



Finance Act 1981

1981 CHAPTER 35

PART IV

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

19 Charge of income tax for 1981-82

- (1) Income tax for the year 1981-82 shall be charged at the basic rate of 30 per cent.; and
- (a) in respect of so much of an individual's total income as exceeds the basic rate limit at such higher rates as are specified in the Table below; and
 - (b) in respect of so much of the investment income included in an individual's total income as exceeds the investment income threshold at the additional rate of 15 per cent.

<i>Higher rate bands</i>	<i>Higher rate</i>
The first	40 per cent.
The second	45 per cent.
The third	50 per cent.
The fourth	55 per cent.
The fifth	60 per cent.

- (2) Section 24(4) of the Finance Act 1980 (increase of basic rate limit, higher rate bands and investment income threshold) shall not apply for the year 1981-82.

Status: This is the original version (as it was originally enacted).

20 Charge of corporation tax for financial year 1980

Corporation tax shall be charged for the financial year 1980 at the rate of 52 per cent.

21 Rate of advance corporation tax for financial year 1981

The rate of advance corporation tax for the financial year 1981 shall be three-sevenths.

22 Corporation tax: small companies

- (1) The small companies rate for the financial year 1980 shall be 40 per cent., and for that year the fraction mentioned in subsection (2) of section 95 of the Finance Act 1972 (marginal relief for small companies) shall be two twenty-fifths.
- (2) For the financial year 1980 and subsequent financial years subsection (3) of the said section 95 shall have effect with the substitution for any reference to £70,000 of a reference to £80,000 and with the substitution for any reference to £130,000 of a reference to £200,000.
- (3) Where by virtue of subsection (2) above the said section 95 has effect with different relevant amounts in relation to different parts of the same accounting period, those parts shall be treated for the purposes of that section as if they were separate accounting periods and the profits and income of the company for that period (as defined in that section) shall be apportioned between those parts.

23 Personal reliefs

- (1) Section 24(5) of the Finance Act 1980 (increase of personal reliefs) shall not apply for the year 1981-82.
- (2) In subsection (1) of section 18 of the Taxes Act (relief for one blind person) for the words following paragraph (b) there shall be substituted the words " he shall be entitled to a deduction of £360 from his total income. "
- (3) In subsection (2) of that section (relief for blind couple)—
 - (a) paragraph (c), together with the word " and " preceding it, shall be omitted;
 - (b) for the words following that paragraph there shall be substituted the words " he shall be entitled to a deduction of £720 from his total income. "
- (4) In subsection (6) of that section the definition of " tax-free disability payment" shall be omitted.

24 Relief for interest: limit for 1981-82

In paragraph 5(1) of Schedule 1 to the Finance Act 1974 (limit on relief for interest on certain loans for the purchase or improvement of land) the references to £25,000 shall have effect for the year 1981-82 as well as for previous years of assessment.

25 Relief for interest: money borrowed for investment in partnership or co-operative

- (1) Schedule 1 to the Finance Act 1974 (conditions for interest relief) shall be amended as follows.

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- (2) In paragraph 12(a) (money borrowed for investment in partnership) for the words " the individual has personally acted in the conduct of the trade, profession or vocation carried on by the partnership " there shall be substituted the words " the individual has been a member of the partnership otherwise than as a limited partner ".
- (3) After paragraph 10 there shall be inserted—

“Loan applied in acquiring interest in co-operative

10A (1) Subject to the following provisions of this Part of this Schedule, interest is eligible for relief under section 75 of the Finance Act 1972 if it is interest on a loan to an individual to defray money applied—

- (a) in acquiring a share or shares in a body which is a co-operative within the meaning of this paragraph ; or
- (b) in lending money to any such body which is used wholly and exclusively for the purposes of the business of that body or of a subsidiary of that body; or
- (c) in paying off another loan interest on which would have been eligible for relief under section 75 of the Finance Act 1972 had the loan not been paid off (on the assumption, if the loan was free of interest, that it carried interest);

and the conditions stated in paragraph 10B below are satisfied.

(2) In this paragraph and paragraphs 10B, 13 and 14 below " co-operative " means a common ownership enterprise or a co-operative enterprise as defined in section 2 of the Industrial Common Ownership Act 1976; and in this paragraph and paragraph 10B below "subsidiary" has the same meaning as for the purposes of that section.

10B The conditions referred to in paragraph 10A above are—

- (a) that, when the interest is paid, the body continues to be a co-operative ; and
- (b) that in the period from the application of the proceeds of the loan to the payment of the interest the individual has worked for the greater part of his time as an employee of the body or of a subsidiary of the body ; and
- (c) that he shows that in that period he has not recovered any capital from the body, apart from any amount taken into account under paragraph 13 below.”

- (4) In paragraphs 13 and 14 after the words " the close company ", wherever they occur, there shall be inserted the word " co-operative " and in paragraph 14(1)(a) after the words " ordinary share capital of the company " and " that ordinary share capital " there shall be inserted the words " or of his share or shares in the co-operative ".
- (5) In paragraph 15 after the words "as the case may be " there shall be inserted " 10B " and after " 9(c)" there shall be inserted " 10A(c) ".
- (6) Subsection (2) above has effect in relation to interest paid after 10th March 1981 and subsections (3) to (5) above have effect in relation to interest on a loan made after that date.

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26 Relief for interest: transitional provision for deduction in computing profits of trade

Paragraph 4 of Schedule 10 to the Finance Act 1972 (which provides that interest in respect of which relief is given under section 75 of that Act is not to be taken into account in the computation of profits or gains or losses for the purposes of Case I or II of Schedule D for any year of assessment) shall not apply where—

- (a) the computation is for the year 1982-83 or a subsequent year of assessment; and
- (b) the relief under section 75 is given by virtue of section 19(4) of the Finance Act 1974.

