedule does not apply to...

*Resolution of disputes as to legal privilege*

36 (1) The Inland Revenue may make provision by regulations for...

*Complying with an order*

37 (1) The Inland Revenue may make provision by regulations as...

*Document not to be retained if photograph or copy sufficient*

38 Where a document delivered to an officer of the Board...

*Access to or supply of photograph or copy of documents delivered*

39 (1) If a request for permission to be granted access...

*Sanction for failure to comply with order*

40 (1) A person who fails to comply with an order...

*Notice of order, etc*

41 The Inland Revenue may make provision by regulations as to...

*General provisions about regulations*

42 Regulations under this Part of this Schedule may contain such...

Part 7 — ENTRY WITH WARRANT TO OBTAIN EVIDENCE OF OFFENCE

*Power to issue warrant*

43 (1) The appropriate judicial authority, if satisfied on information on...

*Meaning of offence involving serious fraud*

44 (1) An offence that involves fraud is for the purposes...

*Approval of application by Board*

45 (1) The Board shall not approve an application for a...

*Extent of powers conferred by warrant*

46 The powers conferred by a warrant under this Part of...

*Exercise of powers conferred by warrant*

47 (1) An officer of the Board seeking to exercise the...

*Items subject to legal privilege*

48 (1) Nothing in this Part of this Schedule authorises the...

*Procedure where documents etc are removed*

49 (1) An officer of the Board who removes anything in...

*Status: Point in time view as at 10/07/2003.*

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*Document not to be retained if photograph or copy sufficient*

50 Where anything that has been removed by an officer of...

*Access to or supply of photograph or copy of items removed*

51 (1) If a request for permission to be granted access...

*Endorsement and custody etc of warrant*

52 (1) Where entry has been made with a warrant under...

Part 8 — FALSIFICATION ETC OF DOCUMENTS

*Falsification etc of documents*

53 (1) A person commits an offence if he intentionally—

SCHEDULE 14 — Stamp duty land tax: determination of penalties and related appeals

*Determination of penalties and appeals*

1 The provisions of this Schedule apply in relation to penalties...

*Determination of penalty by officer of the Board*

2 (1) An officer of the Board authorised for the purposes...

*Alteration of penalty determination*

3 (1) After notice has been served of the determination of...

*Liability of personal representatives*

4 If a person liable to a penalty has died—

*Appeal against penalty determination*

5 (1) An appeal lies to the General or Special Commissioners...

*Further appeal*

6 (1) An appeal lies against the amount of a penalty...

*Penalty proceedings before the court*

7 (1) Where in the opinion of the Board the liability...

*Time limit for determination of penalties*

8 (1) The following time limits apply in relation to the...

SCHEDULE 15 — Stamp duty land tax: partnerships  
Part 1 — GENERAL PROVISIONS

*Partnerships*

1 In this Part of this Act a “partnership” means—

*Status: Point in time view as at 10/07/2003.*

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*Legal personality of partnership disregarded*

2 (1) For the purposes of this Part of this Act—...

*Continuity of partnership*

3 For the purposes of this Part of this Act a...

*Partnership not to be regarded as unit trust scheme etc*

4 A partnership is not to be regarded for the purposes...

Part 2 — ORDINARY PARTNERSHIP TRANSACTIONS

*Introduction*

5 (1) This Part of this Schedule applies to transactions entered...

*Responsibility of partners*

6 (1) Anything required or authorised to be done under this...

*Joint and several liability of responsible partners*

7 (1) Where the responsible partners are liable—

*Representative partners*

8 (1) Anything required or authorised to be done by or...

Part 3 — TRANSACTIONS EXCLUDED FROM STAMP DUTY LAND TAX

*Introduction*

9 (1) This Part of this Schedule excludes from stamp duty...

*Transfer of interest in land into a partnership*

10 (1) This paragraph applies to a transaction by which—

*Acquisition of partnership interest*

11 An acquisition of an interest in a partnership is excluded...

*Transfer of interest in land out of a partnership*

12 (1) This paragraph applies to a transaction by which an...

*Effect of exclusion of transaction from stamp duty land tax*

13 (1) A transaction that is excluded from stamp duty land...

*Construction of references to partnership property*

14 Any reference in this Part of this Schedule to partnership...

SCHEDULE 16 — Stamp duty land tax: trusts and powers

*Meaning of “settlement” and “bare trust”*

1 (1) In this Part “settlement” means a trust that is...

*Status: Point in time view as at 10/07/2003.*

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*Interests of beneficiaries under certain trusts*

2 Where property is held in trust under the law of...

*Acquisition etc by bare trustee attributed to beneficial owner*

3 Where a person acquires a chargeable interest as bare trustee,...

*Acquisition by trustees of settlement*

4 Where persons acquire a chargeable interest as trustees of a...

*Responsibility of trustees of settlement*

5 (1) Where the trustees of a settlement are liable—

*Relevant trustees for purposes of return etc*

6 (1) A return or self-certificate in relation to a land...

*Consideration for exercise of power of appointment or discretion*

7 Where a chargeable interest is acquired by virtue of—

SCHEDULE 17 — Stamp duty land tax: General and Special Commissioners, appeals and other proceedings

*General and Special Commissioners: application of general provisions*

1 Part 1 of the Taxes Management Act 1970 (c. 9)...

*Prescribed matters to be determined by Commissioners or Lands Tribunal*

2 (1) The Lord Chancellor may make regulations providing that a...

*General or Special Commissioners: jurisdiction*

3 (1) Where the General or Special Commissioners have jurisdiction in...

*Proceedings brought out of time*

4 (1) An appeal under this Part to the General or...

*Quorum etc of the Commissioners*

5 The Lord Chancellor may make regulations about the number of...

*Procedure*

6 (1) The Lord Chancellor may make regulations about the practice...

