



Finance Act 1988

1988 CHAPTER 39

PART I

CUSTOMS AND EXCISE

Duties of excise: rates

1 Beer, wine, made-wine and cider.

- (1) In section 36 of the ^{M1}Alcoholic Liquor Duties Act 1979 (excise duty on beer)—
 - (a) for “£25.80” and “£0.86” there shall be substituted “ £27.00 ” and “ £0.90 ” respectively; and
 - (b) for the words from “at the rate” onwards there shall be substituted the words “ at the rate of £0.90 per hectolitre for every degree by which the original gravity of the beer exceeds 1000 degrees ”.
- (2) In sections 42(6) and 43(4) of that Act (rates of drawback), the words “but as respects” onwards shall cease to have effect.
- (3) For the Table of rates of duty in Schedule 1 to that Act (wine and made-wine) there shall be substituted the Table in Part I of Schedule 1 to this Act.
- (4) In section 62(1) of that Act (excise duty on cider) for “£15.80” there shall be substituted “ £17.33 ”.
- (5) That Act shall have effect subject to the amendments set out in Part II of Schedule 1 to this Act (which relate to beverages of an alcoholic strength not exceeding 5.5 per cent.).
- (6) In this section—
 - (a) subsections (1)(a), (3) and (4) (with Part I of Schedule 1 to this Act) shall be deemed to have come into force at 6 o’clock in the evening of 15th March 1988;
 - (b) subsections (1)(b) and (2) shall come into force on 1st October 1988; and

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- (c) subsection (5) (with Part II of Schedule 1 to this Act) shall come into force on such day as the Commissioners may by order made by statutory instrument appoint;
and different days may be appointed under paragraph (c) above for different provisions or different purposes.

Subordinate Legislation Made

P1 Power of appointment conferred by s. 1(6) fully exercised: 1.10.1988 appointed by [S.I. 1988/1634](#), [art. 2](#)

Marginal Citations

M1 1979 c. 4.

2 Tobacco products.

- (1) For the Table in Schedule 1 to the ^{M2}Tobacco Products Duty Act 1979 there shall be substituted—

“ TABLE

1. Cigarettes	An amount equal to 21 per cent. of the retail price plus £31.74 per thousand cigarettes.
2. Cigars	£48.79 per kilogram.
3. Hand-rolling tobacco	£51.48 per kilogram.
4. Other smoking tobacco and chewing tobacco	£24.95 per kilogram.”

- (2) This section shall be deemed to have come into force on 18th March 1988.

Marginal Citations

M2 1979 c. 7.

3 Hydrocarbon oil.

- (1) In section 6(1) of the ^{M3}Hydrocarbon Oil Duties Act 1979, for “£0.1938” (light oil) and “£0.1639” (heavy oil) there shall be substituted “ £0.2044 ” and “ £0.1729 ” respectively.
- (2) In section 13A of that Act (rebate on unleaded petrol), for “£0.0096” there shall be substituted “ £0.0202 ”.
- (3) This section shall be deemed to have come into force at 6 o’clock in the evening of 15th March 1988.

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Marginal Citations

M3 1979 c. 5.

4 Vehicles excise duty.

^{F1}(1)

^{F2}(2)

(3) In Part I of Schedule 3 to each Act (annual rates of duty on tractors etc.)—

(a)

^{F3F1}(b)

^{F1}(c)

^{F1}(d)

^{F1}(4)

^{F4}(5)

^{F1}(6)

^{F1}(7)

^{F1}(8)

^{F1}(9)

Textual Amendments

F1 S. 4(1)(3)(b)-(d)(4)(6)-(9) repealed (1.9.1994) by 1994 c. 22, ss. 65, 66(1), **Sch. 5 Pt. I** (with s. 57(4))

F2 S. 4(2) repealed (the repeal having effect in relation to licences taken out after 16th March 1993) (27. 7. 93) by 1993 c. 34, s. 213, **Sch. 23 Pt. I** (6)

F3 S. 4(3)(a) repealed by Finance Act 1989 (c. 26, SIF 107:2), s. 187(1), **Sch. 17 Pt. II** (in relation to licences taken out after 14.3.1989)

F4 S. 4(5) repealed (1. 10. 1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt. IV**; S.I. 1991/2021, **art. 2**.

Duties of excise: other provisions

5 Relief from excise duty on goods imported for testing etc.

(1) After section 11 of the ^{M4}Customs and Excise Duties (General Reliefs) Act 1979 there shall be inserted—

“11A Relief from excise duty on goods imported for testing etc.

(1) The Commissioners may by order provide that, in such cases and subject to such exceptions as may be specified in the order, goods imported into the United Kingdom for the sole or main purpose—

(a) of being examined, analysed or tested; or

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(b) of being used to test other goods,
 shall be relieved from excise duty chargeable on importation; and any such relief may take the form either of an exemption from payment of duty or of a provision whereby the sum payable by way of duty is less than it otherwise would be.

(2) An order under this section—

- (a) may make any relief for which it provides subject to conditions specified in or under the order, including conditions to be complied with after the importation of the goods to which the relief applies;
- (b) may contain such incidental and supplementary provisions as the Commissioners think necessary or expedient; and
- (c) may make different provision for different cases.

(3) In this section, references to excise duty include any additions to such duty by virtue of section 1 of the Excise Duties (Surcharges or Rebates) Act 1979.”

(2) In section 17 of that Act (statutory instruments containing orders or regulations: parliamentary procedure)—

- (a) after “7” in subsection (3) and after “4” in subsection (4) there shall be inserted “, 11A ”; and
- (b) for “or 4” in subsection (5) there shall be substituted “, 4 or 11A ”.

Marginal Citations

M4 1979 c. 3.

6 Remission of duty in respect of spirits used for medical or scientific purposes.

(1) For section 8 of the ^{M5} Alcoholic Liquor Duties Act 1979 there shall be substituted—

“8 Remission of duty in respect of spirits used for medical or scientific purposes.

(1) Where a person proposes to use spirits —

- (a) in the manufacture or preparation of any article recognised by the Commissioners as being an article used for medical purposes; or
- (b) for scientific purposes, the Commissioners may, if they think fit and subject to such conditions as they see fit to impose, authorise that person to receive, and permit the delivery from warehouse to that person of, spirits for that use without payment of the duty chargeable thereon.

(2) If any person contravenes or fails to comply with any condition imposed under this section then, in addition to any other penalty he may have incurred, he shall be liable on summary conviction to a penalty of level 3 on the standard scale.”

(2) In section 22 of that Act (drawback on British compounds and spirits of wine), subsection (7) shall cease to have effect.

(3)

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- ^{F5}(4) In section 33 of that Act (restrictions on use of certain goods relieved from spirits duty)—
- (a) in paragraph (c) of subsection (1), for the word “repayment” there shall be substituted the word “ remission ”;
 - (b) paragraph (d) of that subsection and the word “or” immediately preceding that paragraph shall cease to have effect; and
 - (c) in paragraph (b) of subsection (2), for the words “repaid or assumed to be repayable” there shall be substituted the word “ remitted ”.

Textual Amendments

F5 S. 6(3) repealed by Finance Act 1990 (c. 29, SIF 40:1), s. 132, Sch. 19 Pt. I

Marginal Citations

M5 1979 c. 4.

7 Meaning of “sparkling” in relation to wine and made-wine.

In Schedule 1 to the ^{M6} Alcoholic Liquor Duties Act 1979 (wine and made-wine), in paragraph 1(1) under the heading “Interpretation” (meaning of “sparkling”), for the words “1 bar in excess of atmospheric pressure” there shall be substituted the words “ 1.5 bars in excess of atmospheric pressure ”.

Marginal Citations

M6 1979 c. 4.

Management

8 Disclosure of information as to imports.

- (1) The Commissioners may, for the purpose of supplementing the information as to imported goods which may be made available to persons other than the Commissioners, disclose information to which this section applies to such persons as they think fit.
- (2) Such information may be so disclosed on such terms and conditions (including terms and conditions as to the payment of fees or charges to the Commissioners and the making of the information available to other persons) as the Commissioners think fit.
- (3) This section applies to information consisting of the names and addresses of persons declared as consignees in entries of imported goods, arranged by reference to such classifications of imported goods as the Commissioners think fit.
- (4) This section shall be construed as if it were contained in the ^{M7} Customs and Excise Management Act 1979.

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Marginal Citations

M7 1979 c. 2.

