



Finance Act 2006

CHAPTER 25

FINANCE ACT 2006

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Limits on group relief

2 (1) Section 403A of ICTA (limits on group relief) is...

Relief for or in respect of non-resident companies within the charge to corporation tax

3 (1) Section 403D of ICTA (relief for or in respect...

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4 (1) After section 403E of ICTA (relief for overseas losses...

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5 (1) Section 413 of ICTA (interpretation) is amended as follows....

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- 6 (1) Schedule 18 to ICTA (group relief: equity holders and...

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- 7 After Schedule 18 to ICTA (group relief: equity holders and...
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Claims for group relief

- 8 After paragraph 77 of Schedule 18 to FA 1998 (joint...
Part 3 — COMMENCEMENT

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- 9 (1) The amendments made by this Schedule, other than those...

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- 1 (1) Schedule 20 to FA 2000 (tax relief for expenditure...

Amendments to Schedule 12 to FA 2002

- 2 (1) Schedule 12 to FA 2002 (tax relief for expenditure...

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- 3 (1) Schedule 13 to FA 2002 (tax relief for expenditure...

SCHEDULE 3 — Claims for relief for research and development

Introductory

- 1 Schedule 18 to FA 1998 (company tax returns, assessments and...

Claims to be included in return

- 2 (1) Paragraph 10 (other claims and elections to be included...

Claims for R&D tax relief

- 3 In paragraph 83A (Part 9A: introduction) for “claims for R&D...
4 In each of the following provisions for “claim for an...
5 In the title of Part 9A, “R&D tax credit” becomes...

Claims for relief under Schedule 12 to FA 2002

- 6 After paragraph 83L insert— Part 9BA Claims for relief under...

Claims for relief under Schedule 13 to FA 2002

- 7 In paragraph 83M (Part 9C: introduction) for “claims for tax...
8 In paragraph 83R (penalty), in sub-paragraph (1)(a) for “a claim...
9 In the title of Part 9C, “tax credit” becomes “...”

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Commencement and transitional provision

- 10 The amendments made by paragraphs 2 to 9 have effect...
11 (1) This paragraph applies where a company is entitled to...

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- 1 The provisions of this Schedule apply in relation to films...

Activities treated as separate trade

- 2 The activities of the film production company in relation to...

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- 3 The film production company is treated as starting to carry...

Pre-trading expenditure

- 4 (1) Where a company incurs expenditure on development of a...

Costs of the film

- 5 (1) References in this Schedule to the costs of the...

Income from the film

- 6 (1) References in this Schedule to income from the film...

Calculation of profit or loss

- 7 (1) For the first period of account there shall be...

Estimates

- 8 Estimates for the purposes of this Schedule must be made...

When costs are taken to be incurred

- 9 (1) For the purposes of this Schedule costs are incurred...

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SCHEDULE 5 — Film tax relief: further provisions

Part 1 — ENTITLEMENT TO FILM TAX RELIEF

Introduction

- 1 (1) Film tax relief is available in accordance with this...

Additional deduction in computing profits of trade

- 2 The film production company may (on making a claim) make...

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Qualifying expenditure

3 (1) Qualifying expenditure for this purpose means core expenditure on...

Amount of additional deduction

4 (1) For the first period of account during which the...

Rate of enhancement

5 The rate of enhancement is— (a) for a limited-budget film,...

Film tax credits

6 (1) A film production company may claim a film tax...

Amount of credit

7 (1) The company may surrender the whole or part of...

Payable credit rate

8 The payable credit rate is— (a) for a limited-budget film,...

Payment in respect of film tax credit

9 (1) Where— (a) a company is entitled to a film...

Payment in respect of film tax credit not income

10 A payment in respect of film tax credit is not...

Trading loss reduced by amount surrendered for film tax credit

11 The amount of a film production company's trading loss for...

No account to be taken of amounts if unpaid

12 (1) In determining for the purposes of this Part of...

Artificially inflated claims for deduction or film tax credit

13 (1) To the extent that a transaction is attributable to...

Interpretation

14 In this Part of this Schedule— “the Commissioners” means Her...

Part 2 — CERTIFICATION OF BRITISH FILMS FOR PURPOSES OF FILM TAX RELIEF

15 For section 6 of the Films Act 1985 (c. 21)...

16 For the heading to Schedule 1 to that Act substitute...

17 For paragraph 1 of that Schedule substitute— Preliminary (1) In this Schedule— “film” includes any record, however made,...

18 For paragraph 2 of that Schedule substitute— Applications for certification...

19 For paragraph 3 of that Schedule substitute— Certification and withdrawal...

20 In paragraph 4 of that Schedule (British films for purposes...

21 (1) Paragraph 5 of that Schedule (excluded films) is amended...

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- 22 In paragraph 9 of that Schedule (determination of disputes) for...
23 In paragraph 10 of that Schedule (regulations and orders)—

Confidentiality of information

- 24 (1) Section 18(1) of the Commissioners for Revenue and Customs...

Wrongful disclosure

- 25 (1) A person commits an offence if—
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Interest

- 26 (1) Section 826 of ICTA (interest on tax overpaid etc)...

Claim to be made in tax return

- 27 In Schedule 18 to FA 1998 (company tax returns), in...

Recovery of excessive film tax credit

- 28 In paragraph 52 of that Schedule (recovery of excessive repayments...

Claims for film tax credits

- 29 After Part 9C of that Schedule insert— Part 9D Claims...
Part 4 — PROVISIONAL ENTITLEMENT TO RELIEF

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- 30 (1) In this Part of this Schedule— “the company” means...

Certification as a British film

- 31 (1) The company is not entitled to relief for an...

The UK expenditure condition

- 32 (1) The company is not entitled to relief for an...

Whether film a limited-budget film

- 33 (1) The company is not entitled to film tax relief...

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- 34 Any amendment or assessment necessary to give effect to the...

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- 1 (1) Sections 43A to 43G of ICTA (rent factoring) shall...

Dividend stripping: subsequent sales etc of rights to receive dividends etc

- 2 (1) Section 730 of ICTA (transfers of rights to receive...

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Deemed interest: cash collateral under stock lending arrangements

- 3 (1) After section 736B of ICTA (deemed manufactured payments in...

