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Finance Act 2007

CHAPTER 11

FINANCE ACT 2007

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Income tax

- 1 Charge and rates for 2007-08

Corporation tax

- 2 Charge and main rates for financial year 2008
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- 4 Rates and rate bands for 2010-11

Alcohol and tobacco

- 5 Rates of duty on alcoholic liquor
- 6 Rates of tobacco products duty

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- 7 Rates of gaming duty
- 8 Remote gaming duty
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- 10 Fuel duty rates and rebates

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- 11 Rates of vehicle excise duty
- 12 Rates of air passenger duty
- 13 Rates of climate change levy
- 14 Rate of aggregates levy
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- 17 Corporation tax deduction for expenditure on energy-saving items
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- 19 SDLT relief for new zero-carbon homes

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- 20 Income tax exemption for domestic microgeneration
- 21 Renewables obligation certificates for domestic microgeneration

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- 22 Aggregates levy: exemption for aggregate removed from railways etc
- 23 Climate change levy: reduced-rate supplies etc
- 24 Landfill tax: bodies concerned with the environment

PART 3

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

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- 25 Managed service companies
- 26 Restrictions on trade loss relief for partners
- 27 Extension of restrictions on allowable capital losses
- 28 Restriction on expenses of management
- 29 Life policies etc: effect of rebated or reinvested commission
- 30 Avoidance involving financial arrangements
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- 32 Restrictions on companies buying losses or gains: tax avoidance schemes
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Insurance and friendly societies

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- 41 Insurance companies: miscellaneous
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- 47 Sale and repurchase of securities

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- 51 Venture capital schemes etc

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- 52 Real Estate Investment Trusts

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- 53 Alternative finance investment bond
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- 55 Trust income
- 56 Trust gains on contracts for life insurance

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- 57 Offshore funds
- 58 Election out of special film rules for film production companies
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- 60 Gift aid: limits
- 61 Enterprise management incentives: excluded activities
- 62 Benefits code: whether employment is “lower-paid employment”
- 63 Armed forces redundancy schemes
- 64 Armed forces: the Operational Allowance
- 65 Service charge income
- 66 Charge on benefits received by former owner of property: late elections
- 67 Unpaid remuneration and employee benefit contributions

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- 71 Anti-avoidance
- 72 Partnerships

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- 73 Exemptions: intermediaries, repurchases etc
- 74 Acquisition relief: disregard of company holding own shares

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- 75 SDLT: alternative finance arrangements
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- 77 SDLT: shared ownership trusts
- 78 SDLT: shared ownership lease
- 79 Certain transfers of school land

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- 92 Commencement

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- 93 Mandatory electronic filing of returns
- 94 Mandatory electronic payment
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- 96 Enquiry into returns
- 97 Penalties for errors

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Value added tax and insurance premium tax

- 98 VAT: joint and several liability of traders in supply chain where tax unpaid
- 99 VAT: non-business use etc of business goods
- 100 VAT: transfers of going concerns
- 101 IPT: meaning of “premium”

Petroleum revenue tax

- 102 Abolition of PRT for fields recommissioned after earlier decommissioning
- 103 Tax-exempt tariffing receipts
- 104 Allowance of unrelievable loss from abandoned field

Other miscellaneous measures

- 105 Amendments connected with Gambling Act 2005
- 106 VED: exempt vehicles
- 107 Limitation period in old actions for mistake of law relating to direct tax
- 108 Disclosure of tax avoidance schemes
- 109 Meaning of “recognised stock exchange” etc
- 110 Mergers Directive: regulations
- 111 Excise duties: small consignment relief
- 112 Updating references to Standing Committees

PART 8

FINAL PROVISIONS

- 113 Interpretation
- 114 Repeals
- 115 Short title

SCHEDULES

SCHEDULE 1 — Remote gaming duty

Part 1 — IMPOSITION OF DUTY

- 1 The sections set out below are to be inserted in...
- 2 Those sections are— Remote gaming duty Interpretation (1) For the purposes of remote gaming duty “remote gaming”...
Part 2 — CONSEQUENTIAL AMENDMENTS
- 3 In BGDA 1981, before section 26N (non-sterling amounts) (as renumbered...

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- 4 In section 31 of that Act (protection of officers), after...
- 5 In section 32 of that Act (subordinate legislation), after subsection...
- 6 In section 33(2) of that Act (no legalising effect), after...

SCHEDULE 2 — Climate change levy: reduced-rate supplies etc

Introductory

- 1 Schedule 6 to FA 2000 (climate change levy) is amended...

Reduced-rate supplies

- 2 In paragraph 4(2)(b) (taxable supplies: introduction), after “paragraph 24” insert...
- 3 In paragraph 5(3) (supplies of electricity), for “or 24” substitute...
- 4 In paragraph 6(2A) (supplies of gas), after “24” insert “...
- 5 (1) Paragraph 34 (other commodities: deemed supplies) is amended as...
- 6 In paragraph 39(1)(c) (regulations as to time of supply), for...
- 7 For paragraph 44 substitute— (1) For the purposes of this Schedule, a taxable supply...
- 8 (1) Paragraph 45 (reduced-rate supplies: variation of notices under paragraph...
- 9 After that paragraph insert— Reduced-rate supplies: deemed supply (1) This paragraph applies where— (a) a taxable supply has...
- 10 In paragraph 147 (interpretation), in the definition of “reduced-rate supply”—...

Notifications and certificates

- 11 (1) Paragraph 11 (exemption: supply not for burning in UK)...
- 12 (1) Paragraph 101 (civil penalties: incorrect notifications etc) is amended...

Commencement

- 13 (1) Paragraphs 2 to 10 come into force on such...

SCHEDULE 3 — Managed service companies

Part 1 — AMENDMENTS OF ITEPA 2003

- 1 ITEPA 2003 is amended as follows.
- 2 In section 7(5) (meaning of “employment income” etc), for paragraph...
- 3 In section 48(2) (workers under arrangements made by intermediaries: scope...
- 4 After section 61 insert— Chapter 9 Managed service companies Application...
- 5 In section 218(1) (exclusion of lower-paid employments from parts of...
- 6 After section 688 insert— Managed service companies: recovery from other...
- 7 In section 717(4) (orders and regulations not subject to negative...
- 8 In Part 2 of Schedule 1 (index of defined expressions),...