27 Social security benefits

- (1) In subsection (1)(a) of section 219 of the Taxes Act (social security benefits charged to tax except for unemployment benefit and certain other benefits) for the words " unemployment benefit" there shall be substituted the words " earnings-related supplement of unemployment benefit ".
- (2) In subsection (2) of that section (payments of supplementary benefit not treated as income for purposes of Income Tax Acts) after " 1977 " there shall be inserted the words " (other than payments of supplementary allowance which are taxable by virtue of section 27 of the Finance Act 1981) ".
- (3) Subject to the following provisions of this section, payments to any person of supplementary allowance under the Supplementary Benefits Act 1976 in respect of any period shall (except so far as made by virtue of section 4 of that Act) be charged to income tax under Schedule E if during that period—
 - (a) his right to the allowance is subject to the condition mentioned in section 5 of the said Act of 1976 (registration and availability for employment); or
 - (b) he is within section 8 of the said Act of 1976 (trade disputes) and paragraph 10 of Schedule 2 to the Supplementary Benefit (Requirements) Regulations 1980 applies to him.
- (4) Where the amount of supplementary allowance paid to any person in respect of any week or part of a week exceeds the relevant amount for that period, the excess shall not be taxable.
- (5) For the purposes of subsection (4) above the relevant amount in respect of a week shall be equal—
 - (a) in a case where the supplementary allowance is paid to a person to whom subsection (3) (b) above applies, to the amount specified in the said paragraph 10;
 - (b) in a case not falling within paragraph (a) above where Regulation 6 of the said Regulations of 1980 (non-householders) has applied in the calculation of the amount of the supplementary allowance paid to the person concerned, to the amount specified in relation to a person of his description in Schedule 1 of the said Regulations of 1980;
 - (c) in a case not falling within paragraph (a) or (b) above where paragraph 3(1) of Schedule 1 to the said Act of 1976 has applied in the calculation of the amount of supplementary allowance (married and unmarried couples), to the aggregate of the weekly rate specified in paragraph 1 of Part I of Schedule 4 to

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- the Social Security Act 1975 and the increase for an adult dependant specified in paragraph 1(a) of Part IV of that Schedule; and
- (d) in any other case, to the said weekly rate;
- and the relevant amount in respect of part of a week shall be equal to one-sixth of the relevant amount in respect of a week multiplied by the number of days in the part.
- (6) Where payments of unemployment benefit and payments of supplementary allowance are made to any person in respect of the same week or part of a week, the amount taxable in respect of that period in respect of those payments shall not exceed the relevant amount for that period within the meaning of subsection (4) above.
- (7) If any regulations referred to in this section are revoked or amended by statutory instrument, the Board may by regulations made by statutory instrument make such amendments to this section as they think fit for the purpose of enabling it to operate as it did before the revocation or amendment; and regulations under this section shall be subject to annulment in pursuance of a resolution of the House of Commons.
- (8) In its application in Northern Ireland this section shall have effect as if—
- (a) for the references to paragraph 1 of Part I and paragraph 1(a) of Part IV of Schedule 4 to the Social Security Act 1975 there were substituted respectively references to paragraph 1 of Part I and paragraph 1(a) of Part IV of Schedule 4 to the Social Security (Northern Ireland) Act 1975 ;
- (b) for the reference to the Supplementary Benefits Act 1976 there were substituted a reference to the Supplementary Benefit (Northern Ireland) Order 1977 and for the references to sections 4, 5 and 8 of and paragraph 3(1) of Schedule 1 to that Act there were substituted references to Articles 6, 7 and 12 of and paragraph 3(1) of Schedule 1 to that Order respectively ; and
- (c) for the references to regulation 6 of, Schedule 1 to and paragraph 10 of Schedule 2 to the Supplementary Benefit (Requirements) Regulations 1980 there were substituted references to regulation 6 of, Schedule 1 to and paragraph 7 of Schedule 2 to the Supplementary Benefit (Requirements) Regulations (Northern Ireland) 1980.
- (9) In section 8(2)(b) of the Taxes Act (earned income for the purpose of wife's earned income relief) the word " and " at the end of sub-paragraph (i) shall be omitted and after sub-paragraph (ii) there shall be inserted the words “and
(iii) unemployment benefit,”.
- (10) In section 530 of the Taxes Act (definition of " earned income ") in subsection (2)(c) after the word " Act" there shall be inserted the words " or section 27 of the Finance Act 1981 ".
- (11) This section has effect in relation to payments in respect of periods after 5th April 1982.

28 Notification of amount taxable under section 27

- (1) A benefit officer may by notice in writing notify a person who is taxable under section 27 above of the amount on which he is taxable and any such notification shall state the date on which it is issued and shall inform the person to whom it is given that he may object to the notification by notice in writing given within sixty days after the date of issue of the notification.
- (2) Where—

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- (a) no objection is made to a notification of an amount under subsection (1) above within the period specified in that subsection (or such further period as may be allowed by virtue of subsection (5) below); or
 - (b) an objection is made but is withdrawn by the objector by a notice in writing, that amount shall not be questioned in any appeal against any assessment in respect of income including that amount.
- (3) Where an objection is made to a notification of an amount under subsection (1) above within the period specified in that subsection (or such further period as may be allowed by virtue of subsection (5) below) and the benefit officer and the objector come to an agreement that the amount notified should be varied in a particular manner and the benefit officer confirms the agreement to vary in writing, then, subject to subsection (4) below, that amount as so varied shall not be questioned in any appeal against any assessment in respect of income including that amount.
- (4) Subsection (3) above shall not apply if within sixty days from the date when the agreement was come to the objector gives notice in writing to the benefit officer that he wishes to repudiate or resile from the agreement.
- (5) An objection to a notification may be made later than sixty days after the date of the issue of the notification if on an application for the purpose a benefit officer is satisfied that there was a reasonable excuse for not objecting within that time and the objection was made thereafter without unreasonable delay and he gives consent in writing; and if the benefit officer is not so satisfied he shall refer the application for determination by the General Commissioners for the division in which the objector ordinarily resides or, in a case where an appeal has been made against an assessment in respect of income including the amount in question, the General Commissioners or the Special Commissioners having jurisdiction in that appeal.
- (6) Where a benefit officer has notified an amount to a person under subsection (1) above, he may by another notice in writing notify the person of an alteration in the amount previously notified and, if he does so, the original notification shall be cancelled and this section shall apply to such a subsequent notification as it applies to the original notification.
- (7) In this section " benefit officer " means—
- (a) in Great Britain, the appropriate officer of the Department of Employment or of the Department of Health and Social Security, as the case may be; and
 - (b) in Northern Ireland, the appropriate officer of the Department of Health and Social Services.