*Consequences of determination by the Commissioners*

7 The Lord Chancellor may make regulations prescribing the consequences of...

*Costs*

8 The Lord Chancellor may make regulations about—



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*Finality of decisions of the Commissioners*

- 9 (1) The Lord Chancellor may make regulations about the following...

*Publication of reports of decisions*

- 10 (1) The Lord Chancellor may make regulations authorising the Special...

*Supplementary provisions*

- 11 (1) Any power to make regulations under this Schedule is...

SCHEDULE 18 — Stamp duty land tax: consequential amendments

*Provisional Collection of Taxes Act 1968*

- 1 In section 1(1) of the Provisional Collection of Taxes Act...

*Inheritance Tax Act 1984*

- 2 In section 190(4) of the Inheritance Tax Act 1984 (c....

*Income and Corporation Taxes Act 1988*

- 3 (1) The Income and Corporation Taxes Act 1988 (c. 1)...

*Finance Act 1989*

- 4 In section 178(2) of the Finance Act 1989 (c. 26)...

*Taxation of Chargeable Gains Act 1992*

- 5 In section 38(2) of the Taxation of Chargeable Gains Act...

*Income Tax (Earnings and Pensions) Act 2003*

- 6 In section 277 of the Income Tax (Earnings and Pensions)...

SCHEDULE 19 — Stamp duty land tax: commencement and transitional provisions

*Introduction*

- 1 (1) Subject to the provisions of this Schedule, the provisions...

*The implementation date*

- 2 (1) A transaction is not an SDLT transaction unless the...

*Contract entered into before first relevant date*

- 3 (1) Subject to the following provisions of this paragraph, a...

*Contract substantially performed before implementation date*

- 4 (1) This paragraph applies where a transaction—

*Credit for ad valorem stamp duty paid*

- 5 (1) Where a transaction chargeable to stamp duty land tax...

*Status: Point in time view as at 10/07/2003.*

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*Effect for stamp duty purposes of stamp duty land tax being paid or chargeable*

6 (1) Where in the case of a contract that, apart...

*Earlier related transactions under stamp duty*

7 (1) In relation to a transaction that is not an...

*Time for stamping agreement for lease: lease subject to stamp duty land tax*

8 (1) This paragraph makes provision corresponding to section 240 of...

*Exercise of option or right of pre-emption acquired before implementation date*

9 (1) This paragraph applies where— (a) an option binding the...

*Supplementary*

10 In this Schedule “contract” includes any agreement.

SCHEDULE 20 — Stamp duty: restriction to instruments relating to stock or marketable securities

Part 1 — SUPPLEMENTARY PROVISIONS

*Reduction of stamp duty where instrument partly relating to stock or marketable securities*

1 (1) This paragraph applies where stamp duty under Part 1...

*Apportionment of consideration for stamp duty purposes*

2 (1) Where part of the property referred to in section...

Part 2 — CONSEQUENTIAL AMENDMENTS AND REPEALS

*Removal of unnecessary references to “conveyance”*

3 In the enactments relating to stamp duty for “conveyance or...

*Finance Act 1895*

4 In section 12 of the Finance Act 1895 (c. 16)...

*Finance Act 1990*

5 In section 108 of the Finance Act 1990 (c. 29)...

*Finance Act 1999*

6 In paragraph 1(2) of Schedule 13 to the Finance Act...

*Power to make further consequential amendments or repeals*

7 (1) The Treasury may by regulations make such other amendments...

SCHEDULE 21 — Approved share plans and schemes

Part 1 — SHARE INCENTIVE PLANS

*Introductory*

1 Schedule 2 to the Income Tax (Earnings and Pensions) Act...

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*Participation in more than one connected plan in a tax year*

- 2 After paragraph 18 insert— Participation in more than one connected...
- 3 In paragraph 13 (eligibility of individuals: introduction), for the entry...
- 4 In paragraph 14(7) (eligibility to participate dependent on certain requirements...
- 5 In paragraph 18 (requirement not to participate in connected SIPs),...
- 6 After paragraph 71 insert— Duty to monitor participants in connected...

*Partnership shares*

- 7 (1) Paragraph 46 (maximum amount of partnership share money deductions)...
- 8 In paragraph 47 (minimum amount of deductions)—  
Part 2 — SAYE OPTION SCHEMES

*Introductory*

- 9 Schedule 3 to the Income Tax (Earnings and Pensions) Act...

*Minor correction*

- 10 In paragraph 25(3)(a) (limit on contributions under CCS schemes linked...

*Exercise of options: scheme-related employment ends because of change of control or transfer*

- 11 (1) Paragraph 34 (exercise of options: scheme-related employment ends) is...

*Alteration of schemes*

- 12 (1) Paragraph 42 (withdrawal of approval) is amended as follows....  
Part 3 — CSOP SCHEMES

*Introductory*

- 13 The Income Tax (Earnings and Pensions) Act 2003 (c. 1)...

*Exercise of options: exclusion of income tax liability*

- 14 (1) Section 524 (no charge in respect of exercise of...
- 15 (1) Schedule 4 (approved CSOP schemes) is amended as follows....

*Meaning of “material interest”*

- 16 (1) In paragraphs 10(2) and (3), 11(3) and (4) and...

*Alteration of schemes*

- 17 (1) Paragraph 30 (withdrawal of approval) is amended as follows....

*PAYE*

- 18 (1) Section 701(2)(c) (PAYE: exclusions from meaning of “asset”) is...

SCHEDULE 22 — Employee securities and options

*Status: Point in time view as at 10/07/2003.*

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### *Introductory*

- 1 The Income Tax (Earnings and Pensions) Act 2003 (c. 1)...