Part 2 — CALCULATION OF PROFITS OF MSCS: DEDUCTION FOR DEEMED EMPLOYMENT PAYMENTS

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Deduction for deemed employment payments for income tax purposes

- 9 In ITTOIA 2005, after section 164 insert— Managed service companies...

Deduction for deemed employment payments for corporation tax purposes

- 10 (1) This paragraph applies for the purpose of calculating for...

SCHEDULE 4 — Restrictions on trade loss relief for partners

Limit on amount of sideways relief and capital gains relief available in any tax year

- 1 (1) In ITA 2007, before section 104 (and the italic...

Disregard of contributions made for purpose of accessing sideways relief and capital gains relief

- 2 (1) In ITA 2007, before section 114 insert— Exclusion of...

Provision corresponding to paragraphs 1 and 2 for tax year 2006-07

- 3 (1) ICTA has effect, in relation to any loss made...

Consequential amendments

- 4 ITA 2007 is amended as follows.
5 In section 32 (liability not dealt with in the calculation),...
6 In section 82(a) (exploitation of films), for “sections 115 and...
7 (1) Section 102 (overview of Chapter 3 of Part 4)...
8 After section 103 insert— Meaning of “limited partner” (1) In this Chapter “limited partner” means an individual who...
9 After section 103C (as inserted by paragraph 1(1) above) insert—...
10 In— (a) section 104(5) (restriction on reliefs for limited partners),...
11 In— (a) section 105(11) (meaning of “contribution to the firm”...
12 Omit section 106 (meaning of “limited partner”).
13 In section 112 (meaning of “non-active partner” and “early tax...
14 Omit the italic-cross heading before section 114 (regulations: exclusion of...
15 In section 115 (restrictions on reliefs for firms exploiting films),...
16 Omit section 116 (exclusion from restrictions under section 115: certain...
17 In section 792 (partners claiming excess sideways or capital gains...
18 In section 809 (individuals in partnership claiming relief for licence-related...
19 In paragraph 148(3)(b) of Schedule 2 (transitionals and savings: tax...
20 In Schedule 4 (index of defined expressions)—
21 The amendments made by paragraphs 5 to 20 are deemed...

SCHEDULE 5 — Avoidance involving financial arrangements

Amounts not forming part of a company's income

- 1 (1) ICTA is amended as follows. (2) In section 347A(1)...
2 (1) In section 660C of ICTA, omit subsection (4) (income...

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Structured finance arrangements

- 3 (1) Section 774B of ICTA (disregard of intended effects of...
- 4 In section 774D of ICTA (disregard of intended effects of...
- 5 In section 774E of ICTA (exceptions), in subsection (7)(a) (meaning...
- 6 (1) Section 774G of ICTA (minor definitions etc for purposes...
- 7 (1) The amendments made by paragraphs 3 to 5 and...
- 8 (1) Section 263E of TCGA 1992 (structured finance arrangements) is...

Manufactured payments under arrangements having an unallowable purpose

- 9 (1) In paragraph 7A(10) of Schedule 23A to ICTA (manufactured...

Options and groups of companies

- 10 (1) In section 171(2) of TCGA 1992 (exceptions to rule...

Loan relationships: amounts not fully recognised for accounting purposes

- 11

Shares treated as loan relationships

- 12
- 13
- 14

Exchange gains and losses where loan not on arm's length terms

- 15

Loan relationships and collective investment schemes

- 16

Plant or machinery subject to a lease and finance leaseback

- 17 (1) Chapter 17 of Part 2 of CAA 2001 (plant...

Derivative contracts: contracts treated for accounting purposes as financial asset or liability

- 18

Derivative contracts: transfers of value to connected companies

- 19

SCHEDULE 6 — Companies carrying on business of leasing plant or machinery

Company reconstructions without change of ownership

- 1

Sale etc of lessor companies etc

- 2 (1) Schedule 10 to FA 2006 (sale etc of lessor...

SCHEDULE 7 — Insurance business: gross roll-up business etc
Part 1 — AMENDMENTS

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Taxes Management Act 1970 (c. 9)

1 In section 98 of TMA 1970 (special returns etc), in...

Income and Corporation Taxes Act 1988 (c. 1)

- 2 ICTA is amended as follows.
- 3 (1) Section 76 (expenses of insurance companies) is amended as...
- 4 Omit section 333B (involvement of insurance companies with plans and...
- 5 In section 403E (relief for overseas losses of UK resident...
- 6 (1) Section 431 (interpretative provisions relating to insurance companies) is...
- 7 In section 431A(3)(a) (power to amend), omit “and Schedule 19AA”....
- 8 After section 431B insert— Meaning of “child trust fund business”...
- 9 (1) Section 431D (meaning of “overseas life assurance business”) is...
- 10 After section 431E insert— Meaning of “gross roll-up business” In this Chapter “gross roll-up business” means business of any...
- 11 In section 431F (meaning of “basic life assurance and general...
- 12 In section 432ZA(7) (linked assets), for “long-term business other than...
- 13 (1) Section 432A (apportionment of income and gains) is amended...
- 14 (1) Section 432AA (Schedule A business or overseas property business)...
- 15 In section 432AB (losses from Schedule A business or overseas...
- 16 (1) Section 432B (apportionment of receipts brought into account) is...
- 17 For section 432C substitute— Section 432B apportionment: non-participating funds (1) This section specifies the extent to which the net...
- 18 Omit section 432D (section 432B apportionment: value of non-participating funds)....
- 19 (1) Section 432E (section 432B apportionment: participating funds) is amended...
- 20 In section 432F(2) (section 432B apportionment: supplementary provisions)—
- 21 For section 432G substitute— Section 432B apportionment: business transfers-in (1) There is referable to the life assurance business of...
- 22 (1) Section 434 (franked investment income etc) is amended as...
- 23 (1) Section 434A (computation of losses and limitation on relief)...
- 24 Omit section 436 (pension business: separate charge on profits).
- 25 Before section 437 insert— Gross roll-up business: separate charge on...
- 26 (1) Section 438 (pension business: exemption from tax) is amended...
- 27 Omit section 438B (income or gains arising from property investment...
- 28 Omit section 438C (determination of policy holders' share for purposes...
- 29 Omit section 439 (restricted government securities).
- 30 Omit section 439B (life reinsurance business: separate charge on profits)....
- 31 (1) Section 440 (transfers of assets etc) is amended as...
- 32 In section 440A(2) (securities)— (a) in paragraph (a), for sub-paragraphs...
- 33 In section 440B(4) (modifications where tax charged under Case I...
- 34 Omit section 441 (overseas life assurance business).
- 35 In section 444A(3) (transfers of business)— (a) for “436(3)(c) or...