Quasi-stock lending arrangements and quasi-cash collateral

- 4 (1) In section 736B of ICTA (deemed manufactured payments in...

Multiple holders of securities subject to sale and repurchase agreement: no relief for deemed manufactured payments

- 5 (1) Section 737A of ICTA (sale and repurchase of securities:...

Structured finance arrangements: factoring of income receipts etc

- 6 (1) After section 774 of ICTA (transactions between dealing company...

Rent factoring of leases of plant or machinery

- 7 (1) Section 785A of ICTA (rent factoring of leases of...

Transactions associated with loans or credit

- 8 (1) Section 786 of ICTA (transactions associated with loans or...

Structured finance arrangements: chargeable gains treatment of acquisitions and disposals

- 9 (1) After section 263D of TCGA 1992 (gains accruing to...

Loan relationships: mandatory convertibles

- 10 (1) Section 81 of FA 1996 (meaning of “loan relationship”...

Loan relationships: computation in accordance with generally accepted accounting practice

- 11 (1) Section 85A of FA 1996 (computation in accordance with...

Loan relationships: amounts not fully recognised for accounting purposes

- 12 (1) After section 85B of FA 1996 (amounts recognised in...

Shares treated as loan relationships: shares subject to outstanding third party obligations

- 13 (1) Section 91A of FA 1996 (shares subject to outstanding...

Shares treated as loan relationships: application of rules to non-qualifying shares

- 14 (1) Section 91B of FA 1996 (non-qualifying shares) is amended...

Shares treated as loan relationships: redeemable shares

- 15 (1) Section 91D of FA 1996 (condition 2 for section...

Creditor relationships and benefit derived by connected persons

- 16 (1) After section 93B of FA 1996 insert— Creditor relationships...

Loan relationships: money debts etc not arising from the lending of money

- 17 (1) Section 100 of FA 1996 (money debts etc not...

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Loan relationships: meaning of “fair value” in Chapter 2 of Part 4 of FA 1996

18 (1) Section 103 of FA 1996 (interpretation of Chapter 2...

Loan relationships: continuity of treatment of groups etc

19 (1) In Schedule 9 to FA 1996 (loan relationships: special...

Loan relationships: repo and stock-lending arrangements

20 (1) In Schedule 9 to FA 1996 (loan relationships: special...

Derivative contracts: computation in accordance with generally accepted accounting practice

21 (1) Paragraph 17A of Schedule 26 to FA 2002 (computation...

Derivative contracts: transactions within groups

22 (1) In Schedule 26 to FA 2002 (derivative contracts), paragraph...

Derivative contracts: transactions within groups (fair value accounting)

23 (1) In Schedule 26 to FA 2002 (derivative contracts), paragraph...

Derivative contracts: meaning of “fair value” in Schedule 26 to FA 2002

24 (1) Paragraph 54 of Schedule 26 to FA 2002 (interpretation...

SCHEDULE 7 — Transfer of assets abroad
— INCOME AND CORPORATION TAXES ACT 1988

Amendments of ICTA: introductory

1 ICTA is amended as follows.

Section 741: application subject to sections 741B and 741C

2 (1) Section 741 (exemption from sections 739 and 740) is...

Exemption from sections 739 and 740: new provision

3 (1) After section 741 insert— Exemption from sections 739 and...

Application of sections 741 and 741A

4 (1) After section 741A insert— Application of sections 741 and...

Just and reasonable apportionment in certain cases

5 (1) After section 741C insert— Section 739: just and reasonable...

Section 742: interpretation of the Chapter

6 (1) Section 742 (interpretation of sections 739 to 741) is...
— ITTOIA 2005

Gains from contracts for life insurance etc

7 (1) In ITTOIA 2005, section 468 (gains from contracts of...

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SCHEDULE 8 — Long funding leases of plant or machinery
Part 1 — CAPITAL ALLOWANCES

Introductory

- 1 CAA 2001 is amended as follows.

Use for other qualifying activity of plant or machinery previously used for long funding leasing

- 2 After section 13 (use for qualifying activity of plant or...

Expenditure on plant or machinery for long funding leasing not to be qualifying expenditure

- 3 After section 34 insert— Expenditure on plant or machinery for...

General exclusions applying to certain sections

- 4 (1) Section 46 is amended as follows.

Commencement of leasing under long funding lease: disposal events and disposal values

- 5 (1) Section 61 (disposal events and disposal values) is amended...

Lessee under long funding lease: capital allowances, disposal events and disposal values

- 6 In Chapter 6 of Part 2 (hire-purchase etc and plant...

Interpretation of provisions relating to long funding leases

- 7 In Part 2, after Chapter 6 insert— Chapter 6A Interpretation...

Cases in which short-life asset treatment is ruled out

- 8 (1) The Table in section 84 is amended as follows....

Fixtures

- 9 (1) In section 172 (scope of Chapter 14 of Part...
Part 2 — CORPORATION TAX

Introductory

- 10 ICTA is amended as follows.

Special rules for long funding leases

- 11 In Part 12 (special classes of companies and businesses) after...
Part 3 — INCOME TAX

Introductory

- 12 ITTOIA 2005 is amended as follows.

Special rules for long funding leases

- 13 In Part 2 (trading income) after Chapter 10 insert the...

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Application of Chapter 10A for calculating the profits of a property business

14 (1) Section 272 is amended as follows.

Part 4 — COMMENCEMENT AND TRANSITIONAL PROVISIONS

Commencement

15 (1) The amendments made by this Schedule have effect in...

Election for lease to be treated as long funding lease for tax purposes

16 (1) The Treasury may by regulations make provision enabling a...

Excepted leases

17 (1) A lease is an excepted lease if the following...

Extended time limit: the additional conditions

18 (1) The additional conditions mentioned in paragraph 17(8) are as...

Events beyond the control of the parties etc

19 (1) Condition B, C or D in paragraph 18 is...

Pre-existing heads of agreement relating to two or more assets

20 (1) This paragraph has effect for the purposes of this...

Expenditure incurred before passing of this Act where lease is not an excepted lease

21 (1) This paragraph applies where the following conditions are met—...