9 Approval and regulation of warehouses.

- (1) In section 92(2) of the Customs and Excise Management Act 1979 (approval of warehouses), for paragraph (b) there shall be substituted—
- “(b) of such other goods as the Commissioners may allow to be warehoused—
- (i) for exportation or for use as stores in cases where relief from or repayment of any customs duty or other payment is conditional on their exportation or use as stores; or
 - (ii) for exportation or for use for a purpose referred to in a Community regulation in cases where payment of an export refund under such a regulation is conditional on their exportation or use for such a purpose.”
- (2) In section 93(2) of that Act (regulation of warehouses and warehoused goods), in paragraph (c) the words “(other than operations consisting of the mixing of spirits with wine or made-wine)” shall cease to have effect.

10 Power to search persons.

- (1) In subsection (1) of section 164 of the ^{M8} Customs and Excise Management Act 1979 (power to search persons)—
- (a) after the words “person to whom this section applies” there shall be inserted the words “ (referred to in this section as the suspect) ”; and
 - (b) for the words from “any officer” onwards there shall be substituted the words “ an officer may exercise the powers conferred by subsection (2) below and, if the suspect is not under arrest, may detain him for so long as may be necessary for the exercise of those powers and (where applicable) the exercise of the rights conferred by subsection (3) below ”.
- (2) For subsections (2) and (3) of that section there shall be substituted—
- “(2) The officer may require the suspect—
- (a) to permit such a search of any article which he has with him; and
 - (b) subject to subsection (3) below, to submit to such searches of his person, whether rub-down, strip or intimate,
- as the officer may consider necessary or expedient; but no such requirement may be imposed under paragraph (b) above without the officer informing the suspect of the effect of subsection (3) below.
- (3) If the suspect is required to submit to a search of his person, he may require to be taken—
- (a) except in the case of a rub-down search, before a justice of the peace or a superior of the officer concerned; and
 - (b) in the excepted case, before such a superior;
- and the justice or superior shall consider the grounds for suspicion and direct accordingly whether the suspect is to submit to the search.

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(3A) A rub-down or strip search shall not be carried out except by a person of the same sex as the suspect; and an intimate search shall not be carried out except by a suitably qualified person.”

(3) After subsection (4) of that section there shall be inserted—

“(5) In this section—

“intimate search” means any search which involves a physical examination (that is, an examination which is more than simply a visual examination) of a person’s body orifices;

“rub-down search” means any search which is neither an intimate search nor a strip search;

“strip search” means any search which is not an intimate search but which involves the removal of an article of clothing which—

- (a) is being worn (wholly or partly) on the trunk; and
- (b) is being so worn either next to the skin or next to an article of underwear;

“suitably qualified person” means a registered medical practitioner or a registered nurse.

(6) Notwithstanding anything in subsection (4) of section 48 of the Criminal Justice (Scotland) Act 1987 (detention and questioning by customs officers), detention of the suspect under subsection (1) above shall not prevent his subsequent detention under subsection (1) of that section.”

Marginal Citations

M8 1979 c. 2.

11 Time limits for arrest and proceedings.

(1) In section 138(1) of the ^{M9}Customs and Excise Management Act 1979 (power to arrest within 3 years of commission of offence) for the words “3 years” there shall be substituted the words “20 years”.

(2)

^{F6}(3) This section has effect in relation to offences committed after the passing of this Act.

Textual Amendments

F6 S. 11(2) repealed by Finance Act 1989 (c. 26, SIF 40:1), s. 187(1), Sch. 17 Pt. I

Marginal Citations

M9 1979 c. 2.

12 Punishment of offences.

(1) In the following enactments (which provide for the punishment on conviction on indictment of certain offences), namely—

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- (a) sections 50(4)(b), 53(9)(b), 63(6)(b), 68(3)(b), 100(4)(b), 159(7)(b) and 170(3)(b) of the ^{M10}Customs and Excise Management Act 1979;
- (b) sections 10(7)(b), 13(5)(b) and 14(8)(b) of the ^{M11}Hydrocarbon Oil Duties Act 1979;
- (c) paragraph 16(1)(b) of Schedule 3 to the ^{M12}Betting and Gaming Duties Act 1981; and

^{F7}(d)

for the words “2 years” or “two years” there shall be substituted the words “ 7 years ” or “ seven years ”, as appropriate.

- (2) For subsection (2) of section 68A of the Customs and Excise Management Act 1979 there shall be substituted—

“(2) A person guilty of an offence under this section shall be liable—

- (a) on summary conviction, to a penalty of the prescribed sum or of three times the value of the goods, whichever is the greater, or to imprisonment for a term not exceeding 6 months, or to both; or
- (b) on conviction on indictment, to a penalty of any amount, or to imprisonment for a term not exceeding 7 years, or to both.”

- (3) For subsections (1) and (2) of section 136 of that Act there shall be substituted—

“(1) If any person, with intent to defraud Her Majesty, obtains or attempts to obtain, or does anything whereby there might be obtained by any person, any amount by way of drawback, allowance, remission or repayment of, or any rebate from, any duty in respect of any goods which—

- (a) is not lawfully payable or allowable in respect thereof; or
- (b) is greater than the amount so payable or allowable,

he shall be guilty of an offence under this subsection.

- (1A) If any person, without such intent as is mentioned in subsection (1) above, does any of the things there mentioned, he shall be guilty of an offence under this subsection.

(2) A person guilty of an offence under subsection (1) above shall be liable—

- (a) on summary conviction, to a penalty of the prescribed sum or of three times the value of the goods, whichever is the greater, or to imprisonment for a term not exceeding 6 months, or to both; or
- (b) on conviction on indictment, to a penalty of any amount, or to imprisonment for a term not exceeding 7 years, or to both;

and a person guilty of an offence under subsection (1A) above shall be liable on summary conviction to a penalty of level 3 on the standard scale or three times the amount which was or might have been improperly obtained or allowed, whichever is the greater.” and in subsection (3) of that section, after the words “subsection (1)” there shall be inserted the words “ or (1A) ”.

- (4) Paragraph 13 of Schedule 1 ^{F8} . . . to the ^{M13}Betting and Gaming Duties Act 1981 shall ^{F8} . . . be amended as follows—

- (a) in sub-paragraph (3), in paragraph (a), the words from “or, with intent” to “material particular” shall cease to have effect;
- (b) after that paragraph there shall be inserted-

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- “(aa) in that connection, with intent to deceive, produces or makes use of any book, account, record, return or other document which is false in a material particular, or”
- (c) in paragraph (ii) of that sub-paragraph, for the words “two years” there shall be substituted the words “ the maximum term ”; and
- (d) after that sub-paragraph there shall be inserted—

“(4) In sub-paragraph (3) above, “the maximum term” means two years in the case of an offence under paragraph (a) and seven years in the case of an offence under paragraph (aa) or (b) of that sub-paragraph.”

^{F9}(5)

(6) This section has effect in relation to offences committed after the passing of this Act.

Textual Amendments

- F7** S. 12(1)(d) repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), Sch. 1 Pt. 9 Group 5
- F8** Words in s. 12(4) repealed (19.3.1997 with effect on 1.10.1997 as mentioned in note 2 of Sch. 18 Pt. II of the repealing Act) by 1997 c. 16, s. 113, Sch. 18 Pt. II note 2
- F9** S. 12(5) repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), Sch. 1 Pt. 9 Group 5

Marginal Citations

- M10** 1979 c. 2.
- M11** 1979 c. 5.
- M12** 1981 c. 63.
- M13** 1981 c. 63.

^{F10}**PART II**

VALUE ADDED TAX

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Textual Amendments

- F10** Pt. II (ss. 13-22) repealed (1.9.1994 with effect as mentioned in s. 101(1)) by 1994 c. 23, ss. 100(2), 101(1), Sch. 15

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PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Tax rates and personal reliefs

F14²³ Charge and basic rate of income tax for 1988-89.

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Textual Amendments

F14 Ss. 23-25 repealed (6.4.2007) by *Income Tax Act 2007 (c. 3)*, s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

F14²⁴ Higher and additional rates of income tax.

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Textual Amendments

F14 Ss. 23-25 repealed (6.4.2007) by *Income Tax Act 2007 (c. 3)*, s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

F14²⁵ Personal reliefs.

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Textual Amendments

F14 Ss. 23-25 repealed (6.4.2007) by *Income Tax Act 2007 (c. 3)*, s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

26 Charge and rate of corporation tax for financial year 1988.

Corporation tax shall be charged for the financial year 1988 at the rate of 35 per cent.