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- 36 (1) Section 444AC (transfers of business: excess of assets or...
- 37 (1) Section 444AF (demutualisation surplus: life assurance business) is amended...
- 38 (1) Section 444AK (mutual surplus: Case VI categories of life...
- 39 Omit sections 458 and 458A (capital redemption business).
- 40 In section 460(2) (registered friendly societies: exemption from tax in...
- 41 In section 461 (registered friendly societies: other business), omit subsection...
- 42 In section 461B (incorporated friendly societies), omit subsection (2A).
- 43 (1) Section 466 (interpretation of Chapter 2 of Part 12)...
- 44 In section 502H(2)(a)(ii) and (4)(b) (insurance company as lessor), for...
- 45 In section 539(3) (life policies, life annuities and capital redemption...
- 46 (1) Section 553B (overseas life assurance business: capital redemption policies)...
- 47 (1) Section 755A (treatment of chargeable profits and creditable tax...
- 48 In section 804A(1) (life assurance companies with overseas branches etc:...
- 49 (1) Section 804B (insurance companies carrying on more than one...
- 50 In section 804C(14) (insurance companies: allocation of expenses etc in...
- 51 (1) Section 804D (interpretation of section 804C in relation to...
- 52 In section 804E (interpretation of section 804C in relation to...
- 53 In section 806L(5) (carry forward or carry back of unrelieved...
- 54 In section 808 (restriction on deduction of interest or dividends...
- 55 Omit Schedule 19AA (overseas life assurance fund).
- 56

Finance Act 1989 (c. 26)

- 57 FA 1989 is amended as follows.
- 58 In section 88(3A) (corporation tax: policy holders' fraction of profits),...
- 59 In section 89(1A) (policy holders' share of profits), for paragraph...

Taxation of Chargeable Gains Act 1992 (c. 12)

- 60 TCGA 1992 is amended as follows.
- 61 In section 204(10) (policies of insurance and non-deferred annuities)—
- 62 In section 210B— (a) omit paragraph (b) of subsection (6)...
- 63 In section 212(2) (annual deemed disposal of holdings of certain...
- 64 In section 213(1A) (spreading of gains and losses under section...

Finance Act 1996 (c. 8)

- 65 FA 1996 is amended as follows.
- 66 In paragraph 12(3) of Schedule 9 (loan relationships: special computational...
- 67 (1) Schedule 11 (loan relationships: special provisions for insurers) is...

Capital Allowances Act 2001 (c. 2)

- 68 CAA 2001 is amended as follows.
- 69 (1) Section 255 (apportionment of allowances and charges) is amended...
- 70 (1) Section 256 (different giving effect rules for different categories...
- 71 (1) Section 545 (investment assets) is amended as follows.

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Finance Act 2001 (c. 9)

72 In paragraph 20 of Schedule 22 to FA 2001 (remediation...

Finance Act 2002 (c. 23)

73 FA 2002 is amended as follows.

74 (1) Schedule 12 (tax relief for expenditure on research and...

75 (1) Schedule 26 (derivative contracts) is amended as follows.

Income Tax (Trading and Other Income) Act 2005 (c. 5)

76 ITTOIA 2005 is amended as follows.

77 In section 473(2) (policies and contracts to which Chapter 9...

78 In section 476(3) (special rules: foreign policies), in the definition...

79 In Schedule 2 (transitionals and savings etc), in paragraph 118(2),...

Part 2 — TRANSITIONAL PROVISIONS

Introduction

80 (1) A loss incurred by an insurance company in a...

Carry forward of unused pension business losses

81 (1) An unused pension business loss of an insurance company...

Carry forward of unused non-pension business losses

82 (1) An unused non-pension business loss of an insurance company...

83 (1) In paragraph 82 “unused non-pension business loss”, in relation...

“Section 432F(2) excesses”

84 Where there is a subsection (2) excess (within the meaning...

Losses transferred under section 444AZA

85 (1) This paragraph applies where a loss ... is treated...

Losses transferred under section 444AZB

86 (1) This paragraph applies where section 444AZB of ICTA has...

SCHEDULE 8 — Insurance companies: basis of taxation etc

Part 1 — AMENDMENTS

Income and Corporation Taxes Act 1988 (c. 1)

1 ICTA is amended as follows.

2 (1) Section 76 (expenses of insurance companies) is amended as...

3 In section 431(2) (interpretative provisions relating to insurance companies), insert...

4 For section 432 (and the italic cross-heading before it) substitute—...

5 In section 432A(7)(c)(ii) (apportionment of income and gains), for “85(2C)(c)”...

6 In section 437(1A) (annuities), for “, otherwise than in accordance...

7 Omit section 439A (taxation of pure reinsurance business).

8 (1) Section 440B (modifications where tax charged under Case I...

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- 9 After that section insert— Modifications for change of tax basis...
10 In section 755A(2) and (6)(a) (controlled foreign companies: apportionments to...

Finance Act 1989 (c. 26)

- 11 FA 1989 is amended as follows.
12 In section 83(6)(c) (receipts to be taken into account), for...
13 In subsection (1) of section 85 (charge of certain receipts...
14 After that section insert— Excess adjusted Case I profits (1) Where for any accounting period an insurance company is...
15 (1) Section 88 (policy holders' fraction of profits) is amended...
16 (1) Section 89 (policy holders' share of profits) is amended...

Finance Act 1991 (c. 31)

- 17 In paragraph 16(1) of Schedule 7 to FA 1991 (transitional...

Taxation of Chargeable Gains Act 1992 (c. 12)

- 18 In section 212 of TCGA 1992 (annual deemed disposal of...