29 Pay as you earn repayments

Without prejudice to the generality of section 204 of the Taxes Act, regulations under that section may provide that no repayment of income tax shall be made under that section to any person at any time if—

- (a) he has claimed unemployment benefit in respect of a period including that time ; or
- (b) he has claimed a payment of supplementary allowance under the Supplementary Benefits Act 1976 or the Supplementary Benefit (Northern Ireland) Order 1977 in respect of a period including that time and his right to the allowance is subject to the condition mentioned in section 5 of the said

Act of 1976 or Article 7 of the said Order (registration and availability for employment); or

- (c) he is disqualified at the time from receiving unemployment benefit by virtue of section 19 of the Social Security Act 1975 or section 19 of the Social Security (Northern Ireland) Act 1975 (loss of employment due to stoppage of work) or would be so disqualified if he otherwise satisfied the conditions for entitlement,

and such regulations may make different provision with respect to persons falling within paragraph (c) above from that made with respect to other persons.

30 Sick pay

- (1) Where a person holding an employment is absent from work for any period by reason of sickness or disability, any sums which—

- (a) are paid to, or to the order or for the benefit of, that person (or a member of his family or household) in respect of his absence from work as aforesaid ; and
- (b) are, by reason of his employment, paid as a result of any arrangements entered into by his employer,

shall be chargeable to income tax under Schedule E as emoluments of the employment for that period if, apart from this section, they would not be so chargeable for that or any other period.

- (2) Where the funds for making payments under any arrangements are attributable partly to contributions made by the employer and partly to contributions made by the persons employed by him subsection (1) above shall apply only to such part of the sums paid as a result of the arrangements as it is just and reasonable to regard as attributable to the employer's contributions.

- (3) Section 61 of the Finance Act 1976 (taxation of benefits in kind) shall not apply to any benefit consisting of the right to receive, or the prospect of receiving, any sums which would be chargeable to tax in accordance with subsection (1) above.

- (4) In this section " employment " means an office or employment whose emoluments fall to be assessed under Schedule E and related expressions shall be construed accordingly; and the reference to a person's family or household is to his spouse, his sons and daughters and their spouses, his parents and his dependants.

- (5) This section has effect—

- (a) in the case of sums not falling within paragraph (b) below, for the year 1982-83 and subsequent years of assessment;
- (b) in the case of sums paid as a result of arrangements in force on 4th June 1981 for the year 1983-84 and subsequent years of assessment.

31 Payments for loss of employment etc.

- (1) In section 188(3) of the Taxes Act (tax on excess over £10,000 of payments for loss of employment etc.) for "£10,000", wherever it occurs, there shall be substituted " £25,000 ".

- (2) Paragraphs 3 to 5 of Schedule 8 to that Act (relief by reference to standard capital superannuation benefit) shall cease to have effect.

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- (3) In paragraph 7 of that Schedule (top-slicing relief) for sub-paragraph (c) and the words following it there shall be substituted the words " the amount to be deducted shall be half the difference between the amount ascertained at (a) and the amount ascertained at (b). "
- (4) Paragraph 8 of that Schedule (calculation of tax and income for purposes of relief under paragraph 7) shall cease to have effect.
- (5) In paragraph 12 of that Schedule (definition of payment chargeable under section 187) for the words " section 188(3)" there shall be substituted the words " section 188(2) or (3) ".
- (6) Subject to subsection (7) below, subsections (1) to (4) above have effect in relation to any payment which by virtue of section 187(4) of the Taxes Act is treated as income received on or after 6th April 1981; and where under the proviso to section 188(3) of that Act the sum there mentioned falls to be deducted from one or more payments treated as income received before, and one or more payments treated as income received on or after, that date only £10,000 of that sum shall be deducted from the first-mentioned payment or payments.
- (7) Where a payment is made in pursuance of an obligation incurred before 10th March 1981, the person chargeable to tax in respect of it may, by a notice in writing given to the inspector within six years after the year of assessment in which the payment is made, elect that Schedule 8 to the Taxes Act shall have effect in relation to the payment as if this Act had not been passed.
- (8) Subsection (5) above shall be deemed always to have had effect.

32 Occupational pension schemes

- (1) In subsection (2) of section 20 of the Finance Act 1970 (discretionary approval of occupational pension schemes which fall within paragraphs (a) to (f) of that subsection) after paragraph (f) there shall be inserted the words "or
 - (g) which provides in certain contingencies for securing benefits by means of an annuity contract with an insurance company of the employee's choice, being a contract which has for its main object the provision for the employee of a life annuity in old age and is so framed that the liabilities undertaken by the insurance company under the contract correspond with liabilities against which the contract is intended to secure the scheme."
- (2) After subsection (2) of the said section 20 there shall be inserted—
 - "(2A) In subsection (2)(g) above " insurance company " means a company to which Part II of the Insurance Companies Act 1974 applies."

33 Police provident benefits

- (1) In paragraph 12 of Schedule 3 to the Finance Act 1978 (relief for contribution to trade union for provision of provident benefits) after sub-paragraph (2) there shall be inserted—
 - "(2A) Sub-paragraphs (1) and (2) above shall apply also in relation to any payment made to an organisation of persons in police service but only

where the annual amount of the part of the payment attributable to the provision of the benefits in question is £20 or more.”

- (2) This section has effect for the year 1981-82 and subsequent years of assessment.

34 Savings certificates

- (1) Subject to the provisions of this section, income arising from savings certificates shall not be liable to tax.
- (2) Subsection (1) above does not apply to any savings certificates which are purchased by Or on behalf of a person in excess of the amount which a person is for the time being authorised to purchase under regulations made by the Treasury or, as respects Ulster Savings Certificates, by the Department of Finance for Northern Ireland.
- (3) Subsection (1) above does not apply to Ulster Savings Certificates unless—
- (a) the holder is resident and ordinarily resident in Northern Ireland when the certificates are repaid ; or
 - (b) the certificates were purchased by him and he was so resident and ordinarily resident when they were purchased.
- (4) A claim under this section in respect of Ulster Savings Certificates shall be made to the Board.
- (5) In this section " savings certificates " has the same meaning as in section 71 of the Capital Gains Tax Act 1979 and " Ulster Savings Certificates " means savings certificates issued or treated as issued under section 15 of the Exchequer and Financial Provisions Act (Northern Ireland) 1950.