When expenditure is incurred for the purposes of paragraph 21

22 (1) This paragraph has effect for determining, for the purposes...

When a lease is “finalised”

23 (1) For the purposes of this Part, a lease is...

When an asset is “under construction”

24 (1) An asset is “under construction” at any time in...

Combined assets and constituent assets

25 (1) A “combined asset” is an asset which meets the...

Mixed leases

26 (1) This paragraph applies in any case where there is...

Interpretation of this Part

27 (1) In this Part— “combined asset” is to be construed...

SCHEDULE 9 — Leases of plant or machinery: miscellaneous amendments
— INCOME AND CORPORATION TAXES ACT 1988

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Petroleum extraction activities: sale and leaseback

- 1 (1) Section 494AA of ICTA is amended as follows.

Supplementary charge in respect of ring fence trades

- 2 (1) Section 501A of ICTA is amended as follows.

Leased assets: special cases

- 3 (1) Section 782 of ICTA is amended as follows.
— TAXATION OF CHARGEABLE GAINS ACT 1992

Long funding leases: deemed disposals and re-acquisitions

- 4 (1) After section 25 of TCGA 1992 (non-residents: deemed disposals)...

Restriction of losses: long funding leases of plant or machinery

- 5 (1) After section 41 of TCGA 1992 (restriction of losses)...

Definition of market value

- 6 (1) Section 272 of TCGA 1992 (valuation: general) is amended...
— FINANCE ACT 1997

Leasing arrangements

- 7 (1) Schedule 12 to FA 1997 (leasing arrangements: finance leases)...
— FINANCE ACT 2000

Tonnage tax: introductory

- 8 Schedule 22 to FA 2000 (tonnage tax) is amended as...

Meaning of “finance costs”

- 9 (1) In Part 7 (the ring fence: general provisions) paragraph...

Capital allowances: ship leasing

- 10 (1) Part 10 (the ring fence: capital allowances: ship leasing)...
— CAPITAL ALLOWANCES ACT 2001

Withdrawal of first year allowances for lessors of certain plant or machinery

- 11 (1) Section 46 of CAA 2001 (general exclusions applying to...

Plant or machinery treated as owned by person entitled to benefit of contract etc

- 12 (1) Section 67 of CAA 2001 is amended as follows....

Phasing out of overseas leasing rules

- 13 (1) Section 105 of CAA 2001 (basic terms: “leasing”, “overseas...

Anti-avoidance: meaning of “finance lease”

- 14 (1) Section 219 of CAA 2001 (meaning of “finance lease”...

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Capital allowances: allocation of expenditure to a chargeable period

15 (1) Section 220 of CAA 2001 is amended as follows....

SCHEDULE 10 — Sale etc of lessor companies etc

Part 1 — INTRODUCTION

Contents of Schedule

1 (1) This Schedule makes provision for corporation tax purposes in...

Commencement

2 This Schedule has effect in relation to—

Part 2 — LEASING BUSINESS CARRIED ON BY A COMPANY ALONE

Income and matching expense in different accounting periods

3 (1) This paragraph applies for corporation tax purposes if—

Amount of income and expense

4 (1) The amount of the income is calculated in accordance...

No carry back of the expense

5 (1) This paragraph applies if the business carried on by...

Meaning of “business of leasing plant or machinery”

6 (1) This paragraph determines for the purposes of this Part...

Provision for the purposes of condition A in paragraph 6

7 (1) This paragraph applies for the purposes of condition A...

Provision for the purposes of condition B in paragraph 6

8 (1) This paragraph applies for the purposes of condition B...

Meaning of “associated company”

9 (1) A company is an “associated company” of another company...

Meaning of “a qualifying change of ownership” in relation to a company

10 (1) For the purposes of this Schedule, there is a...

Qualifying 75% subsidiaries

11 (1) A company (“company B”) is a principal company of...

Consortium relationships

12 (1) A company (“company E”) is a principal company of...

No qualifying change of ownership in the case of certain intra-group reorganisations

13 (1) This paragraph applies if— (a) a relevant change in...

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Meaning of “company owned by a consortium” etc

14 (1) A company is owned by a consortium if—

Meaning of qualifying 75% or 90% subsidiary etc

15 (1) In this Schedule a company (“the subsidiary company”) is...

The amount of the income: the basic amount

16 (1) This paragraph determines the amount of the income under...

Meaning of “PM” in paragraph 16

17 (1) For the purposes of this paragraph references to plant...

Meaning of “TWDV” in paragraph 16

18 (1) For the purposes of paragraph 16, “TWDV” means the...

Amount to be nil if basic amount negative

19 If the basic amount given by the formula is a...

Adjustment to basic amount: qualifying 75% subsidiaries

20 (1) This paragraph applies if— (a) the qualifying change of...

Adjustment to the basic amount: consortium relationships

21 (1) This paragraph applies if the qualifying change of ownership...

Migration

22 (1) This paragraph applies if— (a) on any day (“the...

Part 3 — LEASING BUSINESS CARRIED ON BY A COMPANY IN PARTNERSHIP

Change in company's interest in business: income treated as received etc

23 (1) This paragraph applies for corporation tax purposes if—

Amount of income and expense

24 (1) The amount of the income is calculated in accordance...

Meaning of “business of leasing plant or machinery”

25 (1) For purposes of this Part of this Schedule whether,...

Meaning of “associated company”

26 (1) A company is an “associated company” of another company...

Meaning of “qualifying change” in company's interest in a business

27 (1) For the purposes of this Schedule there is a...

Determining the percentage share in the profits or loss of business

28 (1) For the purposes of this Part of this Schedule...

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The amount of the income: the basic amount

29 (1) This paragraph determines the amount of the income under...

Amount to be nil if basic amount negative

30 If the basic amount given by the formula is a...

Adjustment of basic amount

31 (1) The amount of the company's income under paragraph 23...

Amount of expense

32 (1) This paragraph applies if, as a result of a...

Income and matching expense in different accounting periods

33 (1) This paragraph applies for corporation tax purposes if—

Amount of income and expense

34 (1) The amount of the income is calculated in accordance...

No carry back of the expense

35 (1) This paragraph applies if the notional business carried on...

Amount of the income

36 (1) This paragraph determines the amount of the income under...