Finance (No. 2) Act 1992 (c. 48)

- 19 In F(No.2)A 1992, omit section 65 (life assurance business: I...

Finance Act 1996 (c. 8)

- 20 In paragraph 4 of Schedule 11 to FA 1996 (loan...

Finance Act 1998 (c. 36)

- 21 In paragraph 84 of Schedule 18 to FA 1998 (company...

Capital Allowances Act 2001 (c. 2)

- 22 CAA 2001 is amended as follows.
23 In section 256(1) (different giving effect rules for different categories...
24 In section 257(2) (life assurance: supplementary), for paragraphs (a) and...

Finance Act 2002 (c. 23)

- 25 FA 2002 is amended as follows.
26 In paragraph 13(1) of Schedule 12 (tax relief on R&D:...
27 In Schedule 29 (gains and losses of a company from...
Part 2 — TRANSITIONAL PROVISIONS

Unused pre-commencement section 76(12) etc excesses

- 28 Step 7 in subsection (7) of section 76 of ICTA...

Shifts in basis of taxation at first post-commencement accounting period

- 29 (1) This paragraph applies where— (a) the profits of the...

SCHEDULE 9 — Insurance companies: transfers etc

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Definition of “insurance business transfer scheme”

1 (1) In section 431(2) of ICTA (interpretative provisions for purposes...

Transfer schemes: expenses, losses etc

2 (1) Section 444A of ICTA (transfers of business: expenses, losses...

Transfer schemes: deemed periodical returns

3 (1) In ICTA , for section 444AA substitute— Transfers of...

Transfer schemes: taxing the transferor

4 (1) In ICTA, for sections 444AB and 444ABA substitute— Transfer...

Transferor's period of account including transfer

5 In ICTA, after section 444ABC (inserted by paragraph 4) insert—...

Transfer schemes: taxing the transferee

6 (1) In ICTA, for section 444AC substitute— Transfer schemes transferring...

Repeal of section 444AD

7 (1) In ICTA, omit section 444AD (transfers of business: modification...

Transfer schemes: anti-avoidance

8 (1) In ICTA, before section 444AF (and the italic cross-heading...

Repeal of FA s.82C

9 In FA 1989, omit section 82C (relevant financial reinsurance contracts)....

Transfers: receipts to be taken into account

10 (1) Section 83 of FA 1989 (receipts to be taken...

Transfers and demutualisations: losses where assets added to long-term insurance fund

11 (1) FA 1989 is amended as follows.

12

Transfer schemes: old annuity contracts

13 (1) Paragraph 16 of Schedule 7 to FA 1991 (transitional...

Transfer schemes: no gain/no loss

14 (1) TCGA 1992 is amended as follows.

Transfer schemes: old reinsurance business

15 In paragraph 57 of Schedule 8 to FA 1995 (application...

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Power to amend transfer provisions

16 (1) The Treasury may by order make provision in relation...

Commencement

17 (1) The amendments made by paragraphs 1 to 3 and...

SCHEDULE 10 — Insurance companies: miscellaneous

Contingent loans

1 In section 83ZA(4) of FA 1989 (contingent loans), for “the...

“Structural” assets

2 (1) In FA 1989, after section 83 insert— Structural assets...

Losses on disposal of authorised investment fund assets to connected manager

3 In TCGA 1992, after section 210B insert— Losses on disposal...

Priority of section 83(2) of FA 1989 etc

4

Tidying up of TCGA 1992

5 (1) TCGA 1992 is amended as follows.

Tidying up of Chapter 2 of Part 4 of FA 1996

6 (1) Chapter 2 of Part 4 of FA 1996 (loan...

Correction of erroneous repeal

7 The repeals made by Schedule 3 to ITA 2007 in...

Non-profit companies, non-profit funds and with-profits funds

8 (1) In section 431(2) of ICTA (interpretative provisions relating to...

Internal linked funds and net value

9 (1) In section 431(2) of ICTA (interpretative provisions relating to...

Fair value

10 (1) In section 431(2) of ICTA (interpretative provisions relating to...

Generalisation of definitions

11 (1) Section 431 of ICTA (interpretative provisions relating to insurance...

12 (1) Section 431A (power to amend) is amended as follows....

13 In section 83A(1) of FA 1989 (“brought into account”)—

14 (1) Omit the following provisions. (2) In ICTA—

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Minor changes

- 15 (1) In section 432ZA(5) of ICTA (linked assets), for “432F”...

Obsolete etc provisions

- 16 (1) Omit the following provisions (which are obsolete or of...

Commencement

- 17 (1) The amendment made by paragraph 1 has effect on...

SCHEDULE 11 — Technical provisions made by general insurers

Restriction on amount of technical provisions made by general insurers

- 1 (1) This paragraph applies if a general insurer makes any...

Enforcement

- 2 (1) This paragraph applies if an officer of Revenue and...

Supplementary

- 3 (1) In paragraph 1 “general insurer” means—

Repeal of section 107 of FA 2000

- 4 In FA 2000, omit section 107 (general insurance reserves).

Commencement

- 5 (1) Paragraphs 1 to 3 have effect in relation to...

SCHEDULE 12 — Friendly societies: transfers to insurance companies etc

Exempt life or endowment business

- 1 (1) Section 460 of ICTA (exemption from tax in respect...
2 (1) Section 464 of ICTA (maximum benefits payable to members)...
3 In section 466(2) of ICTA, in the definition of “tax...

Other exempt business

- 4 (1) Section 461 of ICTA (exemption of registered friendly societies...
5 (1) Section 461B of ICTA (exemption of incorporated friendly societies...

Commencement

- 6 (1) The amendment made by sub-paragraph (2) of paragraph 1,...

SCHEDULE 13 — Sale and repurchase of securities

Purpose of Schedule

- 1 (1) The purpose of this Schedule is to secure that...

Status: Point in time view as at 01/08/2023.

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Meaning of debtor repo

2 (1) For the purposes of this Schedule a company (“...

Meaning of debtor quasi-repo

3 (1) For the purposes of this Schedule a company (“...

Ignoring effect on borrower of sale of securities: debtor repos, debtor quasi-repos and other arrangements

4 (1) This paragraph applies if a company (“ the borrower...