35 Stock relief

- (1) Schedule 9 to this Act shall have effect instead of Schedule 5 to the Finance Act 1976 (stock relief) in relation to
- (a) any period of account beginning after 14th November 1980; and
 - (b) subject to the transitional provisions in Schedule 10 to this Act, any period of account which ends on or includes that date.
- (2) Where a period of account which begins before and ends on or after 14th November 1980 is longer than twelve months and at least twelve months of it falls before that date, subsection (1) above and Schedules 9 and 10 to this Act shall have effect as if the part of the period ending with 13th November 1980 and the part of the period beginning with 14th November 1980 were separate periods of account.
- (3) In subsections (1) and (2) above "period of account" means a period for which an account is made up for the trade, profession or vocation in question.
- (4) In relation to any period for which Schedule 9 to this Act has effect—
- (a) section 227(5)(aa) and (9) of the Taxes Act (retirement annuity relief); and
 - (b) section 28(7)(c) of the Finance Act 1978 (farming and market gardening) and paragraph 2(2)(d) of Schedule 4. to that Act (trade carried on abroad),
- shall have effect with the substitution for the words " Schedule 5 to the Finance Act 1976 " of the words " Schedule 9 or 10 to the Finance Act 1981 ".

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- (5) In relation to any period for which Schedule 9 to this Act has effect, section 30 of the said Act of 1978 (relief for losses in early years of trade) shall have effect with the following amendments—
- (a) after subsection (7)(e) there shall be inserted—
 - “(f) paragraph 8 of Schedule 9 to the Finance Act 1981.”;
 - (b) in subsection (9) for the words " paragraph 6 of Schedule 5. to the Finance Act 1976 " there shall be substituted the words " paragraph 8 of Schedule 9 to the Finance Act 1981 ".
- (6) There shall be made all such adjustments, whether by repayment of tax or the making or alteration of assessments, as may be required for giving effect to this section.

36 Relief for losses on unquoted shares in trading companies

- (1) Subsection (2) below has effect where a company which has subscribed for shares in a qualifying trading company incurs an allowable loss (for the purposes of corporation tax on chargeable gains) on the disposal of the shares in any accounting period and the company disposing of the shares—
- (a) is an investment company on the date of the disposal and either—
 - (i) has been an investment company for a continuous period of six years ending on that date ; or
 - (ii) has been an investment company for a shorter continuous period ending on that date and has not before the beginning of that period been a trading company or an excluded company ; and
 - (b) was not associated with, or a member of the same group as, the qualifying trading company at any time in the period beginning with the date when it subscribed for the shares and ending with the date of the disposal.
- (2) The company disposing of the shares may, within two years after the end of the accounting period in which the loss was incurred, make a claim requiring that the loss be set off for the purposes of corporation tax against income—
- (a) of that accounting period ; and
 - (b) if the company was then an investment company and the claim so requires, of preceding accounting periods ending within the time specified in subsection (3) below;
- and, subject to any relief for an earlier loss, the income of any of those periods shall then be treated as reduced by the amount of the loss or by so much of it as cannot be relieved under this subsection against income of a later accounting period.
- (3) The time referred to in subsection (2) above is the period of twelve months ending immediately before the accounting period in which the loss is incurred; but the amount of the reduction which may be made under that subsection in the income of an accounting period falling partly before that time shall not exceed a part of that income proportionate to the part of the accounting period falling within that time.
- (4) Relief under subsection (2) above shall be given before any deduction for charges on income, expenses of management or other amounts which can be deducted from or set against or treated as reducing profits of any description; and where relief is given under that subsection in respect of the amount of a loss no deduction shall be made in respect of that amount for the purposes of corporation tax on chargeable gains.

- (5) For the purposes of subsection (1)(b) above companies are associated with each other if one controls the other or both are under the control of the same person or persons; and section 302(2) to (6) of the Taxes Act shall apply for the purposes of this subsection.
- (6) Subsections (3) and (5) to (12) of section 37 of the Finance Act 1980 (which gives to individuals a relief corresponding to that given to companies by subsection (2) above) shall have effect in relation to the foregoing provisions of this section as they have effect in relation to that section, taking references to an individual and capital gains tax as references to a company and corporation tax on chargeable gains.
- (7) In subsection (12) of the said section 37—
 - (a) in the definition of " group " and " holding company " for the words " 75 per cent, subsidiaries " there shall be substituted the words " 51 per cent, subsidiaries ";
 - (b) at the end of the definition of " investment company " there shall be inserted the words " except that it does not include the holding company of a trading group ".
- (8) This section has effect in relation to disposals on or after 1st April 1981.

37 Set-off of relief under section 36(2) against franked investment income

- (1) Section 254 of the Taxes Act (set-off against franked investment income) shall be amended as follows.
- (2) In subsection (2) after paragraph (d) there shall be inserted—
 - “(e) the setting of losses against income under section 36(2) of the Finance Act 1981.”
- (3) In subsection (4)—
 - (a) after the words " to section 74(3) of the Capital Allowances Act 1968 " there shall be inserted the words " or to section 36(2) of the Finance Act 1981 ";
 - (b) after the words " by section 74(4) of the Capital Allowances Act 1968 " there shall be inserted the words " or by section 36(3) of the Finance Act 1981 ".
- (4) In subsection (6) after paragraph (b) there shall be inserted the words “and
 - (c) in relation to relief given in respect of losses under section 36(2) of the Finance Act 1981;”
and to the words in brackets there shall be added " and, as respects the relief mentioned in paragraph (c), the reference to the purposes of section 177(1) of this Act being construed as a reference to the purposes of corporation tax on chargeable gains ".
- (5) In subsection (7) after paragraph (c) there shall be inserted—
 - “(d) if and so far as the purpose for which the claim is made is the setting of a loss against income under section 36(2) of the Finance Act 1981, two years from the end of the accounting period in which the loss was incurred.”

38 Interest charged to capital

- (1) The interest deductible under section 248 of the Taxes Act (allowance of charges on income) shall include any interest that would be so deductible if it had not been charged to capital.

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- (2) In subsection (5)(a) of that section for the words "the payment is charged to capital" there shall be substituted the words " the payment (not being interest) is charged to capital ".
- (3) In section 269 of the Taxes Act (interest charged to capital), paragraph (c) together with the word " and " immediately preceding it shall be omitted and for the words following that paragraph there shall be substituted the words "the sums so allowable under the said section 32 shall, subject to subsection (1A) below, include the amount of any interest on that borrowed money which is referable to a period or part of a period ending on or before the disposal.
- (1A) Subsection (1) above has effect subject to section 33 of the said Act of 1979 and does not apply to interest which is a charge on income.”.
- (4) This section has effect in relation to interest paid in any accounting period ending on or after 1st April 1981.