27 Corporation tax: small companies.

- (1) For the financial year 1988 the small companies rate shall be 25 per cent.
- (2) For the financial year 1988 the fraction mentioned in section 13(2) of the Taxes Act 1988, and in section 95(2) of the ^{M24}Finance Act 1972, (marginal relief for small companies) shall be one fortieth.

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Marginal Citations

M24 1972 c. 41.

F15 28

Textual Amendments

F15 S. 28 repealed (6.8.1999 with effect as mentioned in Sch. 29 Pt. VIII(21) notes 4, 5 of the amending Act) by 1995 c. 4, s. 162, **Sch. 20 Pt. VIII(21)**; S.I. 1999/2156, **art. 2(b)**

29 Life assurance premium relief.

(1) In sections 266(5)(a) and 274(3)(a) of the Taxes Act 1988, and in paragraph 3(3)(a) of Schedule 14 to that Act, (rate of relief on premiums on life policies etc.) for the words “15 per cent.” wherever they occur there shall be substituted the words “ 12.5 per cent. ”.

(2) This section shall have effect on and after 6th April 1989.

F16 30

Textual Amendments

F16 S. 30 repealed (27.7.1999 with effect for the year 2000-01 and subsequent years of assessment) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(4)**, note

F17 31 **Non-residents’ personal reliefs.**

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Textual Amendments

F17 S. 31 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1

Married couples

32 Abolition of aggregation of income.

Section 279 of the Taxes Act 1988 (which treats the income of a woman living with her husband as his income for income tax purposes) shall not have effect for the year 1990-91 or any subsequent year of assessment.

F18 33 **Personal allowance and married couple’s allowance.**

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Textual Amendments
F18 S. 33 omitted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 1 para. 6\(b\)](#)

F19 34 Jointly held property.

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Textual Amendments
F19 S. 34 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

35 Minor and consequential provisions.

Schedule 3 to this Act (which makes provision consequential on sections 32 and 33 above and other minor amendments relating to the treatment for income tax purposes of husbands, wives, widowers and widows) shall have effect.

Annual payments

36 Annual payments.

- F20(1)
- F21(2)
- F21(3)
- F21(4)
- F21(5)
- F21(5A)
- F21(6)

Textual Amendments
F20 S. 36(1) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(3\)](#)
F21 S. 36(2)-(6) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Modifications etc. (not altering text)
C2 S. 36(3) excluded (27.7.1999 with effect in relation to any payment falling due on or after 6.4.2000) by [1999 c. 16](#), [s. 36\(7\)\(8\)](#)

F22 37 Maintenance payments under existing obligations:

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Textual Amendments

F22 S. 37 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F23 38 Maintenance payments under existing obligations:

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Textual Amendments

F23 S. 38 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F24 39

Textual Amendments

F24 S. 39 repealed (27.7.1999 with effect in relation to any payment falling due on or after 6.4.2000) by 1999 c. 16, s. 139, [Sch. 20 Pt. III\(6\)](#), note

F25 40 Provisions supplementary to sections 37 to 39.

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Textual Amendments

F25 S. 40 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Relief for interest

41 Qualifying maximum for loans.

For the year 1988-89 the qualifying maximum defined in section 367(5) of the Taxes Act 1988 (limit on relief for interest on certain loans) shall be £30,000.

F26 42

Textual Amendments

F26 S. 42 repealed (27.7.1999 with effect as mentioned in [Sch. 20 Pt. III\(7\)](#) note 4 of the amending Act) by 1999 c. 16, s. 139, [Sch. 20 Pt. III\(7\)](#)

F27 43

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Textual Amendments

F27 S. 43 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(7) note 4 of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(7)**

F28 **44**

Textual Amendments

F28 S. 44 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(7) note 4 of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(7)**

Benefits in kind

45 Car benefits.

(1) In Schedule 6 to the Taxes Act 1988 (taxation of directors and others in respect of cars) for Part I (tables of flat rate cash equivalents) there shall be substituted—

“PART I

TABLES OF FLAT RATE CASH EQUIVALENTS

Table A

CARS WITH AN ORIGINAL MARKET VALUE UP TO £19,250 AND HAVING A CYLINDER CAPACITY

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Age of car at end of relevant year of assessment</i>	
	<i>Under 4 years</i>	<i>4 years or more</i>
1400 or less	£1,050	£700
More than 1400 but not more than 2000	£1,400	£940
More than 2000	£2,200	£1,450

Table B

CARS WITH AN ORIGINAL MARKET VALUE UP TO £19,250 AND NOT HAVING A CYLINDER CAPACITY

<i>Original market value of car</i>	<i>Age of car at end of relevant year of assessment</i>	
	<i>Under 4 years</i>	<i>4 years or more</i>

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Less than £6,000	£1,050	£700
£6,000 or more but less than £8,500	£1,400	£940
£8,500 or more but not more than £19,250	£2,200	£1,450

Table C

CARS WITH AN ORIGINAL MARKET VALUE OF MORE THAN £19,250

<i>Original market value of car</i>	<i>Age of car at end of relevant year of assessment</i>	
	Under 4 years	4 years or more
More than £19,250 but not more than £29,000	£2,900	£1,940
More than £29,000	£4,600	£3,060 ²⁹

(2) This section shall have effect for the year 1988-89 and subsequent years of assessment.

^{F29}**46 Car parking facilities.**

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Textual Amendments

F29 S. 46 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

47 Entertainment: non-cash vouchers.

^{F30}(1)

(2) In subsection (1) of section 36 of the ^{M25}Finance (No. 2) Act 1975 (vouchers other than cash vouchers), for the words “Subject to subsection (2) below” there shall be substituted the words “ Subject to the provisions of this section ”.

(3) The provision set out in subsection (1) above shall be inserted after subsection (3A) of that section as subsection (3B) with the substitution—

- (a) for the reference to section 839 of the Taxes Act 1988 of a reference to section 533 of the Taxes Act 1970; and
- (b) for any reference to a non-cash voucher of a reference to a voucher.

(4) The amendment made by subsection (1) above shall have effect for the year 1988-89 and subsequent years of assessment; and the amendments made by subsections (2) and (3) above shall have effect for the year 1987-88.

Changes to legislation: Finance Act 1988 is up to date with all changes known to be in force on or before 01 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Textual Amendments

F30 S. 47(1) repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

Marginal Citations

M25 1975 c. 45.

48 Entertainment: credit-tokens.

^{F31}(1)

- (2) The provision set out in subsection (1) above shall be inserted after subsection (3) of section 36A of the ^{M26}Finance (No. 2) Act 1975 (credit-tokens) as subsection (3A) with the substitution for the reference to section 839 of the Taxes Act 1988 of a reference to section 533 of the Taxes Act 1970.
- (3) The amendment made by subsection (1) above shall have effect for the year 1988-89 and subsequent years of assessment; and the amendment made by subsection (2) above shall have effect for the year 1987-88.

Textual Amendments

F31 S. 48(1) repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

Marginal Citations

M26 1975 c. 45.

49 Entertainment of directors and higher-paid employees.

^{F32}(1)

- (2) The provision set out in subsection (1) above shall be added at the end of section 62 of the ^{M27}Finance Act 1976 as subsection (9) with the substitution—
- (a) for the reference to section 154 of the Taxes Act 1988 of a reference to section 61 of the 1976 Act; and
- (b) for the reference to section 839 of the Taxes Act 1988 of a reference to section 533 of the Taxes Act 1970.
- (3) The amendment made by subsection (1) above shall have effect for the year 1988-89 and subsequent years of assessment; and the amendment made by subsection (2) above shall have effect for the year 1987-88.

Textual Amendments

F32 S. 49(1) repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

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Marginal Citations

M27 1976 c. 40.

Business expansion scheme

F33 50

Textual Amendments

F33 S. 50 repealed (3.5.1994 with effect on 1.1.1994 as mentioned in Sch. 26 Pt. V(17) of the repealing Act) by 1994 c. 9, s. 258, Sch. 26 Pt. V(17), note

51 Restriction of relief.

- (1) The Taxes Act 1988 shall have effect, and be deemed always to have had effect, with the following amendments, namely—
- (a) in section 289(12)(b), the substitution of the words “sections 290A, 293” for the words “ sections 293 ”; and
 - (b) the insertion after section 290 of the following section—

“290A Restriction of relief where amounts raised exceed permitted maximum.