Relief for borrower for finance charges in respect of the advance: debtor repos and debtor quasi-repos

5 (1) This paragraph applies if a company (“ the borrower...

Ignoring sale and subsequent purchase for purposes of chargeable gains: debtor repos

6 (1) This paragraph applies if— (a) a company (“the borrower”)...

Meaning of creditor repo

7 (1) For the purposes of this Schedule a company (“...

Meaning of creditor quasi-repo

8 (1) For the purposes of this Schedule a company (“...

Ignoring effect on lender of sale of securities: creditor repos and creditor quasi-repos

9 (1) This paragraph applies if a company (“ the lender...

Charge on lender for finance return in respect of the advance: creditor repos and creditor quasi-repos

10 (1) This paragraph applies if a company (“ the lender...

Ignoring purchase and subsequent sale for purposes of chargeable gains: creditor repos

11 (1) This paragraph applies if— (a) a company (“the lender”)...

Repo under arrangement designed to produce quasi-interest: anti-avoidance

12 (1) This paragraph applies if— (a) under an arrangement a...

Requirements to deduct tax from manufactured payments: creditor repos and debtor repos

13

Interpretation etc

14 (1) In this Schedule— “arrangement” includes any agreement or understanding...

Power to modify Schedule

15 (1) The Treasury may by regulations provide for all or...

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SCHEDULE 14 — Sale and repurchase of securities: minor and consequential amendments

Income and Corporation Taxes Act 1988 (c. 1)

- 1 ICTA is amended as follows.
- 2
- 3
- 4 Omit sections 730A and 730B (treatment of price differential on...
- 5 Omit section 730BB (exchange gains and losses on sale and...
- 6
- 7 Omit sections 737A to 737C (sale and repurchase of securities:...
- 8 Omit section 737E (power to modify sections 730A, 730BB and...
- 9
- 10

Taxation of Chargeable Gains Act 1992 (c. 12)

- 11 TCGA 1992 is amended as follows.
- 12 (1) Section 263A (agreements for sale and repurchase of securities)...
- 13 (1) For paragraph 12 of Schedule 7AC substitute— (1) This paragraph applies where— (a) a company (“the borrower”)...

Finance Act 1996 (c. 8)

- 14 Chapter 2 of Part 4 of FA 1996 (loan relationships)...
- 15 In section 91C(3) (shares treated as loan relationships: condition 1...
- 16 (1) Section 97 (manufactured interest) is amended as follows.
- 17 In section 100 (money debts etc not arising from the...
- 18 For paragraph 15 of Schedule 9 (and the italic cross-heading...

Finance Act 1994 (c. 9)

- 19 In section 229(1)(ca) of FA 1994 (Lloyd's corporate members: regulations),...

Finance Act 2006 (c. 25)

- 20 In section 139 of FA 2006 (Real Estate Investment Trusts:...

Income Tax Act 2007 (c. 3)

- 21 ITA 2007 is amended as follows.
- 22
- 23
- 24 In section 886(2) (interest paid by recognised clearing houses etc),...

SCHEDULE 15 — Controlled foreign companies

Imputation of chargeable profits and creditable tax of controlled foreign companies

- 1 (1) Section 747 of ICTA (imputation of chargeable profits and...

Residence

- 2 In section 749 of ICTA (residence), insert at the end—...

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Elections and designations under section 749: supplementary provisions

3 In section 749A of ICTA (elections and designations under section...

Territories with a lower level of taxation

4 In section 750(3) of ICTA (territories with a lower level...

Reduction in chargeable profits for certain activities of EEA business establishments

5 In ICTA, after section 751 insert— Reduction in chargeable profits...

Interpretation

6 In section 756 of ICTA (interpretation and construction of Chapter...

Exempt activities test

7 (1) Part 2 of Schedule 25 to ICTA (supplementary provision...

Abolition of public quotation exemption

8 (1) In section 748(1) of ICTA (cases where apportionment under...

Discovery assessments

9 In paragraph 44(3) of Schedule 18 to FA 1998 (discovery...

Commencement

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

SCHEDULE 16 — Venture capital schemes etc

Part 1 — LIMIT ON NUMBER OF EMPLOYEES OF COMPANY IN WHICH
INVESTMENT IS MADE

Corporate venturing scheme

1 (1) Part 3 of Schedule 15 to FA 2000 (requirements...

Enterprise investment scheme

2 (1) Chapter 4 of Part 5 of ITA 2007 (the...

Venture capital trusts

3 (1) Part 6 of ITA 2007 is amended as follows...

Part 2 — LIMIT ON AMOUNT RAISED ANNUALLY BY COMPANY THROUGH
RISK CAPITAL SCHEMES

Corporate venturing scheme

4 (1) Schedule 15 to FA 2000 is amended as follows....

Enterprise investment scheme

5 (1) Part 5 of ITA 2007 is amended as follows....

Status: Point in time view as at 01/08/2023.

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Venture capital trusts

- 6 (1) Chapter 4 of Part 6 of ITA 2007 (qualifying...

Enterprise investment scheme: reinvestment

- 7 (1) Schedule 5B to TCGA 1992 is amended as follows....

Transitional provision

- 8 (1) This paragraph applies for the purposes of—
Part 3 — EXCLUDED ACTIVITIES: RECEIPT OF ROYALTIES AND LICENCE FEES

Corporate venturing scheme

- 9 (1) Paragraph 29 of Schedule 15 to FA 2000 is...
10 In paragraph 86(2) (substitution of new shares for old shares),...

Enterprise investment scheme

- 11 (1) In section 297 of ICTA (qualifying trades)—

Venture capital trusts

- 12 (1) Section 306 of ITA 2007 (qualifying holdings) is amended...

Commencement

- 13 This Part of this Schedule is deemed to have come...

Transitional provision

- 14 (1) This paragraph applies if— (a) shares in or securities...
Part 4 — MEANING OF “QUALIFYING 90% SUBSIDIARY”

Corporate venturing scheme

- 15 (1) Schedule 15 to FA 2000 is amended as follows....

Enterprise investment scheme etc

- 16 (1) In Chapter 3 of Part 7 of ICTA—

Venture capital trusts

- 17 In section 301 of ITA 2007, after subsection (1) insert—...