39 Exemption for interest on damages for personal injuries

- (1) In section 375A of the Taxes Act (exemption for interest included in judgment or interlocutor awarding damages for personal injuries) after subsection (1) there shall be inserted—
- “(1A) A payment in satisfaction of a cause of action, including a payment into court, shall not be regarded as income for any income tax purpose to the extent to which it is in respect of interest which would fall within subsection (1) above if included in a sum for which a judgment is given or if decree for payment of it were included in an interlocutor.”
- (2) This section has effect in relation to any payment made on or after 6th April 1981.

40 Group relief in case of consortium

- (1) The Tax Acts shall have effect with the following amendments, being amendments making group relief available under section 258(2) of the Taxes Act where a member of a consortium is the surrendering company.
- (2) For the said section 258(2) there shall be substituted—
- “(2) Group relief shall also be available in accordance with the said provisions in the case of a surrendering company and a claimant company where either of them is a member of a consortium and the other is—
- (a) a trading company which is owned by the consortium and which is not a 75 per cent, subsidiary of any company ; or
 - (b) a trading company—
 - (i) which is a 90 per cent, subsidiary of a holding company which is owned by the consortium ; and
 - (ii) which is not a 75 per cent subsidiary of a company other than the holding company ; or
 - (c) a holding company which is owned by the consortium and which is not a 75 per cent, subsidiary of any company:

Provided that a claim shall not be made by virtue of this subsection if the share in the consortium of the member in the relevant accounting period of the

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surrendering company (or, where that company is a trading company falling within paragraph (b) above, its holding company) is nil or if a profit on a sale of the share capital of the other company or its holding company which the member owns would be treated as a trading receipt of that member.”

(3) For section 259(8) of that Act there shall be substituted—

“(8) In applying any of the preceding subsections in the case of a claim made by virtue of section 258(2) above—

- (a) where the claimant company is a member of a consortium only a fraction of the loss referred to in subsection (1) above, or of the excess referred to in subsection (2), (3) or (6) above, as the case may be, may be set off under the subsection in question ;
- (b) where the surrendering company is a member of a consortium that loss or excess shall not be set off under the subsection in question against more than a fraction of the total profits of the claimant company;

and that fraction shall be equal to that member's share in the consortium in the accounting period referred to in section 258(2) above, subject to any further reduction under section 261(2) below.”

(4) In sections 263(5) and 264(2) of that Act for the words " by a company as a member of a consortium " there shall be substituted the words " by virtue of section 258(2) above ".

(5) In section 28(3)(a), (b) and (c) and (4) of the Finance Act 1973 for the words " the surrendering company " there shall be substituted the words " the surrendering or claimant company ".

(6) In section 29(2) of that Act—

- (a) in paragraph (a) after the words " trading company " there shall be inserted the words " or a member of the consortium "; and
- (b) in the words following paragraph (b) for the words " (as the surrendering company) fall within any of paragraphs (a) to (c) of subsection (2) of section 258 " there shall be substituted the words " (as the surrendering company or claimant company) fall within subsection (2) of section 258 ".

(7) This section has effect in relation to any accounting period of the surrendering company ending after 10th March 1981.

41 Insurance companies: restricted government securities

- (1) This section applies where for any accounting period any division falls to be made between the pension business and any other kind of long-term business of an insurance company and any of the income or gains or losses of the company for that period relate to restricted government securities ; and where this section applies subsection (3) of section 323 of the Taxes Act shall have effect subject to the provisions of this section.
- (2) All income, gains or losses of the company which relate to restricted government securities shall be referred to its pension business.
- (3) Where the division of the other income, gains or losses of the company is made by reference to the liabilities at any time in the accounting period which are referable

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to pension business or to two or more kinds of business including pension business, those liabilities shall be treated as reduced by the appropriate amount.

- (4) In subsection (3) above " the appropriate amount" means—
- (a) in a case in which the total liabilities of the company at the time in question which are referable to long-term business are less than the market value at that time of the investments and deposits held by the company relating to all such business, such proportion of the market value of the restricted government securities held by the company at that time as those liabilities bear to the market value of those investments and deposits; and
 - (b) in any other case, the market value of the restricted government securities at that time.
- (5) In this section—
- " insurance company " has the same meaning as in the said section 323;
 - " long-term business " has the same meaning as in section 1(1) of the Insurance Companies Act 1981 ;
 - " pension business " has the same meaning as in the said section 323; and
 - " restricted government securities " means government securities issued on the condition that, except in such circumstances as may be specified in the conditions of issue, they are to be held by insurance companies against and applied solely towards meeting pension business liabilities.

42 Sums paid to settlor otherwise than as income

- (1) Section 451 of the Taxes Act (sums paid to settlor otherwise than as income) shall be amended as follows.
- (2) In subsection (1)—
- (a) in paragraph (b) for the words " exceeds the amount of income available up to the end of that year but" there shall be substituted the words " is not by virtue of this subsection treated as his income for that year and "; and
 - (b) after the words " and so on " there shall be inserted the words " for each subsequent year, taking the reference in paragraph (b) to the year mentioned in paragraph (a) as a reference to that and any other year before the subsequent year in question. ";
 - (c) in paragraph (b) for the words "the next following year" there shall be inserted the words " the next following eleven years. "
- (3) In subsection (2)—
- (a) before paragraph (a) there shall be inserted—
 - “(aa) the amount of that income taken into account under subsection (1) above in relation to that sum in any previous year or years, and”;
 - (b) in paragraph (b) after " 448 above " there shall be inserted " or section 457 below ";
 - (c) after paragraph (d) there shall be inserted—
 - “(dd) any sums paid by virtue or in consequence of the settlement in that year or any previous year which have been treated as the income of the settlor by virtue of section 438(2)(b) above, and