Meaning of “profits” etc

37 In this Part of this Schedule “profits” does not include...

Part 4 — MISCELLANEOUS

Anti-avoidance

38 (1) This paragraph applies if— (a) a company is treated...

38A (1) This paragraph applies if— (a) a question arises as...

38B (1) This paragraph applies if— (a) a company owns any...

*Relief for expense under paragraph 3 , 23(4A) or
33 otherwise giving rise to carried forward loss*

39 (1) This paragraph applies if— (a) there is a qualifying...

Relationship of Schedule with section 228K of CAA 2001

40 (1) This paragraph applies if— (a) on any day (“the...

Definitions for purposes of Schedule

41 (1) This paragraph applies for the purposes of this Schedule....

Index of definitions

42 The following table lists the places where expressions used in...

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Consequential amendments

43 (1) ICTA is amended as follows. (2) In section 12...

SCHEDULE 11 — Insurance companies

Continuing the effect of orders under section 431A(3) of ICTA

1 (1) The amendments made by orders under section 431A(3) of...

Section 432B apportionment: participating funds

2 (1) Section 432E of ICTA is amended as follows.

Transfers of business: excess of assets or liabilities

3 (1) Section 444AC is amended as follows.

Transfers of business: modification of s. 83(2B) of FA 1989

4 (1) Section 444AD is amended as follows.

Surpluses of mutual and former mutual businesses

5 (1) After section 444AE of ICTA insert— Surpluses of mutual...

Receipts to be taken into account

6 (1) Section 83 of FA 1989 is amended as follows....

Changes in value of assets brought into account: non-profit companies

7 (1) After section 83 of FA 1989 insert— Changes in...

Contingent loans

8 (1) Section 83ZA of FA 1989 is amended as follows....

SCHEDULE 12 — Settlements: amendment of TCGA 1992 etc

Part 1 — SETTLORS, TRUSTEES AND SETTLEMENTS

Basic trust concepts

1 (1) In section 68 of TCGA 1992 for the definition...

2 (1) For section 69(1) and (2) of TCGA 1992 (residence...

Interests in settlements

3 (1) In section 77 of TCGA 1992 (charge on settlor...

4 (1) In section 169F of TCGA 1992 (meaning of “interest...

5 (1) In paragraph 7(5) of Schedule 4A to TCGA 1992...

Part 2 — SUB-FUND SETTLEMENTS

6 (1) After section 69 of TCGA 1992 insert— Sub-fund settlements...

Part 3 — CONSEQUENTIAL AND MINOR AMENDMENTS

Introduction

7 Paragraphs 8 to 45 amend TCGA 1992.

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General

- 8 (1) In section 13(10) (participators in non-resident companies) for
“trustees...”
9 For section 21(1)(b) (definition of “asset”) substitute—
10 (1) In section 60(1) (nominees and bare trustees) in each...
11 (1) In section 63 (death: application of law in Scotland)—...
12 (1) In section 64(1) (expenses in administration)—
13 (1) In section 77(1) (charge on settlor with interest in...
14 (1) In section 79B(1) (attribution to trustees of gains of...
15 (1) In section 97(7) (supplementary provisions for offshore settlements:
interpretation)—...
16 (1) In section 98(2) (information: application of section 745 of...
17 (1) In section 104(1) (share pooling) after “for the purposes...
18 (1) In section 109(2)(a) (share pooling: pre-1982 holdings) after “for...
19 (1) In section 169D(5) after “(3)” insert “ and to...
20 (1) In section 217 (building societies: successor companies)—
21 (1) In section 227(2) (employee share ownership trusts: conditions for...
22 (1) In section 228(5)(b) (employee share ownership trusts: unauthorised
arrangement)...
23 (1) In section 251(5) (debts: trustee creditors)—
24 (1) In section 283(4) (repayment supplements)— (a) for “a trust...
25 (1) In section 286(3) (connected persons: trustees) omit the words...
26 (1) In section 288(8) (interpretation) at the appropriate places insert—...
27 (1) For paragraph 17(4) of Schedule A1 (taper relief: meaning...
28 (1) In paragraph 1(6) of Schedule 1 (exempt amount: interpretation)...
29 (1) In paragraph 12 of Schedule 4A (meaning of “settlor”)...

Residence of trustees

- 30 (1) In each of the provisions set out in sub-paragraph...
31 In section 77(7) (settlor with interest in settlement) for “the...
32 In section 83A(3) (trustee residence: split years)—
33 Paragraphs 31 and 32 shall come into force on 6th...
34 (1) In each of the provisions set out in sub-paragraph...
35 (1) In each of the provisions set out in sub-paragraph...
36 (1) In each of the provisions set out in sub-paragraph...
37 (1) In section 169(3)(a) (availability of hold-over relief)—
38 In paragraph 2(7)(a) of Schedule 1 (meaning of “excluded
settlement”)...
39 In paragraph 5(1) of Schedule 4A (residence of trustees) for...
40 In paragraph 10(2) of Schedule 4C (capital payments received by...
41 Paragraphs 35 to 40 shall, unless otherwise expressly provided, come...

Sub-fund settlements

- 42 After section 73(1) of TCGA 1992 (death of life tenant:...
43 In section 286(3) of TCGA 1992 (connected persons: trustees)—
44 (1) At the beginning of Schedule 1 to TCGA 1992...
45 Paragraphs 42 to 44 shall have effect in relation to...

Amendments of other Acts

- 46 (1) In the first column of the table in section...
47 (1) For section 761(7)(b) of ICTA (offshore income gain: trustee...

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48 (1) In section 30 of FA 2005 (trusts for vulnerable...

SCHEDULE 13 — Settlements: amendments to ICTA and ITTOIA 2005 etc

Part 1 — PRINCIPAL AMENDMENTS

- 1 (1) Before section 686 of ICTA (rate of tax applicable...
- 2 (1) In section 686(2)(b) of ICTA— (a) omit “either”, and...
- 3 (1) For section 686A of ICTA substitute— Receipts to be...
- 4 (1) In section 686D of ICTA— (a) in subsection (1)...
- 5 (1) For section 619(2) to (4) of ITTOIA 2005 (charge...
- 6 (1) After section 685 of ITTOIA 2005 insert— Settlor-interested settlements...