### *Main provisions*

- 2 (1) For Chapter 1 of Part 7 (and the heading...  
 3 (1) For Chapter 2 of Part 7 substitute— Chapter 2...  
 4 (1) For Chapter 3 of Part 7 substitute— Chapter 3...  
 5 (1) After Chapter 3 of Part 7 insert— Chapter 3A...  
 6 (1) After Chapter 3A of Part 7 (inserted by paragraph...  
 7 (1) After Chapter 3B of Part 7 (inserted by paragraph...  
 8 (1) After Chapter 3C of Part 7 (inserted by paragraph...  
 9 (1) For Chapter 4 of Part 7 substitute— Chapter 4...  
 10 (1) For Chapter 5 of Part 7 substitute— Chapter 5...

### *PAYE*

- 11 (1) Section 509 (modification of section 696 where charge on...  
 12 (1) For sections 698 and 699 (PAYE: conditional interests in...  
 13 (1) For section 700 (PAYE: gains from share options) substitute—...  
 14 (1) In section 701(2)(b) (“asset” not to include vouchers or...  
 15 (1) Section 702 (meaning of “readily convertible asset”) is amended...

### *Consequential amendments*

- 16 (1) In section 3(1) (structure of employment income Parts), in...  
 17 (1) In section 7(6)(b) (employment income), for “(share-related income and...  
 18 (1) In section 19(2) (year in which earnings treated as...  
 19 (1) In section 32(2) (receipt of non-money earnings), omit the...  
 20 (1) In section 63(1) (the benefits code), omit the entries...  
 21 (1) In section 64 (relationship between earnings and benefits code),...  
 22 (1) Omit Chapter 8 of Part 3.  
 23 (1) Omit Chapter 9 of Part 3.  
 24 (1) Section 216 (provisions not applicable to lower-paid employments) is...  
 25 (1) Section 227(4) (employment income: exemptions) is amended as follows...  
 26 (1) Omit section 491 (no charge under Chapter 8 of...  
 27 (1) Omit section 494 (no charge on removal of restrictions...  
 28 (1) Omit section 495 (approved share incentive plan shares: value...  
 29 (1) Omit section 518 (no charge in respect of acquisition...  
 30 (1) In section 519 (no charge in respect of exercise...  
 31 (1) Omit section 520 (approved SAYE option schemes: no charge...  
 32 (1) Omit section 523 (no charge in respect of acquisition...  
 33 (1) In section 524 (no charge in respect of exercise...  
 34 (1) Omit section 525 (approved CSOP schemes: no charge in...  
 35 (1) In section 526(4) (charge where approved CSOP scheme option...  
 36 (1) Omit section 528 (enterprise management incentives: no charge in...  
 37 (1) In section 531(4) (enterprise management incentives: limitation of charge...  
 38 (1) In section 532(5) (enterprise management incentives: modified tax consequences...  
 39 (1) In section 538 (share conversions excluded for purposes of...

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- 40 (1) In section 540(1) (enterprise management incentives: notional loan provisions...
- 41 (1) In section 541 (enterprise management incentives: effect on other...
- 42 (1) Part 2 of Schedule 1 (index of defined expressions)...
- 43 (1) In paragraph 35 of Schedule 2 (approved share incentive...
- 44 (1) In paragraph 42(3) of Schedule 3 (approved SAYE option...
- 45 (1) Schedule 5 (enterprise management incentives) is amended as follows....
- 46 (1) Schedule 7 (transitionals and savings) is amended as follows....

#### *Consequential amendments of other enactments*

- 47 (1) In section 98 of the Taxes Management Act 1970...
- 48 (1) In section 4(4)(a) of— (a) the Social Security Contributions...
- 49 The Taxation of Chargeable Gains Act 1992 (c. 12) is...
- 50 (1) After section 119 insert— Increase in expenditure by reference...
- 51 In section 120 (increase in expenditure by reference to tax...
- 52 (1) After section 149A insert— Restricted and convertible employment-related securities...
- 53 In section 149B (employee incentive schemes: conditional interests in shares),...
- 54 (1) In section 288 (interpretation), after subsection (1) insert—
- 55 (1) The Social Security Contributions (Share Options) Act 2001 (c....
- 56 In section 2(3)(b) (effect of notice under section 1), insert...
- 57 (1) Section 3 (special provision for roll-overs) is amended as...
- 58 In section 5(2)(c) (interpretation), for “483(1)” substitute “ 477(6) ”....
- 59 Schedule 23 to this Act (corporation tax relief for employee...
- 60 (1) Paragraph 1 is amended as follows.
- 61 (1) For paragraph 5(2) substitute— (2) Where the shares acquired...
- 62 (1) For paragraph 11(2) substitute— (2) Where the shares acquired...
- 63 (1) In paragraph 12, for “in exercise of” substitute “...
- 64 (1) Paragraph 13 is amended as follows.
- 65 (1) For paragraph 14 substitute— Income tax position of the...
- 66 (1) Paragraph 15 is amended as follows.
- 67 (1) In paragraph 17(1), for “in exercise of” substitute “...
- 68 (1) For Part 4 substitute— Part 4 Provisions applying in...
- 69 (1) After Part 4 insert— Part 4A Provisions applying in...
- 70 (1) In paragraph 23(2)(a), for “or 22” substitute “ ,...
- 71 (1) In paragraph 26 before paragraph (a) insert—
- 72 (1) For paragraph 27 substitute— Acquisition of shares pursuant to...
- 73 (1) Paragraph 31 is amended as follows.

### SCHEDULE 23 — Corporation tax relief for employee share acquisition Part 1 — GENERAL PROVISIONS

#### *Introduction*

- 1 (1) This Schedule provides for corporation tax relief for a...

#### *Requirements for relief*

- 2 Relief under this Schedule is available only if the requirements...

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*Business must be within the charge to corporation tax*

- 3 (1) The business for the purposes of which the award...

*Kind of shares acquired*

- 4 (1) The shares acquired must meet the following requirements.  
Part 2 — AWARD OF SHARES

*Introduction*

- 5 (1) The provisions of this Part of this Schedule apply...