- (1) Where—
- (a) a company raises any amount through the issue of eligible shares after 15th March 1988; and
 - (b) the aggregate of that amount and of all other amounts (if any) so raised within the period mentioned in subsection (2) below exceeds £500,000,
- the relief shall not be given in respect of the excess.
- (2) The period referred to in subsection (1) above is—
- (a) the period of 6 months ending with the date of the issue of the shares; or
 - (b) the period beginning with the preceding 6th April and ending with the date of that issue,
- whichever is the longer.
- (3) In determining the aggregate mentioned in subsection (1) above, no account shall be taken of any amount—
- (a) which is subscribed by a person other than an individual who qualifies for relief; or
 - (b) as respects which relief is precluded by section 290 or this section.
- (4) Where—
- (a) at any time within the relevant period, the company in question or any of its subsidiaries carries on any trade or part

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of a trade in partnership, or as a party to a joint venture, with one or more other persons; and

- (b) that other person, or at least one of those other persons, is a company,

the reference to £500,000 in subsection (1) above shall have effect as if it were a reference to—

$$\frac{\pounds 500,000}{1+A},$$

where A is the total number of companies (apart from the company in question or any of its subsidiaries) which, during the relevant period, are members of any such partnership or parties to any such joint venture.

- (5) Where this section precludes the giving of relief on claims in respect of shares issued to two or more individuals, the available relief shall be divided between them in proportion to the amounts which have been respectively subscribed by them for the shares to which their claims relate and which would, apart from this section, be eligible for relief.

- (6) Where—

- (a) in the case of a company falling within subsection (2)(a) of section 293, the qualifying trade or each of the qualifying trades is a trade to which subsection (7) below applies;
- (b) in the case of a company falling within subsection (2)(b)(i) of that section, the subsidiary or each of the subsidiaries is a dormant subsidiary or exists wholly, or substantially wholly, for the purpose of carrying on one or more qualifying trades which or each of which is a trade to which subsection (7) below applies; or
- (c) in the case of a company falling within subsection (2)(b)(ii) of that section, the requirements mentioned in each of paragraphs (a) and (b) above are satisfied,

subsections (1) and (4) above shall have effect as if for the amount there specified there were substituted £5 million.

- (7) This subsection applies to a trade if it consists, wholly or substantially wholly, of operating or letting ships, other than oil rigs or pleasure craft, and—

- (a) every ship operated or let by the company carrying on the trade is beneficially owned by the company;
- (b) every ship beneficially owned by the company is registered in the United Kingdom;
- (c) throughout the relevant period the company is solely responsible for arranging the marketing of the services of its ships; and
- (d) the conditions mentioned in section 297(7) are satisfied in relation to every letting by the company.

- (8) Where—

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- (a) any of the requirements mentioned in paragraphs (a) to (c) of subsection (7) above are not satisfied in relation to any ships; or
- (b) any of the conditions referred to in paragraph (d) of that subsection are not satisfied in relation to any lettings,

the trade shall not thereby be precluded from being a trade to which that subsection applies if the operation or letting of those ships, or, as the case may be, those lettings do not amount to a substantial part of the trade.

- (9) The Treasury may by order amend any of the foregoing provisions of this section by substituting a different amount for the amount for the time being specified there.

- (10) Where—

- (a) the issue of the eligible shares is made in pursuance of a prospectus published, or an offer in writing made, before 15th March 1988;
- (b) the shares are issued after that date and before 6th April 1988; and
- (c) subsection (6) above does not apply,

subsections (1) and (4) above shall have effect as if for the amount there specified there were substituted £1 million.

- (11) In this section—

“let” means let on charter and “letting” shall be construed accordingly;

“oil rig” and “pleasure craft” have the same meanings as in section 297;

“prospectus” has the meaning given by section 744 of the Companies Act 1985 or Article 2(3) of the Companies (Northern Ireland) Order 1986.”

- (2) Schedule 5 to the ^{M28}Finance Act 1983 shall be deemed always to have had effect as if—

- (a) in paragraph 2(7), for the words “paragraphs 5” there had been substituted the words “ paragraphs 3A, 5 ”; and
- (b) the provisions set out in subsection (1)(b) above had been inserted, with any necessary modifications, after paragraph 3 as paragraph 3A.

Marginal Citations

M28 1983 c. 28.

52 Valuation of interests in land.

- (1) In section 294 of the Taxes Act 1988 (companies with interests in land), after subsection (5) there shall be inserted—

“(5A) For the purposes of this section, the value of an interest in any building or other land shall be adjusted by deducting the market value of any machinery

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or plant which is so installed or otherwise fixed in or to the building or other land as to become, in law, part of it.”

(2) This section shall have effect in relation to valuations which fall to be made after the passing of this Act.

F34 53 Approved investment funds.

.....

Textual Amendments

F34 S. 53 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 2** (with Sch. 2)

Pensions etc.

F35 54 Personal pension schemes: commencement.

.....

Textual Amendments

F35 Ss. 54-56 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 3** (with Sch. 36)

F35 55 Personal pension schemes: other amendments.

.....

Textual Amendments

F35 Ss. 54-56 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 3** (with Sch. 36)

F35 56 Occupational pension schemes.

.....

Textual Amendments

F35 Ss. 54-56 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 3** (with Sch. 36)

F36 57 Lump sum benefits paid otherwise than on retirement.

.....

Textual Amendments

F36 S. 57 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

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Underwriters

F37 58 Assessment and collection.

.....

Textual Amendments

F37 S. 58 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), Sch. 1 Pt. 10 Group 1

59 Reinsurance: general.

- (1) In subsection (4) of section 450 of the Taxes Act 1988 (underwriters), for paragraph (b) there shall be substituted—
- “(b) any insurance money payable to him under that insurance in respect of a loss shall be taken into account as a trading receipt in computing those profits or gains for the year of assessment which corresponds to the underwriting year in which the loss arose;”
- (2) The amendment set out in subsection (1) above shall also be made in paragraph 4 of Schedule 16 to the Finance Act 1973 (underwriters).
- (3) Subsection (1) above shall have effect for the year 1988-89 and subsequent years of assessment; and subsection (2) above shall have effect for the years 1985-86, 1986-87 and 1987-88.

60 Reinsurance to close.

- (1) For subsection (5) of section 450 of the Taxes Act 1988 (underwriters) there shall be substituted—
- “(5) Subsection (5A) below applies where—
- (a) in accordance with the rules or practice of Lloyd’s and in consideration of the payment of a premium, one member agrees with another to meet liabilities arising from the latter’s business for an underwriting year so that the accounts of the business for that year may be closed; and
- (b) the member by whom the premium is payable is a continuing member, that is, a member not only of the syndicate as a member of which he is liable to pay the premium (“the reinsured syndicate”) but also of the syndicate as a member of which the other member is entitled to receive it (“the reinsurer syndicate”).
- (5A) In any case where this subsection applies—
- (a) in computing for the purposes of income tax the profits or gains of the continuing member’s business as a member of the reinsured syndicate, the amount of the premium shall be deductible as an expense of his only to the extent that it is shown not to exceed a fair and reasonable assessment of the value of the liabilities in respect of which it is payable; and
- (b) in computing for those purposes the profits or gains of his business as a member of the reinsurer syndicate, those profits or gains shall

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be reduced by an amount equal to any part of a premium which, by virtue of paragraph (a) above, is not deductible as an expense of his as a member of the reinsured syndicate;

and the assessment referred to above shall be taken to be fair and reasonable only if it is arrived at with a view to producing the result that a profit does not accrue to the member to whom the premium is payable but that he does not suffer a loss.”

- (2) The provisions set out in subsection (1) above, but renumbered as subsections (1) and (2) and with the substitution, in the provision renumbered as subsection (1), of the words “subsection (2)” for the words “subsection (5A)”, shall also be substituted for subsections (1) to (4) of section 70 of the ^{M29}Finance (No. 2) Act 1987 (underwriters); and in subsection (5) of that section, for the word “underwriter” there shall be substituted the word “member”.
- (3) In this section—
 - (a) subsection (1) shall have effect in relation to premiums payable in connection with the closing of accounts of a member’s business for an underwriting year ending in the year 1988-89 or any subsequent year of assessment; and
 - (b) subsection (2) shall have effect in relation to premiums payable in connection with the closing of accounts of a member’s business for an underwriting year ending in the year 1985-86, 1986-87 or 1987-88.

Marginal Citations
M29 1987 c. 51.