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- (ddd) any sums included in the income arising under the settlement as amounts which have been or could have been apportioned to a beneficiary as mentioned in section 454(1)(b) below, and”;
 - (d) in paragraph (e)(ii) for " and (d)" there shall be substituted " , (d), (dd) and (ddd) ".
- (4) After subsection (3) there shall be inserted—
 - “(3A) Where the capital sum paid to the settlor is a sum paid by way of loan, then—
 - (a) if the whole of it is repaid, no part of that sum shall by virtue of subsection (1) above be treated as the settlor's income for any year of assessment after that in which the repayment occurs; and
 - (b) if one or more capital sums have previously been paid to him by way of loan and wholly repaid, the amount of that capital sum shall be treated as equal to its excess (if any) over so much of the sum or sums previously paid as has already fallen to be treated as his income by virtue of that subsection.
 - (3B) Where the capital sum paid to the settlor is a sum paid by way of complete repayment of a loan, then, if an amount not less than that sum is thereafter lent by the settlor to the trustees of the settlement, no part of that sum shall by virtue of subsection (1) above be treated as his income for any year of assessment after that in which the further loan is made.”
- (5) At the end of subsection (6) there shall be inserted the words " and there shall be set off against the tax charged on any amount treated by virtue of this section as income of the settlor for any year an amount equal to—
 - (a) the sum of tax at the basic rate and tax at the additional rate for that year on the amount so treated as his income; or
 - (b) so much of that sum as is equal to the tax charged,whichever is the less.
- (6) In subsection (8) (interpretation)—
 - (a) for the words "' capital sum' means " there shall be substituted the words " ' capital sum ' means, subject to subsection (9) below ";
 - (b) at the end there shall be inserted the words " or to the settlor (or the husband or wife of the settlor) jointly with another person ".
- (7) After subsection (8) there shall be inserted—
 - “(9) For the purposes of this section there shall be treated as a capital sum paid to the settlor by the trustees of the settlement any sum which—
 - (a) is paid by them to a third party at the settlor's direction or by virtue of the assignment by him of his right to receive it; or
 - (b) is otherwise paid or applied by them for the benefit of the settlor, and which would not apart from this subsection be treated as a capital sum paid to him.”
- (8) This section has effect in relation to any capital sum paid to the settlor on or after 6th April 1981 and section 451 (9)(a) as inserted by subsection (7) above shall not apply to any direction or assignment given or made before that date.

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43 Sums paid to settlor otherwise than as income: connected companies

- (1) In section 451 of the Taxes Act (sums paid to settlor otherwise than as income) subsection (4) (capital sums paid to settlor by body corporate connected with the settlement) shall be omitted.
- (2) After that section there shall be inserted—

“451A Capital sums paid by body connected with settlement.

- (1) Where—
- (a) a capital sum is paid to the settlor in a year of assessment by any body corporate connected with the settlement in that year; and
 - (b) an associated payment has been or is made directly or indirectly to that body by the trustees of the settlement,
- the capital sum shall, in accordance with subsection (2) below, be treated for the purposes of section 451 above as having been paid to the settlor by the trustees of the settlement.
- (2) A capital sum to which subsection (1) above applies shall—
- (a) to the extent to which the amount of that sum falls within the total of the associated payment or payments made up to the end of the year of assessment in which it is paid, be treated as having been paid to the settlor in that year;
 - (b) to the extent to which the amount of that sum is not treated as paid to the settlor in that year and falls within the total of the associated payment or payments made up to the end of the next following year (less what was taken into account under this subsection in relation to that sum in the previous year), be treated as having been paid to the settlor in the next following year,
- and so on for each subsequent year, taking the references in paragraph (b) to the year mentioned in paragraph (a) as references to that and any other year before the subsequent year in question.
- (3) In this section " associated payment", in relation to any capital sum paid to the settlor by a body corporate, means—
- (a) any capital sum paid to that body by the trustees of the settlement; and
 - (b) any other sum paid or asset transferred to that body by those trustees which is not paid or transferred for full consideration in money or money's worth,
- being a sum paid or asset transferred in the five years ending or beginning with the date on which the capital sum is paid to the settlor.
- (4) For the purposes of this section any capital sum paid by a body corporate, and any associated payment made to a body corporate, at a time when it is within the meaning of section 302 above associated with another body corporate may be treated as paid by or made to that other body corporate.
- (5) In this section " capital sum " has the same meaning as in section 451 above; and any question whether a capital sum has been paid to the settlor by a body corporate or to a body corporate by the trustees shall be determined in the same way as any question under that section whether a capital sum has been paid to the settlor by the trustees.

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- (6) Subsection (1) above does not apply to any sum paid to the settlor by way of loan or repayment of a loan if—
- (a) the whole of the loan is repaid within twelve months of the date on which it was made; and
 - (b) the period for which amounts are outstanding in respect of loans made to the settlor by that or any other body corporate connected with the settlement, or by him to that or any other such body, in any period of five years does not exceed twelve months.
- (7) Where a capital sum is paid to the settlor in a year of assessment by a body corporate connected with the settlement in that year it shall be assumed until the contrary is shown that an associated payment of an amount not less than that of the capital sum has been made to that body by the trustees of the settlement.”
- (3) This section has effect in relation to any capital sum paid to the settlor on or after 6th April 1981.

44 Revocable settlements etc.

- (1) in paragraph (b) of section 454(1) of the Taxes Act (definition of income arising under a settlement to include income of body corporate that could have been apportioned if it were incorporated in " the United Kingdom) after the word " incorporated " there shall be inserted the words " and resident " and after that subsection there shall be inserted—
- “(1A) In subsection (1) above references to income that could have been apportioned to a person if a body corporate were incorporated and resident in any part of the United Kingdom include references to income that could have been apportioned to that person indirectly through any other body corporate if that other body had also been so incorporated and resident.”.
- (2) For section 454(4) of the Taxes Act (body corporate deemed to be connected with a settlement if the participators include the trustees of or a beneficiary under the settlement) there shall be substituted—
- “(4) For the purposes of this Chapter, a body corporate shall be deemed to be connected with a settlement in any year of assessment if at any time in that year—
- (a) it is a close company (or only not a close company because it is not resident in the United Kingdom) and the participators then include the trustees of the settlement; or
 - (b) it is controlled within the meaning of section 534 below by a company falling within paragraph (a) above.”

45 Transfer of assets abroad: liability of non-transferors

- (1) This section has effect where—
- (a) by virtue or in consequence of a transfer of assets, either alone or in conjunction with associated operations, income becomes payable to a person resident or domiciled outside the United Kingdom ; and
 - (b) an individual ordinarily resident in the United Kingdom who is not liable to tax under section 478 of the Taxes Act (prevention of tax avoidance by transfers

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of assets abroad by reference to the transfer receives a benefit provided out of assets which are available for the purpose by virtue or in consequence of the transfer or of any associated operations.