Commencement

- 18 This Part of this Schedule is deemed to have come...
Part 5 — OTHER AMENDMENTS

EIS: approved investment funds

- 19 (1) In Part 5 of ITA 2007 (enterprise investment scheme),...

VCTs: disposal of holding

- 20 (1) Chapter 3 of Part 6 of ITA 2007 (VCT...

Status: Point in time view as at 01/08/2023.

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VCTs: power to make regulations as to breaches of conditions

21 (1) In section 284 of ITA 2007 (power to make...

SCHEDULE 17 — Real Estate Investment Trusts

- 1 Part 4 of FA 2006 (REITs) is amended as follows....
- 2 In section 106 (conditions for company)— (a) in subsection (1),...
- 3 In section 107 (conditions for tax-exempt business)—
- 4 In section 108(2) (profit condition), for paragraph (b) substitute—
- 5 In section 109 (notice), after subsection (2) insert—
- 6 In section 115 (profit: financing cost ratio)—
- 7 In section 116 (minor or inadvertent breach)—
- 8 In section 117 (cancellation of tax advantage), insert at the...
- 9 In section 120 (calculation of profits)— (a) in paragraph (a)...
- 10 In section 123(a) (attribution of distributions), for “Condition 4” substitute...
- 11 After section 126 (movement of assets into ring fence) insert—...
- 12 In section 127 (interpretation), for “126” substitute “ 126A ”....
- 13 In section 133 (early exit), insert at the end—
- 14 In section 138 (joint ventures), after subsection (3) insert—
- 15 In paragraph 3 of Schedule 16 (excluded income: owner-occupied property),...
- 16 (1) Schedule 17 (modifications for groups) is amended as follows....
- 17 In section 505(1) of ICTA (charities: exemptions), after paragraph (a)...
- 18 In section 531 of ITA 2007 (charities: exemptions)—

SCHEDULE 18 — Pensions schemes: abolition of relief for life assurance premium contributions etc

Introduction

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

Life assurance premium contributions not to be relievable pension contributions

- 2 In section 188(3) (relief for members' contributions: contributions which are...

Life assurance premium contributions

- 3 After section 195 insert— Life assurance premium contributions (1) Contributions paid by or on behalf of an individual...

Commencement: schemes other than occupational pension schemes

- 4 (1) In relation to contributions under any pension scheme that...
- 5 (1) This paragraph specifies when a policy of insurance is...

Commencement: occupational pension schemes

- 6 (1) In relation to contributions under any occupational pension scheme,...
- 7 (1) This paragraph specifies when a policy of insurance is...

Status: Point in time view as at 01/08/2023.

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Power to amend commencement provisions

8 (1) The Commissioners for Her Majesty's Revenue and Customs may...

SCHEDULE 19 — Alternatively secured pensions and transfer lump sum death benefit etc

Introduction

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

Alternatively secured pension: guaranteed pension and maximum

2 (1) In section 165(1) (pension rules) is amended as follows...
3 In paragraph 12 of Schedule 28 (pension rules: alternatively secured...

Maximum dependants' alternatively secured pension

4

Abolition of transfer lump sum death benefit

5 In section 168(1) (lump sum death benefit rule), omit paragraph...
6 Omit section 172B(5)(a) (reduction for transfer lump sum death benefit)...
7 In section 188(5) (amounts not to be treated as contributions),...
8 In section 280(2) (index), omit the entry relating to transfer...
9 In Schedule 29, omit paragraph 19 (transfer lump sum death...
10 In paragraph 17A of Schedule 36 (“enhanced protection”)—

Untraceable members

11

Increase in rights on death

12 (1) Section 172B (increase in rights of connected person on...
13

Minimum alternatively secured pension and dependants' alternatively secured pension

14

Charity lump sum death benefit

16 (1) Paragraph 18 of Schedule 29 (charity lump sum death...

Discharge of liability to scheme chargeable payment

17 In section 268(6) (unauthorised payments surcharge and scheme chargeable payments),...

Non-UK schemes

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

Status: Point in time view as at 01/08/2023.

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Inheritance tax

- 19 IHTA 1984 is amended as follows.
 20
 21
 22
 23
 24
 25
 26
 27 In Schedule 2 (provisions applying on reduction of tax), omit...

Consequential amendment

- 28 (1) Section 636A of ITEPA 2003 (exemption for certain lump...

Commencement

- 29 (1) The amendments made by paragraphs 2(2) and 3 have...

SCHEDULE 20 — Pension schemes etc: miscellaneous

Introduction

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

Persons by whom registered pension schemes may be established

- 2 (1) Section 154 (persons by whom registered pension scheme may...
 3 Omit section 155 (persons by whom scheme may be established:....
 4 In section 273 (members liable as scheme administrator)—

Unauthorised payments reduced by amount of scheme sanction charge

- 5 In section 160 (unauthorised payments), after subsection (4) insert—

Surrenders

- 6 (1) Section 172A (surrender) is amended as follows.

Scheme pensions where ill-health condition met

- 7 (1) Schedule 28 (pension rules) is amended as follows.

Unsecured and dependants' unsecured pensions: reference periods

- 8 (1) Schedule 28 (pension rules) is amended as follows.

Pension commencement lump sums

- 9 In section 166(2)(a) (when person becomes entitled to pension commencement...
 10 In section 219(7) (multiple benefit crystallisation events occurring by reason...
 11 (1) Schedule 29 (authorised lump sums) is amended as follows....

Status: Point in time view as at 01/08/2023.

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Winding-up lump sums

- 12 (1) Paragraph 10 of Schedule 29 (winding-up lump sums) is...

Lump sum death benefits

- 13

Taxable property held by investment-regulated pension schemes: indirect holdings in REITs

- 14 (1) Schedule 29A (taxable property held by investment-regulated pension schemes)...

Transitional provision: primary protection

- 15 In paragraph 11D of Schedule 36 (lump sum death benefits)...

Transitional provision: enhanced protection

- 16 Schedule 36 (transitional provision) is amended as follows.
17 (1) Paragraph 12 (when enhanced protection ceases) is amended as...
18 In paragraph 14 (relevant contributions), after sub-paragraph (3) insert
—
19 (1) Paragraph 15 (relevant benefit accrual) is amended as follows....