61 Minor and consequential amendments.

- ^{F38}(1)
- (2) In Schedule 10 to the Taxes Act 1970, in paragraph 7(3), for the words “Case I of Schedule D” there shall be substituted the words “ in accordance with Schedule 16 to ^{M30}Finance Act 1973 ” and the words “the investments forming part of the premiums trust fund of the underwriter” shall cease to have effect.
- (3) In section 87 of the ^{M31}Finance Act 1972, at the beginning of subsection (3) there shall be inserted the words “ Except as provided by Schedule 16 to Finance Act 1973 (underwriters) ”.
- (4) In Schedule 16 to the ^{M32}Finance Act 1973—
 - (a) in sub-paragraph (1) of paragraph 17, for paragraph (a) there shall be substituted—
 - “(a) for the assessment and collection of tax charged in accordance with the preceding provisions of this Schedule (so far as not provided for by Schedule 16A to this Act);
 - (aa) for making, in the event of any changes in the rules or practice of Lloyd’s, such amendments of that Schedule as appear to the Board to be expedient having regard to those changes;”
 - (b) after that sub-paragraph, there shall be inserted—

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“(1A) Regulations under this paragraph may make provision with respect to the year of assessment next but one preceding the year of assessment in which they are made.”

(5) ^{F39}... subsections (2) to (4) above shall have effect for the years 1986-87 and 1987-88.

Textual Amendments

F38 S. 61(1) repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1

F39 Words in s. 61(5) repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1

Marginal Citations

M30 1973 c. 51.

M31 1972 c. 41.

M32 1973 c. 51.

Oil licences

^{F40}**62**

Textual Amendments

F40 S. 62 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch.12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

^{F41}**63**

Textual Amendments

F41 S. 63 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

^{F42}**64**

Textual Amendments

F42 S. 64 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

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Miscellaneous

^{F43}65 Commercial woodlands.

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Textual Amendments

F43 S. 65 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 331, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

^{F44}66 Company residence.

.....

Textual Amendments

F44 S. 66 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 332, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

^{F46}^{F45}66A Residence of SE or SCE

.....

Textual Amendments

F45 S. 66A inserted (with effect in accordance with s. 60(3) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), s. 60(1)

F46 S. 66A repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 333, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

^{F47}67

Textual Amendments

F47 S. 67 repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(11) of the repealing Act) by [1998 c. 36](#), s. 165, **Sch. 27 Pt. III(11)** note

^{F48}68 Priority share allocations for employees etc.

.....

Textual Amendments

F48 S. 68 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

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F49 69 Share options: loans.

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Textual Amendments

F49 S. 69 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))

70 Charities: payroll deduction scheme.

- (1) In section 202(7) of the Taxes Act 1988 (which limits to £120 the deductions attracting relief) for “£120” there shall be substituted “£240”.
- (2) This section shall have effect for the year 1988-89 and subsequent years of assessment.

F50 71 Unit trusts: relief on certain payments.

.....

Textual Amendments

F50 S. 71 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

F51 72 Entertainment of overseas customers.

.....

Textual Amendments

F51 S. 72 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

73 Consideration for certain restrictive undertakings.

- F52(1)
- F53(2)
- F53(3)
- F53(4)

Textual Amendments

- F52** S. 73(1) repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))
- F53** S. 73(2)-(4) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 334](#), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

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F54⁷⁴

Textual Amendments

F54 S. 74 repealed (31.7.1998 with effect on 6.4.1998 as mentioned in s. 58(4) of the repealing Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(9)** note

F55⁷⁵ **Premiums for leases etc.**

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Textual Amendments

F55 S. 75 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1

F56⁷⁶

Textual Amendments

F56 S. 76 repealed (29.4.1996 with effect as mentioned in Sch. 41 Pt. V(2) of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(2)** notes, Pt. V(19)

CHAPTER II

UNAPPROVED EMPLOYEE SHARE SCHEMES

Modifications etc. (not altering text)

C3 Pt. III Ch. II (ss. 77-89) applied (6.3.1992 with effect as mentioned in s. 289 of the applying Act) by **Taxation of Chargeable Gains Act 1992 (c. 12)**, **ss. 120(1), 289**, (with ss. 60, 101(1), 171, 201(3))

Preliminary

F57⁷⁷ **Scope of Chapter.**

.....

Textual Amendments

F57 Ss. 77-88 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by **Income Tax (Earnings and Pensions) Act 2003 (c. 1)**, s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

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Charges to tax

F⁵⁷78 Charge where restrictions removed etc.

.....

Textual Amendments

F57 Ss. 77-88 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))

F⁵⁷79 Charge for shares in dependent subsidiaries.

.....

Textual Amendments

F57 Ss. 77-88 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))

F⁵⁷80 Charge on special benefits.

.....

Textual Amendments

F57 Ss. 77-88 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))

Miscellaneous

F⁵⁷81 Changes in interest.

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Textual Amendments

F57 Ss. 77-88 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))

F⁵⁷82 Company reorganisations etc.

.....

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Textual Amendments

F57 Ss. 77-88 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

^{F57}83 Connected persons etc.

.....

Textual Amendments

F57 Ss. 77-88 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

^{F57}84 Capital gains tax.

.....

Textual Amendments

F57 Ss. 77-88 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

^{F57}85 Information.

.....

Textual Amendments

F57 Ss. 77-88 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

Supplementary

^{F57}86 Meaning of “dependent subsidiary”.

.....

Textual Amendments

F57 Ss. 77-88 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

^{F57}87 Other interpretation provisions.

.....

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Textual Amendments

F57 Ss. 77-88 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

F57 **88** **Transitional provisions.**

.....

Textual Amendments

F57 Ss. 77-88 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

89 **Consequential amendments.**

In relation to acquisitions of shares or interests in shares on or after 26th October 1987—

- (a) for the words from “section 138(1)(a)” to “value of the shares” in ^{F58}... section 186(2)(b) (approved profit sharing schemes) of the Taxes Act 1988, and

^{F59}(b)

there shall be substituted the words “ section 78 or 79 of the Finance Act 1988 in respect of the shares ”.

Textual Amendments

F58 Words in s. 89(a) repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

F59 S. 89(b) repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

CHAPTER III

CAPITAL ALLOWANCES

F60 **90**

Textual Amendments

F60 S. 90 repealed by [Capital Allowances Act 1990 \(c. 1, SIF 63:1\)](#), s. 164(4)(5), **Sch. 2**.

F61 **91**

Changes to legislation: Finance Act 1988 is up to date with all changes known to be in force on or before 01 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Textual Amendments

F61 S. 91 repealed by [Capital Allowances Act 1990 \(c. 1, SIF 63:1\)](#), s. 164(4)(5), **Sch. 2**.

F62⁹²

Textual Amendments

F62 S. 92 repealed by [Capital Allowances Act 1990 \(c. 1, SIF 63:1\)](#), s. 164(4)(5), **Sch. 2**.

F63⁹³

Textual Amendments

F63 S. 93 repealed by [Capital Allowances Act 1990 \(c. 1, SIF 63:1\)](#), s. 164(4)(5), **Sch. 2**.

F64⁹⁴

Textual Amendments

F64 S. 94 repealed by [Capital Allowances Act 1990 \(c. 1, SIF 63:1\)](#), s. 164(4)(5), **Sch. 2**.

F65⁹⁵

Textual Amendments

F65 S. 95 repealed by [Capital Allowances Act 1990 \(c. 1, SIF 63:1\)](#), s. 164(4)(5), **Sch. 2**.

CHAPTER IV

CAPITAL GAINS

Re-basing to 1982

F66⁹⁶

Changes to legislation: Finance Act 1988 is up to date with all changes known to be in force on or before 01 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

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Textual Amendments

F66 S. 96 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, **Sch. 12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

F67⁹⁷

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Textual Amendments

F67 S. 97 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, **Sch.12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

Unification of rates of tax on income and capital gains

F68⁹⁸

.....

Textual Amendments

F68 S. 98 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, **Sch.12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

F69⁹⁹

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Textual Amendments

F69 S. 99 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, **Sch.12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

F70¹⁰⁰

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Textual Amendments

F70 S. 100 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, **Sch.12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

F71¹⁰¹

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Textual Amendments

F71 S. 101 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, **Sch.12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

F72 **102**

Textual Amendments

F72 S. 102 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, **Sch. 12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

F73 **103**

Textual Amendments

F73 S. 103 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, **Sch. 12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

Married couples

F74 **104**

Textual Amendments

F74 S. 104 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, **Sch.12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

Company migration

105 Deemed disposal of assets on company ceasing to be resident in U.K.

- F75**(1)
- F75**(2)
- F75**(3)
- F75**(4)
- F75**(5)

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^{F76}(6)

(7) This section and sections 106 and 107 below shall be deemed to have come into force on 15th March 1988.