*The company whose shares are acquired*

- 6 (1) The shares acquired must be shares in—

*Income tax position of employee*

- 7 (1) It must be the case that the employee—

*Amount of relief*

- 8 (1) The amount of the relief is equal to the...

*How relief is given*

- 9 (1) The amount of the relief is allowed as a...

*Timing of relief*

- 10 (1) The relief is given for the accounting period in...  
Part 3 — GRANT OF OPTION

*Introduction*

- 11 (1) The provisions of this Part of this Schedule apply...

*The company whose shares are acquired*

- 12 The company whose shares are acquired in exercise of the...

*Takeover of company whose shares are subject of option*

- 13 (1) This paragraph applies where— (a) there is a takeover...

*Income tax position of the employee*

- 14 (1) It must be the case that the employee—

*Amount of relief*

- 15 (1) The amount of the relief is equal to the...

*How relief is given*

- 16 (1) The amount of the relief is allowed as a...

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### *Timing of relief*

- 17 (1) The relief is given for the accounting period in...  
Part 4 — PROVISIONS APPLYING IN CASE OF SHARES SUBJECT TO FORFEITURE

#### *Introduction*

- 18 In the case of— (a) an award of shares that...

#### *Meaning of shares being “subject to forfeiture”*

- 19 (1) This paragraph explains what is meant in this Schedule...

#### *Income tax position of the employee in case of shares subject to forfeiture*

- 20 (1) Where the recipient acquires shares that are subject to...

#### *Amount of relief in case of shares subject to forfeiture*

- 21 (1) Where the recipient acquires shares that are subject to...

#### *Timing of relief in case of shares subject to forfeiture*

- 22 (1) Where the recipient acquires shares that are subject to...  
Part 5 — SUPPLEMENTARY PROVISIONS

#### *Transfer of business within a group*

- 23 (1) This paragraph applies where— (a) between the time when...

#### *Relationship between relief and other deductions: priority of deductions under SIP code*

- 24 (1) Deductions available under any of the following provisions of...

#### *Relationship between relief and other deductions: exclusion of other deductions*

- 25 (1) Where relief under this Schedule is available for any...

#### *Meaning of “employment”*

- 26 For the purposes of this Schedule— (za) “employment”...

#### *Exercise of option after death of employee or recipient*

- 27 (1) Where an option to acquire shares obtained by reason...

#### *Meaning of “group company” and “parent company”*

- 28 For the purposes of this Schedule— (a) a company is...

#### *Meaning of “consortium” and “commercial association of companies”*

- 29 (1) For the purposes of this Schedule a company is...

#### *Minor definitions*

- 30 In this Schedule— “the Contributions and Benefits Act” means— the...

*Status: Point in time view as at 10/07/2003.*

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*Index of defined expressions*

- 31 In this Schedule the following expressions are defined or otherwise...  
Part 6 — COMMENCEMENT AND TRANSITIONAL PROVISIONS

*Commencement*

- 32 This Schedule applies to accounting periods of the employing company...

*Transitional provisions*

- 33 (1) Relief is not available under this Schedule in respect...

SCHEDULE 24 — Restriction of deductions for employee benefit contributions

*Restriction of deductions*

- 1 (1) This Schedule applies where— (a) a calculation is required...

*“Provision of qualifying benefits”*

- 2 (1) For the purposes of this Schedule qualifying benefits are...

*“Qualifying expenses”*

- 3 In this Schedule “qualifying expenses”— (a) does not include expenses...

*Payment “out of” employee benefit contributions*

- 4 (1) For the purposes of paragraph 1(3)(a) any qualifying benefits...

*Transfer of asset to employee*

- 5 (1) This paragraph applies where the provision of a qualifying...

*Provisional calculation of profits*

- 6 Where the calculation referred to in paragraph 1(1) is made...

*Life assurance business*

- 7 (1) In the case of an insurance company carrying on...

*Deductions to which Schedule does not apply*

- 8 This Schedule does not apply to any deduction that is...

*Interpretation*

- 9 (1) In this Schedule— “accident benefit scheme” means an employee...

*Consequential amendments*

- 10 (1) In section 43 (Schedule D) and section 44 (investment...

*Commencement and transitory provisions*

- 11 (1) This Schedule has effect in relation to deductions that...



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SCHEDULE 25 — Determination of profits attributable to permanent establishment:  
supplementary provisions  
The Schedule inserted in the Taxes Act 1988 as Schedule...

SCHEDULE 26 — Non-resident companies: transactions through broker, investment  
manager or Lloyd's agent

*Introduction*

1 (1) This Schedule makes provision about transactions carried out on...

*Brokers*

2 (1) In relation to a transaction carried out on behalf...

*Investment managers*

3 (1) In relation to an investment transaction carried out on...

*Investment managers: the 20% rule*

4 (1) The requirements of the 20% rule are—

*Investment managers: application of 20% rule to collective investment schemes*

5 (1) This paragraph applies where amounts arise or accrue to...

*Lloyd's agents*

6 (1) Where a non-resident company is a member of Lloyd's...

*General supplementary provisions*

7 (1) For the purposes of this Schedule a person is...

SCHEDULE 27 — Permanent establishment etc: consequential amendments

*Taxes Act 1988*

1 (1) The Taxes Act 1988 is amended as follows.

*Taxation of Chargeable Gains Act 1992*

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

*Finance Act 1993*

3 (1) In sections 93 and 93A of the Finance Act...

*Finance Act 1995*

4 (1) Section 126 of the Finance Act 1995 (c. 4)...  
5 (1) Section 127 of the Finance Act 1995 (persons not...  
6 In section 128 of the Finance Act 1989 (limit on...  
7 Omit section 129 of the Finance Act 1995 (c. 4)...