Inheritance tax: lump sum death benefits

- 20 In section 58 of IHTA 1984 (settlements: “relevant property”), after...

Benefits under employer-financed retirement benefits schemes

- 21 In section 393B of ITEPA 2003 (employer-financed retirement benefits schemes)...

Consequential amendments

- 22 (1) In section 167(2) of FA 2004 (meaning of “pension...
23 (1) In section 1(1) of the Pension Schemes Act 1993...

Commencement

- 24 (1) The amendments made by paragraphs 2 to 4 and...

SCHEDULE 21 — Exemptions from stamp duty and SDRT: intermediaries, repurchases etc

Intermediaries

- 1 (1) Section 80A of FA 1986 (exemption from stamp duty:...
2 (1) Section 80B of FA 1986 (exemption from stamp duty...
3 (1) Section 88A of FA 1986 (exemption from SDRT: sales...
4 (1) Section 88B of FA 1986 (exemption from SDRT on...

Repurchases and stock lending

- 5 (1) Section 80C of FA 1986 (exemption from stamp duty:...
6 (1) Section 89AA of FA 1986 (exemption from SDRT: repurchases...

Status: Point in time view as at 01/08/2023.

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Exemptions from stamp duty and SDRT in cases involving recognised investment exchanges

7 (1) In section 116 of FA 1991 (stamp duty: investment...

Consequential repeal

8 (1) In F(No.2)A 2005, omit section 50 (power to extend...

SCHEDULE 22 — Amendments and repeals consequential on extension of HMRC powers

Part 1 — AMENDMENTS

1 In section 20D(1) of TMA 1970, for “sections 20A, 20BA...

2 In section 67 of the Criminal Justice and Police Act...

Part 2 — REPEALS

3 The provisions listed below are omitted.

4 In TMA 1970— (a) sections 20C and 20CC (search warrants),...

5 In CEMA 1979— (a) section 118C(3)(c) (gaming duty), and

6 In BGDA 1981— (a) paragraph 16 of Schedule 1 (general...

7 Section 148(4) of FA 1989 (definition of “business” for purposes...

8 In VATA 1994— (a) section 72(9) (powers of arrest), and...

9 In Schedule 7 to FA 1994 (insurance premium tax)—

10 In Schedule 5 to FA 1996 (landfill tax)—

11 In Schedule 6 to FA 2000 (climate change levy)—

12 In FA 2001 (aggregates levy)— (a) paragraph 6 of Schedule...

13 (1) In the Criminal Justice and Police Act 2001—

14 Section 36(2) and (3) of the Tax Credits Act 2002...

15 Section 323(3)(e) and (f) of the Proceeds of Crime Act...

16 Part 7 of Schedule 13 to FA 2003 (stamp duty)...

17 In CRCA 2005— (a) section 13(3)(b) and (c) (Commissioners' functions...

SCHEDULE 23 — Extension of HMRC powers: Scotland

Criminal Law (Consolidation) (Scotland) Act 1995 (c. 39)

1 Part 3 of the Criminal Law (Consolidation) (Scotland) Act 1995...

2 The heading to that Part becomes “ Investigation of Revenue...

3 At the beginning of that Part insert— Investigation of offences...

4 In section 24 (detention and questioning by customs officers)—

5 In section 25(1) (right to have someone informed of the...

6 In section 26 (detention in connection with drug smuggling offences),...

7 After that section insert— Power of arrest Power of arrest...

Criminal Procedure (Scotland) Act 1995 (c. 46)

8 Section 307 of the Criminal Procedure (Scotland) Act 1995 (interpretation)...

9 In subsection (1), in the definition of “officer of law”,...

10 After that subsection insert— (1A) The inclusion of officers of...

Criminal Justice and Police Act 2001 (c. 16)

11 The Criminal Justice and Police Act 2001 is amended as...

12 In section 63(2) (powers to obtain hard copies etc of...

13 In Schedule 1— (a) in Part 1, after paragraph 59...

Status: Point in time view as at 01/08/2023.

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14 (1) The amendments made by this Schedule come into force...

SCHEDULE 24 — Penalties for errors

Part 1 — LIABILITY FOR PENALTY

Error in taxpayer's document

1 (1) A penalty is payable by a person (P) where—...

Error in taxpayer's document attributable to another person

1A (1) A penalty is payable by a person (T) where—...

Under-assessment by HMRC

2 (1) A penalty is payable by a person (P) where—...

Degrees of culpability

3 (1) For the purposes of a penalty under paragraph 1,...

Errors related to avoidance arrangements

3A (1) This paragraph applies where a document of a kind...

3B (1) In paragraph 3A “avoidance arrangements” means, subject...

Errors related to transfer pricing records

3C (1) This paragraph applies where— (a) a document of a...

Part 2 — AMOUNT OF PENALTY

Standard amount

4 (1) This paragraph sets out the penalty payable under paragraph...

4A (1) An inaccuracy is in category 1 if—

4AA (1) This paragraph makes provision in relation to offshore transfers...

4B The penalty payable under paragraph 1A is 100% of the...

4C The penalty payable under paragraph 2 is 30% of the...

4D Paragraphs 5 to 8 define “potential lost revenue”.

Potential lost revenue: normal rule

5 (1) “The potential lost revenue” in respect of an inaccuracy...

Potential lost revenue: multiple errors

6 (1) Where P is liable to a penalty under paragraph...

Potential lost revenue: losses

7 (1) Where an inaccuracy has the result that a loss...

Potential lost revenue: delayed tax

8 (1) Where an inaccuracy resulted in an amount of tax...

Reductions for disclosure

9 (A1) Paragraph 10 provides for reductions in penalties—

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- 10 (1) If a person who would otherwise be liable to...
10A (1) If a person who would otherwise be liable to...

Special reduction

- 11 (1) If they think it right because of special circumstances,...

Interaction with other penalties and late payment surcharges

- 12 (1) The final entry in the Table in paragraph 1...
Part 3 — PROCEDURE

Assessment

- 13 (1) Where a person becomes liable for a penalty under...

Suspension

- 14 (1) HMRC may suspend all or part of a penalty...