Textual Amendments

F75 S. 105(1)-(5) repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch.12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

F76 S. 105(6) omitted (with effect in accordance with Sch. 17 para. 13 of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 17 para. 3(a)**

^{F77}**106**

Textual Amendments

F77 S. 106 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch.12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

^{F78}**107**

Textual Amendments

F78 S. 107 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch.12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

Miscellaneous

^{F79}**108**

Textual Amendments

F79 S. 108 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch.12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

^{F80}**109**

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Textual Amendments

F80 S. 109 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, **Sch.12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

F81 110

Textual Amendments

F81 S. 110 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, **Sch.12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

F82 111

Textual Amendments

F82 S. 111 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, **Sch.12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

F83 112

Textual Amendments

F83 S. 112 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, **Sch.12** (with ss. 101(1), 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

F84 113

Textual Amendments

F84 S. 113 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, **Sch.12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

F85 114

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Textual Amendments

F85 S. 114 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, [Sch.12](#) (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

F86 **115**

Textual Amendments

F86 S. 115 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, [Sch.12](#) (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

F87 **116**

Textual Amendments

F87 S. 116 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, [Sch.12](#) (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

117 Definition of “investment trust”.

F88(1)

(2) The repeal by the ^{M33}Finance (No. 2) Act 1987 of section 93 of the ^{M34}Finance Act 1972 shall be treated as not having extended to subsection (6) of that section (amendment of definition of “investment trust” in section 359 of the Taxes Act 1970).

(3) [^{F89}For section 266(4) of the M3Companies Act 1985 there shall be substituted—
 “(a) Subsections (1A) to (3) of section 842 of the Income and Corporation Taxes Act 1988 apply for the purposes of subsection (2)(b) above as for those of subsection (1)(b) of that section.”;and for Article 274(4) of the M4Companies (Northern Ireland) Order 1986 there shall be substituted—
 (b) Subsections (1A) to (3) of section 842 of the Income and Corporation Taxes Act 1988 apply for the purposes of paragraph (2)(b) as for those of subsection (1)(b) of that section.”]

(4) ^{F90}... subsection (2) above shall have effect for companies’ accounting periods ending on or before that date.

Textual Amendments

F88 S. 117(1) repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 1](#) (with Sch. 2)

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- F89** S. 117(3) repealed (6.4.2008 for specified purposes) by [Companies Act 2006 \(c. 46\)](#), s. 1300(2), [Sch. 16](#); [S.I. 2007/3495](#), art. 8(a), [Sch. 2 Pts. 1, 2](#) (with arts. 712)
- F90** Words in s. 117(4) repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Marginal Citations

- M33** 1987 c. 51.
- M34** 1972 c. 41.

F91 118

Textual Amendments

- F91** S. 118 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, [Sch.12](#) (with ss. 101(1), 201(3), 290, [Sch. 11 paras. 22, 26\(2\), 27](#))

CHAPTER V

MANAGEMENT

Assessment

F92 119 **Current year assessments.**

.....

Textual Amendments

- F92** S. 119 repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\)](#), s. 3(2), [Sch. 1 Pt. 10](#) Group 1

Returns of income and gains

F93 120 **Notice of liability to income tax.**

.....

Textual Amendments

- F93** S. 120 repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\)](#), s. 3(2), [Sch. 1 Pt. 10](#) Group 1

F94 121

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Textual Amendments

F94 S. 121 repealed (31.7.1998 with effect as mentioned in s. 117 of the repealing Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(28), note

^{F95} 122 Notice of liability to capital gains tax.

.....

Textual Amendments

F95 S. 122 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), Sch. 1 Pt. 10 Group 1

Other returns and information

123 Three year time limit.

(1) At the end of section 13 of the ^{M35}Taxes Management Act 1970 (returns by persons in receipt of taxable income belonging to others) there shall be added—

“(3) A notice under this section shall not require information as to any money, value, profits or gains received in a year of assessment ending more than three years before the date of the giving of the notice.”

(2) In section 17(1) of that Act (interest paid or credited by banks etc. without deduction of income tax) after the words “during a year” there shall be inserted the words “ of assessment ”.

(3) In section 18 of that Act (particulars of interest paid without deduction of income tax) after subsection (3) there shall be inserted—

“(3A) A notice under this section shall not require information with respect to interest paid in a year of assessment ending more than three years before the date of the giving of the notice.”

(4) At the end of section 19 of that Act (information for the purposes of Schedule A etc.) there shall be added—

“(4) A notice under this section shall not require information with respect to—

- (a) the terms applying to the lease, occupation or use of the land, or
- (b) consideration given, or
- (c) payments arising,

in a year of assessment ending more than three years before the date of the giving of the notice.”

(5) This section has effect with respect to notices given after the passing of this Act.

Marginal Citations

M35 1970 c. 9.

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124 Returns of fees, commissions etc.

- (1) At the end of section 16 of the Taxes Management Act 1970 (fees, commissions etc.) there shall be added—

“(8) In subsection (2) above references to a body of persons include references to any department of the Crown, any public or local authority and any other public body.”

- (2) This section has effect with respect to payments made in the year 1988-89 or any subsequent year of assessment.

125 Other payments and licences etc.

After section 18 of the Taxes Management Act 1970 there shall be inserted—

“18A Other payments and licences etc.

- (1) Any person by whom any payment out of public funds is made by way of grant or subsidy shall, on being so required by a notice given to him by an inspector, furnish to the inspector, within the time limited by the notice—
- (a) the name and address of the person to whom the payment has been made or on whose behalf the payment has been received, and
 - (b) the amount of the payment so made or received,
- and any person who receives any such payment on behalf of another person shall on being so required furnish to the inspector the name and address of the person on whose behalf the payment has been received, and its amount.
- (2) Any person by whom licences or approvals are issued or a register is maintained shall, on being so required by a notice given to him by an inspector, furnish to the inspector, within the time limited by the notice—
- (a) the name and address of any person who is or has been the holder of a licence or approval issued by the first-mentioned person, or to whom an entry in that register relates or related; and
 - (b) particulars of the licence or entry.
- (3) The persons to whom this section applies include any department of the Crown, any public or local authority and any other public body.
- (4) A notice is not to be given under this section unless (in the inspector’s reasonable opinion) the information required is or may be relevant to any tax liability to which a person is or may be subject, or the amount of any such liability.
- (5) A notice under this section shall not require information with respect to a payment which was made, or to a licence, approval or entry which ceased to subsist—
- (a) before 6th April 1988; or
 - (b) in a year of assessment ending more than three years before the date of the giving of the notice.
- (6) For the purposes of this section a payment is a payment out of public funds if it is provided directly or indirectly by the Crown, by any Government, public

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or local authority whether in the United Kingdom or elsewhere or by any Community institution.”

Production of accounts, books etc.

F96 126 Production of documents relating to a person’s tax liability.

.....

Textual Amendments

F96 S. 126 omitted (1.4.2009) by virtue of Finance Act 2008 (c. 9), s. 113(2), Sch. 36 para. 92(a) (with Sch. 36 para. 38); S.I. 2009/404, art. 2 (with art. 12)

F97 127 Production of computer records etc.

.....

Textual Amendments

F97 S. 127 omitted (21.7.2008) by virtue of Finance Act 2008 (c. 9), s. 114(8)(b)

Interest and penalties

F98 128 Interest on overdue or overpaid PAYE.

.....

Textual Amendments

F98 S. 128 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), s. 723, Sch. 8 Pt. 1 (with Sch. 7)

129 Two or more tax-geared penalties in respect of same tax.

(1) After section 97 of the Taxes Management Act 1970 there shall be inserted—

“97A Two or more tax-geared penalties in respect of same tax.

Where two or more penalties—

- (a) are incurred by any person and fall to be determined by reference to any income tax or capital gains tax with which he is chargeable for a year of assessment; or
- (b) are incurred by any company and fall to be determined by reference to any corporation tax with which it is chargeable for an accounting period,

each penalty after the first shall be so reduced that the aggregate amount of the penalties, so far as determined by reference to any particular part of the

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tax, does not exceed whichever is or, but for this section, would be the greater or greatest of them, so far as so determined.”