*Finance Act 1996*

8 In Schedule 15 to the Finance Act 1996 (c. 8)...

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### *Finance Act 2000*

9 In Schedule 15 to the Finance Act 2000 (c. 17)...

SCHEDULE 28 — Capital gains tax: reporting limits and annual exempt amount

#### Part 1 — REPORTING LIMITS

1 After section 3 of the Taxation of Chargeable Gains Act...

2 (1) In the heading to Schedule 1 to that Act...

#### Part 2 — ANNUAL EXEMPT AMOUNT

3 (1) Section 3 of the Taxation of Chargeable Gains Act...

4 (1) Paragraph 1 of Schedule 1 to that Act is...

5 (1) Paragraph 2 of that Schedule is amended as follows....

6 In the first column of the Table in section 98...

#### Part 3 — COMMENCEMENT

7 The amendments in paragraphs 1, 2, 3(2) and (3), 4(2)(a)...

8 The amendments in paragraphs 3(4), 4(2)(b), (3) and (4)(b) and...

9 The amendments in paragraphs 4(5), 5(6) and 6 of this...

SCHEDULE 29 — Transfers of value: attribution of gains to beneficiaries

### *Introduction*

1 Schedule 4C to the Taxation of Chargeable Gains Act 1992...

#### *Scope and scheme of Schedule*

2 For paragraphs 1 and 2 (introduction and general scheme of...

#### *Other gains to be brought into Schedule 4C pool*

3 After paragraph 7 insert— Outstanding section 87/89 gains (1) The amount of outstanding section 87/89 gains of a...

#### *Attribution of gains to beneficiaries*

4 (1) For paragraphs 8 and 9 (attribution of gains to...

#### *Gains attributed to settlor*

5 (1) Paragraph 6 is amended as follows.

#### *Minor and consequential amendments*

6 (1) In paragraph 10(1) for “of the transferor settlement, or...

SCHEDULE 30 — First-year allowances for expenditure on environmentally beneficial plant or machinery

### *Introductory*

1 The Capital Allowances Act 2001 (c. 2) is amended as...

#### *Types of expenditure for which first-year allowances available*

2 In section 39— (a) after “under” insert “ any of...

*Status: Point in time view as at 10/07/2003.*

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*First-year qualifying expenditure on environmentally beneficial plant or machinery*

- 3 After section 45G insert— Expenditure on environmentally beneficial plant or...

*General exclusions affecting first-year qualifying expenditure*

- 4 (1) In section 46(1)— (a) after “under” insert “ any...

*Amount of first-year allowances*

- 5 In section 52(3), in the Table, after the entries relating...

*Penalty for failure to provide information etc*

- 6 In the second column of the Table in section 98...

*Transitory provision: expenditure incurred etc before first order made*

- 7 (1) For the purposes of section 45H(2) of the Capital...

SCHEDULE 31 — Tax relief for expenditure on research and development  
Part 1 — SMALL AND MEDIUM-SIZED ENTERPRISES: SCHEDULE 20 TO  
FINANCE ACT 2000

*Introductory*

- 1 Schedule 20 to the Finance Act 2000 (c. 17) (tax...

*Required minimum aggregate expenditure: reduction from £25,000 to £10,000*

- 2 (1) Paragraph 1 (entitlement to R&D tax relief) is amended...

*Required minimum aggregate expenditure: inclusion of new class of expenditure*

- 3 (1) Paragraph 1 is also amended as follows.

*Qualifying R&D expenditure: expenditure on externally provided workers*

- 4 In paragraph 3 (qualifying R&D expenditure) for sub-paragraph (4) (the...

*Staffing costs: persons partly engaged directly and actively in relevant R&D*

- 5 (1) In paragraph 5 (staffing costs) sub-paragraph (3) (person partly...

*Qualifying expenditure on externally provided workers*

- 6 After paragraph 8 (subsidised expenditure) insert— Qualifying expenditure on externally...

*Qualifying expenditure on sub-contracted R&D: externally provided workers*

- 7 (1) Paragraph 10 (treatment of qualifying expenditure on sub-contracted research...

Part 2 — LARGE COMPANIES: PART 1 OF SCHEDULE 12 TO FINANCE ACT  
2002

*Status: Point in time view as at 10/07/2003.*

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*Introductory*

8 Part 1 of Schedule 12 to the Finance Act 2002...

*Required minimum aggregate expenditure: reduction from £25,000 to £10,000*

9 (1) Paragraph 1 (entitlement to relief under Part 1 of...

*Qualifying expenditure on externally provided workers*

10 In paragraph 4 (qualifying expenditure on direct research and development)...

Part 3 — WORK SUB-CONTRACTED TO SMES: PART 2 OF SCHEDULE 12 TO FINANCE ACT 2002

*Introductory*

11 Part 2 of Schedule 12 to the Finance Act 2002...

*Required minimum aggregate expenditure: reduction from £25,000 to £10,000*

12 (1) Paragraph 7 (entitlement to relief under Part 2 of...

*Required minimum aggregate expenditure: inclusion of new class of expenditure*

13 (1) Paragraph 7 is also amended as follows.

*R&D directly undertaken by SME: qualifying expenditure on externally provided workers*

14 In paragraph 9 (expenditure on research and development directly undertaken...

Part 4 — ENTITLEMENT OF SME TO CERTAIN RELIEF AVAILABLE TO LARGE COMPANIES

*Insertion of Part 2A of Schedule 12 to the Finance Act 2002*

15 After Part 2 of Schedule 12 to the Finance Act...

Part 5 — SUPPLEMENTARY: AMENDMENTS TO PARTS 3 TO 6 OF SCHEDULE 12 TO FINANCE ACT 2002

*Introductory*

16 Parts 3 to 6 of Schedule 12 to the Finance...

*Deduction in computing profits of trade*

17 (1) Paragraph 11 is amended as follows.

*Refunds of contributions to independent research and development*

18 In paragraph 15(1) (refunds of certain payments) omit the word...

*Meaning of “qualifying expenditure on externally provided workers”*

19 (1) Paragraph 17 (which applies certain definitions from Schedule 20...