Part 2 — MINOR AND CONSEQUENTIAL AMENDMENTS

- 7 Paragraphs 8 to 26 amend ICTA.
- 8 Section 220(2) shall cease to have effect.
- 9 In section 227— (a) in subsection (5) for “trustees (other...
- 10 In section 229(2)— (a) for “held on trusts (other than...
- 11 In section 360A— (a) in subsection (2)(b) omit the words...
- 12 In section 417(3)— (a) in paragraph (b) omit the words...
- 13 In section 421(1) for “trust” in each place substitute “...
- 14 In section 481— (a) in subsections (4) and (4A) for...
- 15 (1) Section 686 shall be amended as follows.
- 16 In section 686D(7)(b) for “FA 1989” substitute “ the Finance...
- 17 In section 687(1) for “trustees” substitute “ the trustees of...
- 18 In section 687A(1)(a) for “trustees” substitute “ the trustees of...
- 19 In section 689A(1)(a) for “to trustees” substitute “ to the...
- 20 In section 689B(1) for “any trustees” substitute “ the trustees...
- 21 In section 720— (a) in subsection (6)(a) for “a trustee...
- 22 After section 742(9) insert— (9A) Where the trustees of a...
- 23 Section 764 shall cease to have effect.
- 24 In section 809— (a) in subsection (1)(a) for “trustees” substitute...
- 25 In section 839— (a) at the end of subsection (3)(b)...
- 26 In paragraph 4(12) of Schedule 28AA for the definitions of...
- 27 (1) Paragraph 7 and paragraphs 9 to 26 shall come...
- 28 (1) FA 1989 shall be amended as follows.
- 29 (1) In section 151(2)(a) of FA 1989 (assessment of trustees)...
- 30 (1) In section 25(9)(b) of FA 1990—
- 31 (1) In ITTOIA 2005— (a) for “trustees of trusts” in...
- 32 (1) The following provisions of ITTOIA 2005 shall cease to...
- 33 (1) In sections 628 and 630 of ITTOIA 2005 for...
- 34 (1) After section 629(7) of ITTOIA 2005 insert—
- 35 (1) FA 2005 shall be amended as follows.
- 36 (1) After section 28 of FA 2005 insert— Disapplication of...
- 37 (1) For the purposes of regulations (whenever made) made under...

SCHEDULE 14 — Investment reliefs: venture capital schemes

Part 1 — LIMITS ON GROSS ASSETS OF ISSUERS OF SHARES OR SECURITIES

Enterprise investment scheme

- 1 (1) In section 293(6A) of ICTA (enterprise investment scheme: limits...

Venture capital trusts

- 2 (1) In paragraph 8(1) of Schedule 28B to ICTA (venture...

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Corporate venturing scheme

- 3 (1) In paragraph 22(1) and (2) of Schedule 15 to...
Part 2 — RATE OF RELIEF FOR INVESTMENTS IN VENTURE CAPITAL TRUSTS
- 4 (1) In paragraph 1(5)(a) of Schedule 15B to ICTA (where...
Part 3 — ENTERPRISE INVESTMENT SCHEME: MAXIMUM SUBSCRIPTIONS
AND CARRY-BACK OF RELIEF
- 5 (1) In section 289A(4) of ICTA (which limits the amount...
6 (1) In section 290(2) of ICTA (maximum amount eligible for...
Part 4 — LENGTHENING OF PERIODS APPLICABLE TO VENTURE CAPITAL
TRUSTS
- 7 (1) Schedule 15B to ICTA (venture capital trusts: relief from...
Part 5 — VENTURE CAPITAL TRUSTS: MEANING OF “INVESTMENTS”
- 8 (1) In section 842AA of ICTA (venture capital trusts: conditions...)

SCHEDULE 15 — Accountancy change: spreading of adjustment
Part 1 — INCOME TAX

Application of this Part of this Schedule

- 1 (1) This Part of this Schedule applies where—

Spreading of adjustment income

- 2 (1) The adjustment income shall be spread in accordance with...

Effect of cessation of business

- 3 If before the whole of the adjustment income has been...

Election to accelerate charge

- 4 (1) A person who under paragraph 2 is liable to...

Liability of personal representatives

- 5 (1) This paragraph applies in the case of the death...

Meaning of “business”

- 6 In this Part of this Schedule “business” means—

Application of provisions to partnerships

- 7 (1) This paragraph applies where the business is carried on...

Cases where spreading already available

- 8 This Part of this Schedule does not apply to adjustment...
Part 2 — CORPORATION TAX

Application of this Part of this Schedule

- 9 (1) This Part of this Schedule applies where—

Spreading of adjustment

- 10 (1) The adjustment shall be spread in accordance with the...

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Accounting periods of less than twelve months

11 (1) This paragraph applies where by reason of—

Effect of other events bringing accounting period to an end

12 (1) If before the whole of the adjustment has been...

Election to accelerate charge

13 (1) A company that under paragraph 10 is liable to...

Meaning of “business” etc

14 (1) In this Part of this Schedule “business” means—

Application of provisions to partnerships

15 (1) This paragraph applies where the business is carried on...

SCHEDULE 16 — Real Estate Investment Trusts: excluded business and income

Part 1 — CLASSES OF BUSINESS

1 Incidental letting of property (whether in the United Kingdom or...

2 Letting of property which is held for use for administrative...

3 (1) Letting of property if the following two conditions are...

4 The provision of services in connection with property outside the...

5 Entering into structured finance arrangements to which section 774B
or...

Part 2 — CLASSES OF INCOME OR PROFIT

6 All income in connection with the operation of a caravan...

7 Rent in respect of an electric-line wayleave.

8 Rent in respect of the siting of a pipeline for...

9 Rent in respect of the siting of a pipeline for...

10 Rent in respect of the siting of a mast or...

11 Rent in respect of the siting of a wind turbine...

12 Dividends from shares in a company to which this Part...

13 Income arising out of an interest in a limited liability...

Part 3 — POWER TO AMEND

14 The Commissioners for Her Majesty's Revenue and Customs may by...

SCHEDULE 17 — Group Real Estate Investment Trusts: modifications

Introduction

1 This Schedule sets out the modifications of Part 4 in...

2 In this Schedule, in relation to a group—

3 (1) A reference in this Schedule to a UK resident...