(2) Section 97A(a) of that Act has effect with respect to the year 1988-89 or any subsequent year of assessment; and section 97A(b) has effect with respect to accounting periods ending after 31st March 1989.

Company migration

F99 130 Provisions for securing payment by company of outstanding tax.

.....

Textual Amendments
F99 Ss. 130-132 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), Sch. 7 para. 56, **Sch. 10 Pt. 12** (with Sch. 9 paras. 1-9, 22)

F99 131 Penalties for failure to comply with section 130.

.....

Textual Amendments
F99 Ss. 130-132 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), Sch. 7 para. 56, **Sch. 10 Pt. 12** (with Sch. 9 paras. 1-9, 22)

F99 132 Liability of other persons for unpaid tax.

.....

Textual Amendments
F99 Ss. 130-132 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), Sch. 7 para. 56, **Sch. 10 Pt. 12** (with Sch. 9 paras. 1-9, 22)

Appeals etc.

F100 133 Jurisdiction of General Commissioners.

.....

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Textual Amendments

F100 Ss. 133-135 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 165**

F100F101 **134 General Commissioners for Northern Ireland.**

.....

Textual Amendments

F100 Ss. 133-135 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 165**

F101 S. 134(1) repealed (1.4.2009) by [Tribunals, Courts and Enforcement Act 2007 \(c. 15\)](#), s. 148, **Sch. 23 Pt. 1**; [S.I. 2008/2696](#), art. 6(c)

F100 **135 Cases stated in Northern Ireland.**

.....

Textual Amendments

F100 Ss. 133-135 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 165**

PART IV

MISCELLANEOUS AND GENERAL

Inheritance tax

136 Reduction of rates.

(1) For the Table in Schedule 1 to the ^{M36}Inheritance Tax Act 1984 there shall be substituted—

“ TABLE OF RATES OF TAX

<i>Portion of value</i>		<i>Rate of tax</i>
<i>Lower limit</i>	<i>Upper limit</i>	<i>Per cent.</i>
£	£	
0	110,000	Nil
110,000		40”

(2) Subsection (1) above shall apply to any chargeable transfer made on or after 15th March 1988, and section 8(1) of the ^{M37}Inheritance Tax Act 1984 (indexation of rate

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bands) shall not apply to chargeable transfers made in the year beginning 6th April 1988.

(3) Section 8(1A) of that Act shall cease to have effect.

Marginal Citations

M36 1984 c. 51.

M37 1984 c. 51.

137 Gifts to political parties.

- (1) In section 24(1) of the Inheritance Tax Act 1984 (exemption from tax for gifts to political parties) paragraph (b) (which limits the exemption to £100,000 in respect of gifts on or within one year of the death of the transferor) shall cease to have effect.
- (2) This section shall have effect in relation to transfers of value made on or after 15th March 1988.

Petroleum revenue tax

138 Reduced oil allowance for certain Southern Basin and onshore fields.

- (1) For every relevant Southern Basin or onshore field, as defined in subsection (2) below, section 8 of the ^{M38}Oil Taxation Act 1975 (the oil allowance) shall have effect subject to the following modifications—
 - (a) in subsection (2) (the amount of the allowance for each chargeable period) for “250,000 metric tonnes” there shall be substituted “ 125,000 metric tonnes ”; and
 - (b) in subsection (6) (the total allowance for a field) for “5 million metric tonnes” there shall be substituted “ 25 million metric tonnes ”.
- (2) Subject to subsection (3) below, for the purposes of this section a “relevant Southern Basin or onshore field” is any oil field other than one—
 - (a) which is a relevant new field for the purposes of section 36 of the ^{M39}Finance Act 1983 (increased oil allowance for certain new fields); or
 - (b) for any part of which consent for development was granted to the licensee by the Secretary of State before 1st April 1982; or
 - (c) for any part of which a programme of development was served on the licensee or approved by the Secretary of State before that date.
- (3) In determining, in accordance with subsection (2) above, whether an oil field (in this subsection referred to as “the field in question”) is a relevant Southern Basin or onshore field, no account shall be taken of a consent for development granted before 1st April 1982 or a programme of development served on the licensee or approved by the Secretary of State before that date if—
 - (a) in whole or in part that consent or programme related to another oil field for which a determination under Schedule 1 to the ^{M40}Oil Taxation Act 1975 was made before the determination under that Schedule for the field in question; and

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- (b) on or after 1st April 1982, a consent for development is or was granted or a programme of development is or was served on the licensee or approved by the [^{F102}OGA] and that consent or programme relates, in whole or in part, to the field in question.
- (4) Subsections (4) and (5) of section 36 of the Finance ^{M41}Act 1983 (which define “development” for the purposes of subsections (2) and (3) of that section) shall apply also for the purposes of subsections (2) and (3) of this section.
- (5) This section shall have effect in relation to chargeable periods ending after 30th June 1988.
- (6) This section shall be construed as one with Part I of the ^{M42}Oil Taxation Act 1975.

Textual Amendments

F102 Word in s. 138(3)(b) substituted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\)](#), regs. 1(2), **10**

Marginal Citations

M38 1975 c. 22.
M39 1983 c. 28.
M40 1975 c. 22.
M41 1983 c. 28.
M42 1975 c. 22.

139 ^{X1}**Assets generating tariff receipts: extension of allowable expenditure.**

- (1) In Part I of Schedule 1 to the ^{M43}Oil Taxation Act 1983 (extensions of allowable expenditure for assets generating receipts) paragraph 3 (expenditure on enhancing the value of assets no longer in use for the principal field) shall be amended as follows—
- (a) in sub-paragraph (1)(a) after the words “enhancing the value of” there shall be inserted “ or otherwise in connection with ”;
- (b) in sub-paragraph (1)(d) for the words “the expenditure” there shall be substituted “ either the use of the asset ” and after the words “tariff receipts or” there shall be inserted “ the expenditure ”.
- (2) This section shall have effect with respect to expenditure incurred on or after 15th March 1988.

Editorial Information

X1 The text of s. 139 is in the form in which it was originally enacted; it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991.

Marginal Citations

M43 1983 c. 56.

Changes to legislation: Finance Act 1988 is up to date with all changes known to be in force on or before 01 January 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Stamp duty and stamp duty reserve tax

F103 140

Textual Amendments
F103 S. 140 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. V(2) notes 1, 2 of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. V(2)**

F104 141

Textual Amendments
F104 S. 141 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. V(2) notes 1, 2 of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. V(2)**

142 Stamp duty: housing action trusts.

F105 (1)

- (2) In section 107 of the ^{M44}Finance Act 1981 (sales at a discount by local authorities etc.) after paragraph (f) of subsection (3) there shall be inserted—
 “(ff) a housing action trust established under Part III of the Housing Act 1988;”

Textual Amendments
F105 S. 142(1) omitted (with effect in accordance with Sch. 39 para. 10(1) of the amending Act) by virtue of Finance Act 2012 (c. 14), **Sch. 39 para. 3(2)(b)** (with Sch. 39 paras. 11-13)

Marginal Citations
M44 1981 c. 35.

143 Stamp duty: paired shares

- (1) This section applies where —
- (a) the articles of association of a company incorporated in the United Kingdom (“the UK company”) and the equivalent instruments governing a company which is not so incorporated (“the foreign company”) each provide that no share in the company to which they relate may be transferred otherwise than as part of a unit comprising one share in that company and one share in the other; and
 - (b) such units are to be or have been offered for sale to the public in the United Kingdom and, at the same time, an equal number of such units are to be or, as the case may be, have been offered for sale to the public at a broadly equivalent price in the country in which the foreign company is incorporated (“the foreign country”).

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- [^{F106}(2) In relation to an instrument to which this subsection applies, no duty is chargeable under paragraph 1 of Schedule 15 to the Finance Act 1999 (bearer instruments: charge on issue); but this does not affect the other requirements of that Schedule.]
- (3) [^{F107}Subsection (2) above applies] to any bearer instrument issued on or after 1st November 1987 which represents shares in the UK company, or a right to an allotment of or to subscribe for such shares, if the purpose of the issue is —
- (a) to make such shares available for sale (as part of such units as are referred to in subsection (1) above) in pursuance of either of the offers referred to in subsection (1)(b) above or of any other offer for sale of such units to the public made at the same time and at a broadly equivalent price in a country other than the United Kingdom or the foreign country; or
 - (b) to give effect to an allotment of such shares (as part of such units) as fully or partly paid bonus shares.
- [^{F108}(4) In relation to an instrument to which this subsection applies—
- (a) the foreign company shall be treated for the purposes of Schedule 15 to the Finance Act 1999 (stamp duty on bearer instruments) as a UK company, and
 - (b) paragraph 17 of that Schedule (exemption for non-sterling instruments) shall not apply.]