Part 6 — EXPENDITURE ON VACCINE RESEARCH ETC: SCHEDULE 13 TO FINANCE ACT 2002

*Status: Point in time view as at 10/07/2003.*

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### *Introductory*

20 Schedule 13 to the Finance Act 2002 (tax relief for...

*Reduction of required qualifying expenditure from £25,000 to £10,000*

21 (1) Paragraph 1 (entitlement to relief under the Schedule) is...

### *Direct research and development: qualifying expenditure on externally provided workers*

22 In paragraph 3 (qualifying expenditure on direct research and development)...

*Meaning of “qualifying expenditure on externally provided workers”*

23 (1) Paragraph 5(3) (which applies certain definitions in Schedule 20...

*Relevant expenditure of sub-contractor: qualifying expenditure on externally provided workers*

24 In paragraph 9 (relevant expenditure of sub-contractor) for sub-paragraph (3)...

SCHEDULE 32 — Tonnage tax: restrictions on capital allowances for lessors of ships

### *The ring fence: amendments to the provisions about capital allowances and ship leasing*

1 (1) In Schedule 22 to the Finance Act 2000 (c....

### *Consequential amendments*

2 (1) In paragraph 41(4) of that Schedule (the requirement not...

### *Commencement and temporary provision*

3 (1) Subject to paragraph 4(2), the amendments made by paragraphs...

4 (1) This paragraph applies in relation to any lease entered...

5 In paragraphs 3 and 4 “lease” means any arrangements that...

SCHEDULE 33 — Insurance companies

### *Case I profits*

1 (1) For section 82 of the Finance Act 1989 (c....

2 (1) Section 83 of the Finance Act 1989 (receipts etc...

3 (1) In the Finance Act 1989 (c. 26), after section...

4 (1) In section 83AA of the Finance Act 1989 (c....

5 (1) In section 83AB(1)(c) of the Finance Act 1989 (treatment...

6 (1) In section 88 of the Finance Act 1989 (c....

7 (1) In section 89(7) of the Finance Act 1989 (which...

8 (1) In section 76(1) of the Taxes Act 1988 (expenses...

9 (1) In section 432D of the Taxes Act 1988 (section...

10 (1) Section 432E of the Taxes Act 1988 (apportionment of...

11 (1) In section 804B(7) of the Taxes Act 1988 (double...

12 (1) In section 76(2B)(b) of the Taxes Act 1988 (expenses...

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*Rate of tax on policy holders' share of life assurance profits*

- 13 (1) The Finance Act 1989 is amended as follows.

*Chargeable gains*

- 14 (1) In the Taxation of Chargeable Gains Act 1992 (c....  
15 (1) In the Taxation of Chargeable Gains Act 1992 (c....  
16 (1) Section 213 of the Taxation of Chargeable Gains Act...  
17 (1) Section 171A of the Taxation of Chargeable Gains Act...

*Transfers of business*

- 18 (1) In the Taxes Act 1988, after section 444A insert—...  
19 (1) In the Taxes Act 1988, after section 444AA (inserted...  
20 (1) In the Taxes Act 1988, after section 444AB (inserted...  
21 (1) In the Taxation of Chargeable Gains Act 1992 (c....  
22 (1) In section 431 of the Taxes Act 1988 (interpretative...  
23 (1) Section 442A of the Taxes Act 1988 (investment return...  
24 (1) Section 444A of the Taxes Act 1988 (transfers of...

*Meaning of “investment reserve” etc*

- 25 In section 431(2) of the Taxes Act 1988 (interpretative provisions...  
26 In section 432A(9A) of the Taxes Act 1988 (apportionment of...  
27 In paragraph 4(5) of Schedule 19AA to the Taxes Act...  
28 Paragraphs 25 to 27 have effect in relation to periods...

*Meaning of “period of account”*

- 29 In section 431(2) of the Taxes Act 1988 (interpretative provisions...

*Rationalisation of interpretation provisions*

- 30 In section 84(2) and (3) of the Finance Act 1989...  
31 In the Finance Act 1989, after section 90 insert— Interpretation...  
32 In the Taxation of Chargeable Gains Act 1992 (c. 12),...

SCHEDULE 34 — Policies of life insurance etc: miscellaneous amendments  
Part 1 — GROUP LIFE POLICIES

*Exception of certain group life policies from Chapter 2 of Part 13*

- 1 (1) Section 539 of the Taxes Act 1988 (introductory) is...

*Excepted group life policies*

- 2 After section 539 of the Taxes Act 1988 insert— The...

*Retrospective exception of past and present pure protection group life policies*

- 3 (1) For the purposes of Chapter 2 of Part 13...

*Existing group life policies: time for compliance with the conditions in section 539A*

- 4 (1) Where— (a) on 9th April 2003 a policy of...

*Status: Point in time view as at 10/07/2003.*

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*Deaths before 6th April 2004: period for insurer to give certificate under section 552(1)(a)*

- 5 (1) If any death giving rise to benefits under a...  
Part 2 — CHARITABLE AND NON-CHARITABLE TRUSTS

*Interpretation*

- 6 In section 539 of the Taxes Act 1988 (introductory) in...

*Method of charging gain to tax*

- 7 (1) Section 547 of the Taxes Act 1988 is amended...

*Method of charging gain to tax: multiple interests*

- 8 (1) Section 547A of the Taxes Act 1988 is amended...

*Deemed surrender of certain loans*

- 9 (1) Section 548(1) of the Taxes Act 1988 is amended...

*Right of individual to recover tax from trustees*

- 10 In section 551 of the Taxes Act 1988, in subsection...

*Right of company to recover tax from trustees*

- 11 In section 551A of the Taxes Act 1988, in subsection...