General modification

4 Except where the context otherwise requires and subject to the...

Conditions

5 (1) In section 106 a reference to a company shall...

6 (1) For the purposes of section 107(1) the property rental...

7 In the application of section 108— (a) the aggregate amount...

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Entering Real Estate Investment Trust Regime

- 8 (1) A notice under section 109 must be given by...
9 (1) In section 111(1) a reference to C (pre-entry) shall...
10 (1) If a UK resident company becomes a member of...
11 (1) In the application of section 112—
12 (1) Section 113(1) to (4) shall apply in relation to...
13 Regulations under section 114 may make provision in relation to...
14 Section 115 shall apply as if for subsection (2) there...

Assets, etc

- 15 (1) In section 117(1) the reference to the company shall...
16 Section 118 shall apply as if— (a) a reference to...

Profits

- 17 (1) Section 119 shall apply only in relation to each...
18 (1) In the application of section 121(1)—
19 (1) In the application of section 122(1)(a)—
20 In the application of section 123— (a) the reference to...

Capital gains

- 21 (1) Sections 124 to 126 shall apply only in relation...
22 In the application of section 125(7) a reference to the...

Leaving Real Estate Investment Trust Regime

- 23 In sections 128 to 130 a reference to the giving...
24 An appeal under section 129(6) may be made by the...
25 (1) Section 131 shall apply in relation to each UK...
26 (1) If a UK resident company ceases to be a...

Anti-avoidance

- 27 In section 132— (a) the reference in subsection (2) to...
28 (1) Section 132(2) and (3) shall apply where a UK...
29 (1) A direction under section 133(2)— (a) may relate to...

Manufactured dividends

- 30 Section 139 shall apply— (a) as if in subsection (1)...

Financial statements

- 31 (1) This paragraph sets out the requirements referred to in...

Non-UK resident members

- 32 (1) This paragraph applies to a non-UK resident company which...

Takeovers

- 33 (1) This paragraph applies if a company to which Part...

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Demergers

34 (1) This paragraph applies in relation to a company if—...

SCHEDULE 18 — Oil taxation: market value of oil
Part 1 — AMENDMENTS OF THE OIL TAXATION ACT 1975

Introductory

1 OTA 1975 is amended as follows.

Assessable profits and allowable losses

2 (1) Section 2 is amended as follows.

Allowance of exploration and appraisal expenditure

3 (1) Section 5A is amended as follows.

Interpretation

4 (1) In section 12 (interpretation of Part 1 of the...

Date of delivery or appropriation for shipped oil not disposed of in sales at arm's length

5 (1) After section 12, insert— Date of delivery or appropriation:...

“The Board”

6 (1) In section 21 (citation, interpretation and construction of the...

Returns by participators

7 (1) In Schedule 2 (management and collection) paragraph 2 is...

Gas fractionation

8 (1) In Schedule 3 (petroleum revenue tax: miscellaneous provisions) paragraph...

Aggregate market value of oil for purposes of section 2(5)

9 In Schedule 3, for paragraph 3 substitute— (1) For the purposes of subsection (5) of section 2...

Power to make regulations

10 At the end of Schedule 3 insert— Power to make...
Part 2 — AMENDMENTS OF OTHER ENACTMENTS

FINANCE (NO. 2) ACT 1987

The designated fraction for the month

11 (1) Schedule 8 to F(No.2)A 1987 (amendments of Schedule 10...

INCOME AND CORPORATION TAXES ACT 1988

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Valuation of oil disposed of or appropriated in certain circumstances.

12 (1) Section 493 of ICTA (valuation of oil disposed of...

SCHEDULE 19 — Schedule to be inserted as Schedule 19C to ICTA
The following is the Schedule to be inserted as Schedule...

SCHEDULE 20 — Inheritance tax: rules for trusts etc
Part 1 — “TRUSTS FOR BEREAVED MINORS”, “AGE 18-TO-25 TRUSTS” AND
“ACCUMULATION AND MAINTENANCE” TRUSTS

Trusts for bereaved minors and Age 18-to-25 trusts

1 (1) In IHTA 1984, after section 71 insert— Trusts for...

Section 71 of IHTA 1984 not to apply to property settled on or after 22nd March 2006

2 (1) Section 71 of IHTA 1984 (accumulation and maintenance trusts)...

Section 71 of IHTA 1984 to cease to apply to certain settled property from 6th April 2008

3 (1) In section 71(1)(a) of IHTA 1984 (section applies to...
Part 2 — INTERESTS IN POSSESSION: WHEN SETTLED PROPERTY IS PART OF
BENEFICIARY'S ESTATE

Aggregation with person's estate of property in which interest in possession subsists

4 (1) In section 49 of IHTA 1984, after subsection (1)...

“Immediate post-death interests” and “transitional serial interests”

5 (1) In IHTA 1984, after section 49 insert— Immediate post-death...

Disabled persons' trusts: meaning of “disabled person's interest” and “disabled person”

6 (1) After section 89 (trusts for disabled persons) insert— Self-
settlement...
Part 3 — RELATED AMENDMENTS IN IHTA 1984

Commencement

7 The following paragraphs of this Part of this Schedule shall...

*Deemed disposition where omission to exercise a right increases value of another
person's estate or of settled property not aggregated with a person's estate*

8 In section 3(3) of IHTA 1984 (failure to exercise a...

*Potentially exempt transfers: provision in consequence of section 71 of
IHTA 1984 not applying to property settled on or after 22nd March 2006*

9 (1) Section 3A of IHTA 1984 (potentially exempt transfers) is...

Person's “estate” not to include certain interests in possession

10 (1) Section 5 of IHTA 1984 (meaning of “estate”) is...

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Life assurance policies entered into before 22nd March 2006

- 11 (1) After section 46 of IHTA 1984 insert— Contract of...

Tax where interest in possession ends, or is treated as ending, during beneficiary's life

- 12 In section 51 of IHTA 1984 (disposal of interest in...
13 (1) Section 52 of IHTA 1984 (tax on termination of...
14 (1) Section 53 of IHTA 1984 (exceptions from tax charge...