- (2) Subject to the provisions of this section, the amount or value of any such benefit as is mentioned in subsection (1) above, if not otherwise chargeable to income tax in the hands of the recipient, shall—
- (a) to the extent to which it falls within the amount of relevant income of years of assessment up to and including the year of assessment in which the benefit is received, be treated for all the purposes of the Income Tax Acts as the income of the individual for that year;
 - (b) to the extent to which it is not by virtue of this subsection treated as his income for that year and falls within the amount of relevant income of the next following year of assessment, be treated for those purposes as his income for the next following year,
- and so on for subsequent years, taking the reference in paragraph (b) to the year mentioned in paragraph (a) as a reference to that and any other year before the subsequent year in question.
- (3) Subject to subsection (9) below and to section 46(1) below, the relevant income of a year of assessment, in relation to an individual, is any income which arises in that year to a person resident or domiciled outside the United Kingdom and which by virtue of or in consequence of the transfer or associated operations referred to in subsection (1) above can directly or indirectly be used for providing a benefit for the individual or for enabling a benefit to be provided for him.
- (4) Income tax chargeable by virtue of this section shall be charged under Case VI of Schedule D.
- (5) An individual who is domiciled outside the United Kingdom shall not, in respect of any benefit not received in the United Kingdom, be chargeable to tax under this section by reference to relevant income which is such that if he had received it he would not, by reason of his being so domiciled, have been chargeable to income tax in respect of it; and subsections (4) to (7) of section 122 of the Taxes Act (income applied outside the United Kingdom treated in certain cases as received in the United Kingdom) shall apply for the purposes of this subsection as they would apply for the purposes of subsection (3) of that section if the benefit were income arising from possessions outside the United Kingdom.
- (6) Where—
- (a) the whole or part of the benefit received by an individual in a year of assessment is a capital payment within the meaning of section 80 or 81(2) below (because not falling within the amount of relevant income referred to in paragraph (a) of subsection (2) above); and
 - (b) chargeable gains are by reason of that payment treated under either of those sections as accruing to him in that or a subsequent year,
- paragraph (b) of that subsection shall apply in relation to any year of assessment ("a year of charge") after one in which chargeable gains have been so treated as accruing to him as if a part of the amount or value of the benefit corresponding to the amount of those gains had been treated under that subsection as his income for a year of assessment before the year of charge.
- (7) Subsection (3) of section 478 of the Taxes Act (exemption from charge where transfer of assets is not for tax avoidance) shall apply in relation to this section as it applies in

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relation to subsections (1) and (2) of that section; and subsections (4), (7), (8) and (9) of that section shall apply for the interpretation of this section.

- (8) Section 481 of the Taxes Act (information powers) shall have effect as if this section were included in Chapter III of Part XVII of that Act; and in section 31(3) (b) of the Taxes Management Act 1970 (assessments against which appeal lies to the Special Commissioners) after " 1972 " there shall be inserted the words " or under section 45 of the Finance Act 1981 ".
- (9) This section applies irrespective of when the transfer or associated operations referred to in subsection (1) above took place but applies only to benefits received and relevant income arising on or after 10th March 1981.

46 Transfer of assets abroad: other provisions

- (1) No amount of income shall be taken into account more than once in charging tax under the provisions of section 478 of the Taxes Act (prevention of tax avoidance by transfer of assets abroad) and section 45 above; and where there is a choice as to the persons in relation to whom any amount of income can be so taken into account—
- (a) it shall be so taken into account in relation to such of them, and if more than one in such proportions respectively, as appears to the Board to be just and reasonable; and
 - (b) the jurisdiction of the Special Commissioners on any appeal against an assessment charging tax under those provisions shall include jurisdiction to review any relevant decision taken by the Board under this subsection.
- (2) In subsection (1) above references to an amount of income taken into account in charging tax are—
- (a) in the case of tax which under section 478 is charged on income, to the amount of that income ;
 - (b) in the case of tax charged under that section by virtue of section 480(4) of the Taxes Act, to an amount of the income out of which the benefit is provided equal to the amount or value of the benefit charged;
 - (c) in the case of tax charged under section 45 above, to the amount of relevant income taken into account under subsection (2) of that section in charging the benefit.
- (3) In subsection (2) of the said section 478 for the words "' capital sum' means" there shall be substituted the words "'capital sum' means, subject to subsection (2A) of this section " and after that subsection there shall be inserted—
- “(2A) For the purposes of subsection (2) of this section there shall be treated as a capital sum which an individual receives or is entitled to receive any sum which a third person receives or is entitled to receive at the individual's direction or by virtue of the assignment by him of his right to receive it.
 - (2B) Income shall not by virtue of subsection (2) of this section be deemed to be that of an individual for any year of assessment by reason only of his having received a sum by way of loan if that sum has been wholly repaid before the beginning of that year.”
- (4) Subsection (2A) of the said section 478 as inserted by subsection (3) above shall not apply to any direction or assignment given or made before 6th April 1981.

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- (5) In subsection (5) of the said section 478 (definition of power to enjoy) for paragraph (d) there shall be substituted—
- “(d) the individual may, in the event of the exercise or successive exercise of one or more powers, by whomsoever exercisable and whether with or without the consent of any other person, become entitled to the beneficial enjoyment of the income, or”.
- (6) After subsection (8) of the said section 478 there shall be inserted—
- “(9) . Any amount which by virtue of subsection (8)(d) of this section is treated as the income of any person for the purposes of this section shall also be treated for those purposes as payable to that person.”
- (7) After section 480(2) of the Taxes Act there shall be inserted—
- “(2A) An individual who is domiciled outside the United Kingdom shall not be chargeable to tax in respect of any income deemed to be his by virtue of the preceding provisions of this Chapter if he would not, by reason of his being so domiciled, have been chargeable to tax in respect of it if it had in fact been his income.”
- (8) So much of section 27(5) of the Finance Act 1975 (capital transfer tax liability of beneficiaries) as provides for a reduction to be made for income tax borne in respect of income shall apply also to income tax borne by virtue of section 478 of the Taxes Act or section 45 above in respect of property other than income.

47 Transfer of assets of public corporations

Where by virtue of any enactment a Minister of the Crown or Northern Ireland department has power to give directions to a statutory body as to the disposal of assets belonging to, or to a subsidiary of, that body the existence of that power shall not be regarded as constituting (or as having at any time constituted) an arrangement within the meaning of section 92(9) of the Finance Act 1972 or section 29 of the Finance Act 1973 (which deny relief for advance corporation tax and losses within a group where certain arrangements exist).