(5) [^{F109}Subsection (4) above applies] to any bearer instrument issued on or after 9th December 1987 which represents shares in the foreign company, or a right to an allotment of or to subscribe for such shares, and is not issued for the purpose —

 - (a) of making shares in the foreign company available for sale (as part of such units as are referred to in subsection (1) above) in pursuance of either of the offers referred to in subsection (1)(b) above or of any other offer such as is mentioned in subsection (3)(a) above; or
 - (b) of giving effect to an allotment of such shares (as part of such units) as fully or partly paid bonus shares.

(6) In relation to any instrument which transfers such units as are referred to in subsection (1) above and is executed on or after the date of the passing of this Act, the foreign company shall be treated for the purposes of sections 67 and 68 (depository receipts) and 70 and 71 (clearance services) of the Finance Act 1986 as a company incorporated in the United Kingdom.

(7) Section 3 of the Stamp Act 1891 (which requires every instrument written upon the same piece of material as another instrument to be separately stamped) shall not apply in relation to any bearer instrument issued on or after 9th December 1987 which represents shares in the UK company or the foreign company, or a right to an allotment of or to subscribe for such shares.

(8) This section shall be construed as one with the Stamp Act 1891.

(9) Subsections (2) and (3) above, together with subsection (1) above so far as relating to them, shall be deemed to have come into force on 1st November 1987, and subsections (4), (5) and (7) above, together with subsection (1) above so far as relating to them, shall be deemed to have come into force on 9th December 1987.

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Textual Amendments

- F106** S. 143(2) substituted (with application in accordance with s. 113(4) of the amending Act) by [Finance Act 1999 \(c. 16\)](#) s. 113(3), {Sch. 16 para. 11(2)}
- F107** Words in s. 143(3) substituted (with application in accordance with s. 113(4) of the amending Act) by [Finance Act 1999 \(c. 16\)](#) s. 113(3), {Sch. 16 para. 11(3)}
- F108** S. 143(4) substituted (with application in accordance with s. 113(4) of the amending Act) by [Finance Act 1999 \(c. 16\)](#) s. 113(3), {Sch. 16 para. 11(4)}
- F109** Words in s. 143(5) substituted (with application in accordance with s. 113(4) of the amending Act) by [Finance Act 1999 \(c. 16\)](#) s. 113(3), {Sch. 16 para. 11(5)}

Modifications etc. (not altering text)

- C4** S. 143 modified (26.7.1990) by [Finance Act 1990 \(c. 29\)](#) s. 112

144 Stamp duty reserve tax: paired shares etc

- (1) Section 99 of the Finance Act 1986 (stamp duty reserve tax: interpretation) shall be amended as follows.
- (2) For subsections (3) to (6) there shall be substituted —
- “(3) Subject to the following provisions of this section, “chargeable securities” means —
- (a) stocks, shares or loan capital,
- (b) interests in, or in dividends or other rights arising out of, stocks, shares or loan capital,
- (c) rights to allotments of or to subscribe for, or options to acquire, stocks, shares or loan capital, and
- (d) units under a unit trust scheme.
- (4) “Chargeable securities” does not include securities falling within paragraph (a), (b) or (c) of subsection (3) above which are issued or raised by a body corporate not incorporated in the United Kingdom unless —
- (a) they are registered in a register kept in the United Kingdom by or on behalf of the body corporate by which they are issued or raised, or
- (b) in the case of shares, they are paired with shares issued by a body corporate incorporated in the United Kingdom, or
- (c) in the case of securities falling within paragraph (b) or (c) of subsection (3) above, paragraph (a) or (b) above applies to the stocks, shares or loan capital to which they relate.
- (5) “Chargeable securities” does not include —
- (a) securities the transfer of which is exempt from all stamp duties, or
- (b) securities falling within paragraph (b) or (c) of subsection (3) above which relate to stocks, shares or loan capital the transfer of which is exempt from all stamp duties.
- (6) “Chargeable securities” does not include interests in depositary receipts for stocks or shares.
- (6A) For the purposes of subsection (4) above, shares issued by a body corporate which is not incorporated in the United Kingdom (“the foreign company”) are

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paired with shares issued by a body corporate which is so incorporated (“the UK company”) where —

- (a) the articles of association of the UK company and the equivalent instruments governing the foreign company each provide that no share in the company to which they relate may be transferred otherwise than as part of a unit comprising one share in that company and one share in the other, and
- (b) such units have been offered for sale to the public in the United Kingdom and, at the same time, an equal number of such units have been offered for sale to the public at a broadly equivalent price in the country in which the foreign company is incorporated.”

(3) ^{F110}.....

(4) In subsection (10), for paragraph (a) there shall be substituted —

“(a) paragraph (a) of subsection (4) above and the reference to that paragraph in paragraph (c) of that subsection shall be ignored, and”.

(5) After subsection (10) there shall be added —

“(11) In interpreting “chargeable securities” in section 93 or 96 above in a case where —

- (a) newly subscribed shares, or
- (b) securities falling within paragraph (b) or (c) of subsection (3) above which relate to newly subscribed shares,

are issued in pursuance of an arrangement such as is mentioned in that section (or an arrangement which would be such an arrangement if the securities issued were chargeable securities), paragraph (b) of subsection (4) above and the reference to that paragraph in paragraph (c) of that subsection shall be ignored.

(12) In subsection (11) above, “newly subscribed shares” means shares issued wholly for new consideration in pursuance of an offer for sale to the public.”

(6) This section applies in relation to —

- (a) agreements to transfer chargeable securities (within the meaning of section 99 of the Finance Act 1986 as amended by this section) made on or after 9th December 1987; and
- (b) the transfer, issue or appropriation of such securities, or the issue of securities such as are mentioned in subsection (11) of that section, on or after that date in pursuance of an arrangement such as is mentioned in that subsection (whenever the arrangement was made),

and shall be deemed to have come into force on that date.

Textual Amendments

F110 S. 144(3) repealed (with effect as mentioned in Sch. 20 Pt. V(5) notes 1, 2 of the amending Act) by Finance Act 1999 (c. 16), s. 139, Sch. 20 Pt. V(5)

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Miscellaneous

145 Building societies: change of status.

Schedule 12 to this Act (which makes provision in connection with the transfer of a building society's business to a company in accordance with the ^{M45}Building Societies Act 1986) shall have effect.

Marginal Citations

M45 1986 c. 53.

146 Post-consolidation amendments.

The enactments specified in Schedule 13 to this Act shall have effect subject to the amendments specified in that Schedule (being amendments to correct errors in the Taxes Act 1988 and in the amendments made by the ^{M46}Finance Act 1987 for the purposes of the consolidation effected by the Taxes Act 1988).

Marginal Citations

M46 1987 c. 16.

147 Interpretation etc.

- (1) In this Act “the Taxes Act 1970” means the ^{M47}Income and Corporation Taxes Act 1970 and “the Taxes Act 1988” means the ^{M48}Income and Corporation Taxes Act 1988.
- (2) Part II of this Act shall be construed as one with the ^{M49}Value Added Tax Act 1983.
- (3) Part III of this Act, so far as it relates to income tax, shall be construed as one with the Income Tax Acts, so far as it relates to corporation tax, shall be construed as one with the Corporation Tax Acts and, so far as it relates to capital gains tax, shall be construed as one with the ^{M50}Capital Gains Tax Act 1979.

Marginal Citations

M47 1970 c. 10.

M48 1988 c. 1.

M49 1983 c. 55.

M50 1979 c. 14.

148 Repeals.

The enactments specified in Schedule 14 to this Act (which include unnecessary enactments) are hereby repealed to the extent specified in the third column of that Schedule, but subject to any provision at the end of any Part of that Schedule.

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149 Short title.

This Act may be cited as the Finance Act 1988.

Changes to legislation:

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Changes and effects yet to be applied to :

- s. 29 repealed by [2012 c. 14 Sch. 39 para. 28\(1\)](#)
- Sch. 3 para. 9 repealed by [2012 c. 14 Sch. 39 para. 28\(1\)](#)
- Sch. 13 para. 12 omitted by [2008 c. 9 s. 41\(7\)\(a\)](#)