Non-aggregation with deceased person's estate of property in which he had interest in possession if property reverts to settlor or passes to settlor's spouse or civil partner etc

- 15 (1) Section 54 of IHTA 1984 (exceptions from charge on...

Rate of tax on ending of interest in possession in property settled during settlor's life

- 16 (1) Section 54A of IHTA 1984 (special rate of charge...

Property entering maintenance fund after death of person entitled to interest in possession

- 17 In section 57A of IHTA 1984 (relief where property enters...

“Relevant property” not to include property held on trust for a bereaved child

- 18 In section 58(1)(b) of IHTA 1984 (property to which certain...

“Relevant property” to include property held on employee trusts or newspaper trusts if certain interests in possession subsist in the property

- 19 (1) Section 58 of IHTA 1984 (meaning of “relevant property”...

Certain interests in possession to which a person becomes entitled on or after 22nd March 2006 not to be “qualifying interests in possession” for purposes of Chapter 3 of Part 3 of IHTA 1984

- 20 (1) Section 59 of IHTA 1984 (settlements without interests in...

New meaning of “qualifying interest in possession” not to apply in section 72 of IHTA 1984

- 21 (1) Section 72 of IHTA 1984 (property leaving employee trusts...

No charge under sections 71B, 71E etc where property held on trusts for bereaved child becomes held on trusts for charitable purposes etc

- 22 In section 76(1) of IHTA 1984 (which provides for tax...

No postponement of commencement date of settlement where property settled on or after 22nd March 2006 unless settlor, or spouse or civil partner, has immediate post-death interest

- 23 In section 80 of IHTA 1984 (postponement of commencement date...

Protective trusts

- 24 In section 88 of IHTA 1984 (protective trusts), after subsection...

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Alterations of capital etc of close company where participator holds shares etc in company as trustee of settled property in which an interest in possession subsists

25 In section 100 of IHTA 1984 (alteration of close company's...

Close company's interest in possession treated as interest of its participators

26 In section 101 of IHTA 1984 (where close company has...

Distributions within two years of person's death out of property settled by his will

27 (1) Section 144 of IHTA 1984 (distribution etc from property...

Interpretation of IHTA 1984

28 In section 272 of IHTA 1984 (general interpretation), in the...

Part 4 — RELATED AMENDMENTS IN TCGA 1992

29 (1) TCGA 1992 is amended in accordance with the following...

30 (1) Section 72 (death of person entitled to an interest...

31 In section 73 (no chargeable gain on deemed disposal under...

32 In section 260(2) (disposals where gain may be held over),...

Part 5 — PROPERTY SUBJECT TO A RESERVATION

33 (1) FA 1986 is amended as follows.

Part 6 — CONDITIONAL EXEMPTION: RELIEF FROM CHARGES

34 (1) Section 79 of IHTA 1984 (subsection (3) of which...

SCHEDULE 21 — Taxable property held by investment-regulated pension schemes

1 In section 271 of TCGA 1992 (exemptions), after subsection (1A)...

2 Part 4 of FA 2004 (pension schemes) is amended as...

3 (1) Section 160 (payments by registered pension schemes) is amended...

4 In section 173 (benefits), after subsection (7) insert—

5 After section 174 insert— Taxable property held by investment-regulated pension...

6 After section 185 insert— Income and gains from taxable property...

7 In section 186 (relief for income derived from scheme investments),...

8 In section 239 (scheme sanction charge), after subsection (5) insert—...

9 In section 241(1) (scheme chargeable payments) insert at the end...

10 After section 273 insert— Income and gains from taxable property...

11 In section 278 (market value), after subsection (3) insert—

12 In section 280(2) (index of defined expressions), in the table,...

13 After Schedule 29 insert— SCHEDULE 29A Taxable property held by...

14 (1) Schedule 34 (non-UK schemes: application of certain charges) is...

15 In Schedule 36 (transitional provisions and savings), after paragraph 37...

SCHEDULE 22 — Pension schemes: inheritance tax

Introductory

1 IHTA 1984 is amended as follows.

Dispositions

2 In section 12 (dispositions conferring retirement benefits), after subsection (2)...

Status: Point in time view as at 01/09/2006.

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Secured pension funds

- 3 In subsection (2) of section 151 (treatment of pension rights...
4 After that section insert— Person dying with alternatively secured pension...

Liability

- 5 (1) Section 200 (liability for tax: transfer on death) is...
6 In section 210 (liability: pension rights etc) re-number the existing...

Delivery of accounts

- 7 (1) Section 216 (delivery of accounts) is amended as follows....

Payment

- 8 In section 226(4) (payment), for “or 126” substitute “ ,...

Interest

- 9 In section 233(1)(c) (interest on unpaid tax), for “or 126”...

Interpretation

- 10 (1) Section 272 (general interpretation) is amended as follows.

Rates of tax

- 11 In Schedule 2 (provisions applying on reduction of tax), after...

Transitional

- 12 The reference in section 12(2A) of IHTA 1984 (inserted by...

SCHEDULE 23 — Pension schemes etc: miscellaneous

Introduction

- 1 Part 4 of FA 2004 (pension schemes etc) is amended...

Meaning of “pension credit member” etc: person dying before discharge of liability

- 2 In section 151(5) (pension credit members), insert at the end...

Unauthorised payments: former members and sponsoring employers etc

- 3 (1) Section 160 (payments by registered pension schemes) is amended...
4 (1) Section 161 (meaning of “payment” etc) is amended as...
5 In section 162(3) and (4) (meaning of “loan”)—
6 In section 164 (authorised member payments)— (a) before “member” insert...
7 In section 171(1) and (4) (scheme administration member payments), before...
8 (1) Section 173 (benefits) is amended as follows.
9 (1) Section 174 (value shifting) is amended as follows.
10 In section 175 (authorised employer payments), before “sponsoring” insert “...”