48 Write-off of government investment: restriction of tax losses

- (1) This section has effect where on or after 10th March 1981 any amount of government investment in a body corporate is written-off.
- (2) An amount equal to the amount written-off shall be set off against the body's tax losses as at the end of the accounting period ending last before the write-off date and, to the extent to which that amount exceeds those losses, against the body's tax losses as at the end of the next accounting period and so on.
- (3) For the purposes of subsection (2) above a body's tax losses as at the end of an accounting period are—
- (a) any losses which under subsection (1) of section 177 of the Taxes Act are or, if a claim had been made under that subsection, would be available for relief against its trading income for the next accounting period;
- (b) in the case of an investment company, any expenses of management or charges on income which under section 304(2) of that Act are available for carry forward to the next accounting period;

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- (c) any allowances which under section 74(2) of the Capital Allowances Act 1968 are available for carry forward to the next accounting period;
 - (d) any amount paid by way of charges on income so far as it exceeds the company's profit for the period and is not taken into account under section 177(8) or 304(2) of the Taxes Act; and
 - (e) any allowable losses available under section 265 of the Taxes Act so far as not allowed in that or a previous accounting period.
- (4) The set off to be made under subsection (2) above for any accounting period shall be made first against the amounts in paragraphs (a) to (d) of subsection (3) above and, so far as it cannot be so made, against the amount in paragraph (e) of that subsection.
- (5) For the purposes of subsection (2) above there shall be excluded from a body's tax losses as at the end of the accounting period ending last before the write-off date any amounts in respect of which a claim has been made before the write-off date under section 177(2) or 258 of the Taxes Act or section 74(3) of the Capital Allowances Act 1968 but the body's tax losses as at the end of any subsequent accounting period shall be determined as if no such claim had been made on or after that date.
- (6) Any amount that could be set off under subsection (2) above against a body's tax losses as at the end of an accounting period (or could be so set off if that body then had any such losses) may be set off against the tax losses of any other body corporate which at the end of that period is a member of the same group as the first-mentioned body, or partly against the tax losses of one member of that group and partly against those of the other or any of the others, as may be just and reasonable.
- (7) Expenditure shall not be treated for the purposes of section 84 of the Capital Allowances Act 1968 or section 42 of the Capital Gains Tax Act 1979 as met by the Crown by reason only of the writing-off of any government investment in the body in question and a sum shall not by reason only of any such writing-off be treated as not having been deductible in computing the profits or gains of that body for the purposes of Case I or Case II of Schedule D.
- (8) For the purposes of this section an amount of government investment in a body corporate is written-off—
- (a) if its liability to repay any money lent to it out of public funds by a Minister of the Crown is extinguished ;
 - (b) if any of its shares for which a Minister of the Crown has subscribed out of public funds are cancelled; or
 - (c) if its commencing capital debt is reduced otherwise than by being paid off or its public dividend capital is reduced otherwise than by being repaid (including, in either case, a reduction to nil);
- and the amount written-off and the write-off date are the amount in respect of which the liability is extinguished and the date on which it is extinguished, the amount subscribed for the shares that are cancelled and the date of cancellation or the amount of reduction in the commencing capital debt or public dividend capital and the date of the reduction, as the case may be.
- (9) In subsection (8) above " commencing capital debt" means any debt to a Minister of the Crown assumed as such under an enactment and " public dividend capital " means any amount paid by a Minister of the Crown under an enactment in which that amount is so described or under an enactment corresponding to an enactment in which a payment made on similar terms to another body is so described.

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- (10) This section shall not have effect in relation to any amount written-off if and to the extent to which it is replaced by money lent, or a subscription for shares or a payment made, out of public funds by a Minister of the Crown.
- (11) In this section "body corporate" means any body corporate which is a company for the purposes of corporation tax, "group" means a company having one or more 51 per cent subsidiaries and that or those subsidiaries, and "Minister of the Crown" includes a Northern Ireland department.

49 National Heritage Memorial Fund

- (1) The Trustees of the National Heritage Memorial Fund shall be treated for the purposes of section 248(9) of the Taxes Act (covenanted donations to charity by companies) as a body of persons established for charitable purposes only.
- (2) This section shall be deemed to have come into force on 1st April 1980.

50 Northern Ireland

- (1) In section 211(2) of the Taxes Act (tax exemptions for parliamentary pension funds) the word "and" at the end of paragraph (b) shall be omitted and after paragraph (c) there shall be inserted the words "and
- (d) the Assembly Contributory Pension Fund constituted under the Assembly Pensions (Northern Ireland) Order 1976"
- (2) Subsection (1) above shall be deemed to have come into force on 10th November 1976.
- (3) The Corporation Tax Acts shall have effect as if the trade carried on at any time before 1st April 1973 by any predecessor of the Northern Ireland Electricity Service had been carried on by the Service; and for that purpose the Service shall be deemed to have been in existence as from the time when the predecessor began to carry on its trade and anything done by, to or in relation to the predecessor shall be treated as if it had been done by, to or in relation to the Service.
- (4) In subsection (3) above references to a predecessor of the Northern Ireland Electricity Service are references to any body whose functions were transferred to the Service on the said 1st April and references to the trade of a predecessor are references to its activities in the discharge of the functions that were so transferred.

51 Exemption from interest on overdue tax where sums due to the taxpayer are delayed by civil service industrial action

- (1) Where an amount due to a person from a government department in connection with a business carried on by him remains unpaid for any period as a result of industrial action taken by civil servants after 8th March 1981 and that person withholds any tax—
- (a) which became due and payable by him after that date and before 6th April 1982 ; and
- (b) on which interest would, apart from this section, be chargeable under section 86 or 87 of the Taxes Management Act 1970,
- he may, for that period and for seven days after the end of it, claim exemption from interest under those sections on a corresponding amount of that tax less any reduction under subsection (2) below.

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- (2) Where for the whole or any part of the period mentioned in subsection (1) above the person in question withholds any amount for which he is accountable to the collector after the said 8th March
- (a) in respect of income tax which he was liable to deduct in pursuance of section 204 of the Taxes Act (pay as you earn); or
 - (b) in respect of Class 1 contributions under the Social Security Act 1975 or the Social Security (Northern Ireland) Act 1975,
- the amount of tax in respect of which exemption may be claimed under that subsection for that period or that part of it shall be reduced by the amount withheld by him as aforesaid.
- (3) The reference in subsection (1) above to an amount due to a person from a government department in connection with a business carried on by him is to any value added tax due to him from the Commissioners of Customs and Excise, to any grant or subsidy due to him from any other government department in respect of such a business and to any sum due to him from a government department under a contract entered into by him in the course of a business ; and for the purposes of this subsection " business " includes any trade, profession or vocation.
- (4) Any claim under this section shall be made to the Board.