*Section 547(1)(cc) and (d)(ia): exception for certain old policies and contracts*

- 12 (1) Paragraph 7(1) of Schedule 14 to the Finance Act...  
Part 3 — MEANING OF “LIFE ANNUITY”

*Restriction of “life annuity” to contracts to which section 656 of the Taxes Act 1988 applies*

- 13 In section 539 of the Taxes Act 1988 (introductory) in...  
Part 4 — ROLLOVER OF GAIN ON MATURITY INTO NEW POLICY

*Repeal of section 540(2) of the Taxes Act 1988*

- 14 (1) Section 540(2) of the Taxes Act 1988 (maturity not...

*Saving for certain policies maturing on or after 9th April 2003*

- 15 (1) The maturity of a policy of life insurance (“the...

SCHEDULE 35 — Gains on policies of life insurance etc: rate of tax

*Application of the lower rate*

- 1 (1) Section 1A of the Taxes Act 1988 (application of...

*Method of charging gains from policies of life insurance etc to tax*

- 2 (1) Section 547 of the Taxes Act 1988 is amended...

*Relief where gain charged at a higher rate*

- 3 In section 550(3) of the Taxes Act 1988 (rates of...

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*Gains included in aggregate income of estate of deceased*

- 4 In section 699A(4)(b) of the Taxes Act 1988 (sums included...)

*Income to be disregarded in determining highest part of person's income*

- 5 In section 833(3)(b) of the Taxes Act 1988 (which provides...)

SCHEDULE 36 — Foster carers

Part 1 — INTRODUCTION

*Introductory*

- 1 (1) This Schedule provides relief on income from the provision...

*Individuals qualifying for relief*

- 2 (1) An individual qualifies for relief under this Schedule for...

*Meaning of "foster care receipts"*

- 3 (1) For the purposes of this Schedule, receipts are "foster..."

*Meaning of "provision of foster care"*

- 4 (1) In this Schedule, the "provision of foster care" means...

*Meaning of "total foster care receipts"*

- 5 (1) For the purposes of this Schedule, an individual's "total..."

*The individual's limit*

- 6 The individual's limit for a year of assessment is the...

*The individual's share of the fixed amount*

- 7 (1) The fixed amount is £10,000. (2) If, in a...

*The amount per child*

- 8 (1) An individual's amount per child for a year of...

*Power to alter amounts*

- 9 The Treasury may by order amend the amounts for the...

Part 2 — THE EXEMPTION AND THE ALTERNATIVE METHODS OF  
CALCULATION

*The exemption*

- 10 (1) This paragraph applies to an individual for a year...

*Alternative calculation of profits where amount is above the limit*

- 11 The alternative method of calculating profits given in paragraphs 12...

*Alternative calculation of profits: income from trade etc*

- 12 (1) This paragraph applies if— (a) the alternative method of...



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*Alternative calculation of profits: income charged under Case VI of Schedule D*

13 (1) This paragraph applies if— (a) the alternative method of...

*Election for alternative method*

14 (1) An individual may elect— (a) for the alternative method...

*Periods of account ending otherwise than on 5th April*

15 (1) This paragraph applies to an individual for a year...

Part 3 — CAPITAL ALLOWANCES

*Introductory*

16 (1) Paragraphs 17 to 19 make provision for the application...

*Provisions applying in relation to carried forward unrelieved qualifying expenditure*

17 (1) This paragraph applies in any case where—

*Expenditure incurred in a relevant chargeable period not qualifying expenditure*

18 Capital expenditure (“excluded capital expenditure”) which is incurred  
—

*Excluded capital expenditure: subsequent treatment of asset*

19 Where a relevant individual incurs excluded capital expenditure in a...

*Interpretation of this Part*

20 Expressions which— (a) are used in this Part, and

Part 4 — SUPPLEMENTARY

*Interpretation*

21 In this Schedule— “CAA 2001” means the Capital Allowances Act...

SCHEDULE 37 — Loan relationships: amendments

Part 1 — AMENDMENTS TO SCHEDULE 9 TO THE FINANCE ACT 1996

*Introductory*

1 Schedule 9 to the Finance Act 1996 (c. 8) (loan...

*Late interest*

2 (1) Paragraph 2 is amended as follows.

*Continuity of treatment: groups etc*

3 (1) Paragraph 12 is amended as follows.

*Discounted securities where companies have a connection*

4 (1) In paragraph 17, for sub-paragraph (8) (reference to person...

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*Discounted securities of close companies*

- 5 (1) Paragraph 18 is amended as follows.  
Part 2 — TRANSITIONAL PROVISIONS

*Transitional provisions*

- 6 (1) In Schedule 25 to the Finance Act 2002 (c....

SCHEDULE 38 — Sale and repurchase of securities etc

*Increase of repurchase price of UK securities by amount of deemed manufactured dividend*

- 1 In section 737C of the Taxes Act 1988 (deemed manufactured...

*Deemed manufactured payment where transferor or connected person makes payment representative of dividend*

- 2 (1) Section 737A of the Taxes Act 1988 (deemed manufactured...  
3 In section 737C of the Taxes Act 1988 (deemed manufactured...

*Provisions to cover both “put” and “call” options*

- 4 In section 727A(1) of the Taxes Act 1988 (accrued income...  
5 In section 730A(1) of the Taxes Act 1988 (treatment of...  
6 In section 731(2D) of the Taxes Act 1988 (provisions about...  
7 In section 737A(1) of the Taxes Act 1988 (deemed manufactured...  
8 In section 737E(8) of the Taxes Act 1988 (power to...  
9 In paragraph 12(4) of Schedule 7AC to the Taxation of...

*Option premium to be reflected in sale price unless brought into account under derivative contracts provisions*

- 10 In section 730A of the Taxes Act 1988 (treatment of...

*Exchange gains and losses*

- 11 (1) Section 730A of the Taxes Act 1988 (treatment of...  
12 After section 730B of the Taxes Act 1988 insert— Exchange...  
13 (1) Section 737E of the Taxes Act 1988 (power to...  
14 In section 100 of the Finance Act 1996 (c. 8)...