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- 11 In section 179(1), (5) and (6) (authorised employer loan), before...
- 12 In section 180(1) and (4) (scheme administration employer payments), before...
- 13 In section 181(1) (value shifting)— (a) before “sponsoring employer”, in...
- 14 In section 208(2) (unauthorised payments charge)— (a) in paragraph (a),...
- 15 In section 209(3) (unauthorised payments surcharge)— (a) in paragraph (a),...
- 16 (1) Section 210 (surchargeable unauthorised member payments) is amended as...
- 17 In section 211(1) (valuation of crystallised rights), for “the arrangement”,...
- 18 In section 212(3) (valuation of uncrystallised rights), for “the arrangement”,...
- 19 (1) Section 213 (surchargeable unauthorised employer payments) is amended as...

“Bridging” pensions

- 20 (1) Paragraph 2 of Schedule 28 (scheme pension) is amended...
- 21 In paragraph 1(4)(a) of Schedule 29 (pension commencement lump sum):...

Pension commencement lump sum: scheme pensions under money purchase arrangements

- 22 (1) Paragraph 3 of Schedule 29 (pension commencement lump sum):...
- 23 (1) Paragraph 2 of that Schedule (the permitted maximum) is...
- 24 (1) Paragraph 29 of Schedule 36 (transitional provisions: applicable amount)...
- 25 (1) Paragraph 34 of that Schedule (transitional provisions: entitlement to...)
- 26 In section 280(2) (general index), after the entry relating to...

Short service refund lump sum: protected rights etc.

- 27 In paragraph 5(1)(d) of Schedule 29 (requirement that lump sum...

Refund of excess contributions lump sum: excess relief at source

- 28 (1) Paragraph 6 of Schedule 29 (refund of excess contributions)...

Annuity protection lump sum death benefit: benefits from unsecured pension fund

- 29 In paragraph 16(3) of Schedule 29 (annuity protection lump sum)...

Benefit crystallisation events: reaching 75 after designation for unsecured pension

- 30 In section 216(1) (benefit crystallisation events and amounts crystallised), in...

Availability of individual's lifetime allowance: previous benefit crystallisation events

- 31 (1) Section 219 (availability of individual's lifetime allowance) is amended...

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Overseas pension schemes: extension of migrant member relief

32 (1) Paragraph 4 of Schedule 33 (meaning of “relevant migrant...

Abatement

33 In section 279(1) (definitions), in the definition of “abatement”—

Amendments and transitionals

34 (1) Section 281 (minor and consequential amendments) is amended as...

35 (1) Section 283 (transitionals and savings) is amended as follows....

*Transitional provision: uncrystallised rights
under paragraph 9 to include separate lump sums*

36 (1) Paragraph 9 of Schedule 36 (uncrystallised rights under arrangement...

Transitional protection: taking account of death benefits

37 Schedule 36 (transitional provisions) is amended as follows.

38 After paragraph 11 insert— (1) This paragraph applies where— (a) paragraph 7 makes provision...

39 In paragraph 14 (enhanced protection: relevant contributions), after subparagraph (2)...

40 (1) Paragraph 15 (enhanced protection: “the relevant crystallised amount”) is...

41 After that paragraph insert— (1) This paragraph applies where— (a) a person is paid...

42 In section 256(1) (enhanced lifetime allowance regulations)—

Transitional protection: right to take benefits before normal pension age

43 (1) Paragraph 22 of Schedule 36 (right to take benefits...

Transitional provisions: minor corrections

44 Schedule 36 (transitional provisions) is amended as follows.

45 In paragraphs 9(4)(a) and 26(3)(a) (primary protection: maximum permitted pension...

46 In paragraph 54(1)(b) (benefits taxable under Chapter 2 of Part...

SCHEDULE 24 — Stamp duty land tax: amendments of Schedule 15 to FA 2003

Introduction

1 Schedule 15 to FA 2003 (stamp duty land tax: partnerships)...

Transfer of chargeable interest to a partnership

2 (1) In paragraph 10 (transfer of chargeable interest to a...

3 In paragraph 11 (transfer of chargeable interest to a partnership:...

4 (1) In paragraph 13 (transfer of chargeable interest to a...

Transfer of chargeable interest from a partnership

5 (1) In paragraph 18 (transfer of chargeable interest from a...

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- 6 In paragraph 19 (transfer of chargeable interest from a partnership:...
- 7 (1) In paragraph 24 (transfer of chargeable interest from a...

Transfer of chargeable interest from a partnership to a partnership

- 8 In paragraph 23 (transfer of chargeable interest from a partnership...

Transfer of partnership interest: restriction of charge to property-investment partnerships

- 9 (1) In paragraph 14 (transfer of partnership interest: consideration given...

Prevention of double charge where money etc withdrawn from partnership

- 10 In paragraph 17A (withdrawal of money etc from partnership after...

Commencement

- 11 (1) Paragraphs 2 to 8 have effect in relation to...

SCHEDULE 25 — Stamp duty land tax: amendments of Schedule 17A to FA 2003

Introduction

- 1 Schedule 17A (stamp duty land tax: further provisions relating to...

Agricultural tenancies variable under statutory provisions

- 2 (1) In paragraph 7 (variable or uncertain rent), after sub-paragraph...

Backdated lease granted to tenant holding over

- 3 (1) After paragraph 9 insert— Backdated lease granted to tenant...

Disapplication of “single lease” treatment where agreement for lease followed by grant

- 4 In paragraph 12A (agreement for lease), at the end of...
- 5 (1) In paragraph 19 (provisions relating to leases in Scotland),...

Disapplication of “new lease” treatment for certain rent increases after fifth year

- 6 (1) In paragraph 13 (increase in rent treated as grant...

Abnormal rent increase after fifth year

- 7 (1) In paragraph 14 (increase of rent treated as grant...
- 8 (1) In paragraph 15 (increase of rent after fifth year:...

Commencement

- 9 (1) Paragraph 2 has effect in relation to any lease...

SCHEDULE 26 — Repeals

Part 1 — EXCISE DUTIES

Part 2 — VALUE ADDED TAX

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

Part 4 — REAL ESTATE INVESTMENT TRUSTS

Part 5 — OIL

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- Part 6 — INHERITANCE TAX
- Part 7 — STAMP TAXES
- Part 8 — MISCELLANEOUS PROVISIONS

Status:

Point in time view as at 01/09/2006.

Changes to legislation:

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