Appeal

- 15 (1) A person may appeal against a decision of HMRC...
16 (1) An appeal under this Part of this Schedule shall...
17 (1) On an appeal under paragraph 15(1) the ... tribunal...
Part 4 — MISCELLANEOUS

Agency

- 18 (1) P is liable under paragraph 1(1)(a) where a document...

Companies: officers' liability

- 19 (1) Where a penalty under paragraph 1 is payable by...

Partnerships

- 20 (1) This paragraph applies where P is liable to a...

Double jeopardy

- 21 A person is not liable to a penalty under paragraph...
21ZA (1) A person is not liable to a penalty under...
Part 5 — GENERAL

Classification of territories

- 21A (1) A category 1 territory is a territory designated as...

Location of assets etc

- 21B (1) The Treasury may by regulations make provision for determining...

Treatment of certain payments on account of tax

- 21C In paragraphs 1(2) and 5 references to “tax” are to...

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Interpretation

- 22 Paragraphs 23 to 27 apply for the construction of this...
- 23 HMRC means Her Majesty's Revenue and Customs.
- 23A “Tax”, without more, includes duty.
- 23B “UK” means the United Kingdom, including the territorial sea of...
- 24 An expression used in relation to income tax has the...
- 25 An expression used in relation to corporation tax has the...
- 26 An expression used in relation to capital gains tax has...
- 27 An expression used in relation to VAT has the same...
- 28 In this Schedule— (a) a reference to corporation tax includes...

Consequential amendments

- 29 The following provisions are omitted— (a) sections 95, 95A, 97...
- 30 In paragraphs 7 and 7B of Schedule 1 to the...
- 31 In paragraphs 7 and 7B of Schedule 1 to the...

SCHEDULE 25 — Amendments connected with Gambling Act 2005 Part 1 — AMENDMENTS OF THE TAX ACTS

Exemption from corporation tax for profits of charitable companies from certain lotteries

1

Exemption from income tax for profits of charitable trusts from certain lotteries

- 2 In section 530(2) of ITA 2007 (charitable trusts: exemption for...
Part 2 — AMENDMENTS OF BGDA 1981

Introductory

- 3 BGDA 1981 is amended as follows.

Bookmakers: spread bets

- 4 (1) Section 3 (bookmakers: spread bets) is amended as follows....

Liability to pay general betting duty

- 5 In section 5B(3)(a) (liability to pay general betting duty), for...

Bet-brokers

- 6 In section 5C(5) (bet-brokers: cases where section 5C does not...

Definitions for purposes of betting duties

- 7 (1) Section 12(4) (definitions for purposes of Part 1) is...

Combined bingo

- 8 In section 20A(1) (meaning of “combined bingo”), omit paragraph (a)...

Definitions for purposes of bingo duty

- 9 (1) Section 20C(2) (definitions for purposes of Part 2) is...

Status: Point in time view as at 01/08/2023.

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Definition of “gaming”

- 10 In section 33(1) (interpretation of Act), for the definition of...

Supplementary provisions as to betting duties

- 11 (1) Schedule 1 (enforcement) is amended as follows.

Exemptions from bingo duty

- 12 (1) Schedule 3 (exemptions from bingo duty) is amended as...
Part 3 — AMENDMENTS OF FA 1993 RELATING TO LOTTERY DUTY

Introductory

- 13 Chapter 2 of Part 1 of FA 1993 (lottery duty)...

Charge to lottery duty

- 14 In section 24(4) (lotteries in respect of which lottery duty...

Disclosure of information

- 15 In section 37 (disclosure of information to or by the...
Part 4 — AMENDMENTS OF FA 1997 RELATING TO GAMING DUTY

Introductory

- 16 FA 1997 is amended as follows.

Charge to gaming duty

- 17 (1) Section 10 (charge to gaming duty) is amended as...

Banker's profits from gaming

- 18 (1) Section 11 (rate of gaming duty) is amended as...

Definition of “gaming”

- 19 In section 15(3) (definitions for purposes of the gaming duty...

Gaming Duty Register

- 20 (1) Schedule 1 (gaming duty: administration, enforcement etc) is amended...
Part 5 — MISCELLANEOUS AMENDMENTS

Provision of FA 1966 relating to repealed law

- 21 In Schedule 3 to FA 1966 (provision relating to Schedule...

Customs and Excise Management Act 1979

- 22 In section 1(1) of CEMA 1979 (interpretation), in paragraph (a)(ic)...
Part 6 — COMMENCEMENT
23 (1) Paragraphs 3, 4, 6, 7(1) and (5), 11(1) and...

SCHEDULE 26 — Meaning of "recognised stock exchange" etc

Status: Point in time view as at 01/08/2023.

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Meaning of “recognised stock exchange” etc in Tax Acts and TCGA 1992

- 1 For section 1005 of ITA 2007 substitute— Meaning of “recognised...
- 2 For section 841 of ICTA substitute— Meaning of “recognised stock...
- 3 In section 288 of TCGA 1992 (interpretation), after subsection (5)...

Valuation of shares listed on recognised stock exchange for purposes of TCGA 1992 etc

- 4 (1) In section 272 of TCGA 1992 (valuation: general), for...
- 5 (1) In ITTOIA 2005, for sections 450 and 451 substitute—...

Minor and consequential amendments

- 6 In section 90(8) of FA 1986 (exceptions to the charge...
- 7 (1) ICTA is amended as follows. (2)
- 8 (1) TCGA 1992 is amended as follows.
- 9 In paragraph 4(2C)(b) of Schedule 26 to FA 2002 (derivative...
- 10 (1) ITEPA 2003 (persons to whom section 421J applies) is...
- 11 (1) ITTOIA 2005 is amended as follows.
- 12 (1) ITA 2007 is amended as follows.

SCHEDULE 27 — Repeals

- Part 1 — ENVIRONMENT
- Part 2 — INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX
- Part 3 — PENSIONS
- Part 4 — SDLT, STAMP DUTY AND SDRT
- Part 5 — INVESTIGATION, ADMINISTRATION ETC
- Part 6 — MISCELLANEOUS

Status:

Point in time view as at 01/08/2023.

Changes to legislation:

Finance Act 2007 is up to date with all changes known to be in force on or before 15 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.