*Exceptions*

- 15 In section 727A(1) of the Taxes Act 1988 (accrued income...  
16 In section 730A(8)(b) of the Taxes Act 1988 (treatment of...  
17 In section 737C(11A) of the Taxes Act 1988 (purposes for...  
18 (1) Paragraph 15 of Schedule 9 to the Finance Act...

*Connected persons*

- 19 In paragraph 15(3)(b) of Schedule 9 to the Finance Act...

*Correction of section 730A(6B) of the Taxes Act 1988*

- 20 In section 730A(6B) of the Taxes Act 1988 (trading loan...

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### *Commencement*

21 (1) Paragraph 1 has effect in relation to repurchase prices...

SCHEDULE 39 — Relevant discounted securities: withdrawal of relief for costs and losses, etc

#### *Withdrawal of relief for incidental costs*

1 (1) In Schedule 13 to the Finance Act 1996 (discounted...

#### *Withdrawal of relief for losses*

2 Omit paragraph 2 of that Schedule (income tax relief for...

#### *Withdrawal of loss relief: exception for strips of government securities*

3 After paragraph 14 of that Schedule (gilt strips) insert— Strips...

#### *Extension of provisions about strips to strips of foreign government securities*

4 In the definition of “strip” in paragraph 15(1) of that...

#### *Consequential amendments*

5 (1) In paragraph 6 of that Schedule (trustees and personal...

#### *Commencement and transitional provisions*

6 (1) Subject to sub-paragraph (2)— (a) the amendments made by...

SCHEDULE 40 — Acquisition by company of its own shares

#### *Venture capital trusts*

1 In Schedule 15B to the Taxes Act 1988 (venture capital...

#### *Stamp duty and stamp duty reserve tax*

2 In section 66 of the Finance Act 1986 (c. 41)...

3 In section 90 of that Act (exemptions from stamp duty...

4 (1) Section 92 of that Act (stamp duty reserve tax:...

5 In Schedule 13 to the Finance Act 1999 (c. 16)...

SCHEDULE 41 — Companies in administration

#### *Accounting period for company in administration*

1 (1) Section 12 of the Taxes Act 1988 (corporation tax:...

#### *Responsibility of officers of company in administration*

2 (1) Section 108 of the Taxes Management Act 1970 (c....

#### *Tax on companies in administration*

3 After section 342 of the Taxes Act 1988 (tax on...

*Status: Point in time view as at 10/07/2003.*

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*Debit for bad debt where parties connected and creditor insolvent*

- 4 (1) Paragraph 6A of Schedule 9 to the Finance Act...

*Commencement*

- 5 (1) Subject to sub-paragraph (2), this Schedule has effect in...

SCHEDULE 42 — Controlled foreign companies: exempt activities

*Introductory*

- 1 Part 2 of Schedule 25 to the Taxes Act 1988...

*Companies engaged in wholesale, distributive, financial or service business*

- 2 (1) Paragraph 6 (meaning of “engaged in exempt activities”) is...

*Companies engaged in business of banking etc*

- 3 (1) Paragraph 11 (provisions relating to wholesale, distributive, financial or...

*Interpretation of paragraph 6(2B)*

- 4 After paragraph 11 insert— (1) This paragraph has effect for the interpretation of paragraph...

SCHEDULE 43 — Repeals

Part 1 — EXCISE DUTIES

- 1 The repeal of section 5A has effect in accordance with...  
2 The repeals in section 5C have effect in accordance with...  
These repeals have effect in accordance with section 9 of...  
These repeals have effect in accordance with section 11(3) of...  
This repeal has effect in accordance with section 16 of...

Part 2 — VALUE ADDED TAX

This repeal has effect in accordance with paragraph 4 of...

Part 3 — INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

- These repeals have effect in accordance with section 136(4) of...  
These repeals have effect in accordance with Schedule 22 to...  
These repeals have effect in accordance with paragraph 11(1) of...  
These repeals have effect in relation to accounting periods beginning...  
These repeals have effect in accordance with paragraph 7 of...  
These repeals have effect in accordance with section 161 of...  
These repeals have effect in accordance with section 167 of...  
These repeals have effect in accordance with section 168 of...  
These repeals have effect in relation to any lease (within...  
1 The repeals in sections 432A, 436, 439B and 441(4)(a) of...  
2 The repeals in section 432E of the Taxes Act 1988...  
3 The repeals in section 438B of, and in Schedule 28AA...  
4 The repeal in section 442A of the Taxes Act 1988...  
5 The repeal in section 83(8) of the Finance Act 1989...  
6 The repeals in section 87 of the Finance Act 1989,...  
7 The repeal of section 45(5) of the Finance Act 1990...  
8 The repeals in section 213 of the Taxation of Chargeable...  
1 The repeal in section 1A of the Taxes Act 1988...

*Status: Point in time view as at 10/07/2003.*

**Changes to legislation:** *Finance Act 2003 is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

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- 2 The repeal of section 540(2) of that Act has effect...
- 3 The repeal in Schedule 15 to that Act has effect...  
This repeal has effect in accordance with paragraph 2(4) of...
- 1 The repeals in the Taxes Act 1988 have effect in...
- 2 The repeal in the Finance Act 1996 has effect in...  
These repeals have effect in accordance with paragraph 6 of...  
These repeals have effect in relation to income arising to...  
Part 4 — OTHER TAXES  
These repeals have effect in relation to transfers of value...  
These repeals, except the ones in paragraphs 41(1)(c) and 100(1),...  
Part 5 — MISCELLANEOUS  
This repeal has effect in accordance with section 200 of...  
These repeals have effect in relation to interest distributions made...  
The repeal of section 21(3) of the National Loans Act...

**Status:**

Point in time view as at 10/07/2003.

**Changes to legislation:**

Finance Act 2003 is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.