



Finance Act 1998

1998 CHAPTER 36

PART V

OTHER TAXES

Insurance premium tax

146 Travel insurance: higher rate tax

- (1) Schedule 6A to the Finance Act 1994 (premiums liable to tax at the higher rate) shall be amended as follows.
- (2) For paragraph 4 (travel insurance) there shall be substituted—

“Travel insurance

- 4 (1) A premium under a taxable insurance contract falls within this paragraph if it is in respect of the provision of cover against travel risks for a person travelling.
- (2) Where—
 - (a) a contract of insurance provides cover against both travel risks and risks other than travel risks,
 - (b) the premium attributable to the cover against travel risks does not exceed 10 per cent. of the total premium payable under the contract, and
 - (c) the contract does not provide cover for a person travelling against travel risks falling within two or more of the paragraphs of sub-paragraph (3) below,the premium, so far as attributable to the cover against travel risks, does not fall within this paragraph by virtue of sub-paragraph (1) above.
- (3) The travel risks mentioned in sub-paragraph (2)(c) above are—

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- (a) liability in respect of cancellation of travel or of accommodation arranged in connection with travel;
 - (b) delayed or missed departure;
 - (c) curtailment of travel or of the use of accommodation arranged in connection with travel;
 - (d) loss or delayed arrival of baggage;
 - (e) personal injury or illness or expenses of repatriation.
- (4) A premium does not fall within this paragraph by virtue of subparagraph (1) above if it is payable under a taxable insurance contract relating to a motor vehicle and is attributable to cover of the kind generally known as—
- (a) fully comprehensive,
 - (b) third party, fire and theft,
 - (c) third party, or
 - (d) roadside assistance,
- or if it is payable under a taxable insurance contract relating to a caravan, boat or aircraft and is attributable to cover of a description broadly corresponding to any of those set out in paragraphs (a) to (d) above (so far as applicable) provided in respect of the caravan, boat or aircraft for a period of at least one month for the person travelling.
- (5) In this paragraph—
- “person travelling” includes a person intending to travel;
 - “travel risks” means risks associated with, or related to, travel or intended travel—
 - (a) outside the United Kingdom,
 - (b) by air within the United Kingdom,
 - (c) within the United Kingdom in connection with travel falling within paragraph (a) or (b) above, or
 - (d) which involves absence from home for at least one night, - or risks to which a person travelling may be exposed during, or at any place at which he may be in the course of, any such travel.”
- (3) Except as provided by subsection (4) below, subsections (1) and (2) above have effect in relation to a premium which falls to be regarded for the purposes of Part III of the Finance Act 1994 as received under a taxable insurance contract by an insurer on or after 1st August 1998.
- (4) Subsections (1) and (2) above do not have effect in relation to a premium if the premium—
- (a) is in respect of a contract made before 1st August 1998; and
 - (b) falls, by virtue of regulations under section 68 of the Finance Act 1994 (special accounting scheme), to be regarded for the purposes of Part III of that Act as received under the contract by the insurer on a date before 1st February 1999.
- (5) In the application of sections 67A to 67C of the Finance Act 1994 in relation to the increase in insurance premium tax effected by this section and the exception from that increase—

- (a) the announcement relating to that increase, as described in section 67A(1), and to that exception, as described in section 67B(1), shall be taken to have been made on 17th March 1998;
- (b) “the date of the change” is 1st August 1998; and
- (c) “the concessionary date” is 1st February 1999.

147 Taxable intermediaries

- (1) Section 52A of the Finance Act 1994 (certain fees to be treated as premiums under higher rate contracts) shall be amended as follows.
- (2) In subsection (5) (which defines a “taxable intermediary” as a person falling within subsection (6) of that section etc) after “subsection (6)” there shall be inserted “or (6A)”.
- (3) For subsections (6) and (7) there shall be substituted—
 - “(6) A person falls within this subsection if the higher rate contract mentioned in subsection (1) above falls within paragraph 2 or 3 of Schedule 6A to this Act (motor cars or motor cycles, or relevant goods) and the person is—
 - (a) within the meaning of the paragraph in question, a supplier of motor cars or motor cycles or, as the case may be, of relevant goods; or
 - (b) a person connected with a person falling within paragraph (a) above; or
 - (c) a person who in the course of his business pays—
 - (i) the whole or any part of the premium received under that contract, or
 - (ii) a fee connected with the arranging of that contract, to a person falling within paragraph (a) or (b) above.
 - (6A) A person falls within this subsection if the higher rate contract mentioned in subsection (1) above falls within paragraph 4 of Schedule 6A to this Act (travel insurance) and the person is—
 - (a) the insurer under that contract; or
 - (b) a person through whom that contract is arranged in the course of his business; or
 - (c) a person connected with the insurer under that contract; or
 - (d) a person connected with a person falling within paragraph (b) above; or
 - (e) a person who in the course of his business pays—
 - (i) the whole or any part of the premium received under that contract, or
 - (ii) a fee connected with the arranging of that contract, to a person falling within any of paragraphs (a) to (d) above.”
- (4) In subsection (9) (definitions) the definition of “tour operator” and “travel agent” shall be omitted.
- (5) The amendments made by this section have effect in relation to payments in respect of fees charged on or after 1st August 1998.

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Landfill tax

148 Provisional collection of landfill tax

(1) In section 1(1) of the Provisional Collection of Taxes Act 1968 (taxes in relation to which resolutions may have temporary statutory effect), after “insurance premium tax,” there shall be inserted “landfill tax,”.

(2) Where—

- (a) by virtue of a resolution having effect under the Provisional Collection of Taxes Act 1968 landfill tax has been paid at a rate specified in the resolution on a taxable disposal of material by reference to the weight of material disposed of, and
- (b) by virtue of section 1(6) or (7) or 5(3) of that Act any of that tax is repayable in consequence of the restoration in relation to the taxable disposal of a lower rate,

the amount repayable shall be the difference between the landfill tax paid on the taxable disposal at the rate specified in the resolution and the landfill tax that would have been payable on a taxable disposal of the same weight of material at the lower rate.

(3) Where—

- (a) by virtue of a resolution having effect under the Provisional Collection of Taxes Act 1968 landfill tax is chargeable at a rate specified in the resolution on a taxable disposal by reference to the weight of material disposed of, but
- (b) before the tax is paid it ceases to be chargeable at that rate in consequence of the restoration in relation to the taxable disposal of a lower rate,

the landfill tax chargeable at the lower rate shall be charged by reference to the same weight of material as that by reference to which landfill tax would have been chargeable at the rate specified in the resolution.

(4) Expressions used in this section and Part III of the Finance Act 1996 have the same meanings in this section as in that Part.

Stamp duty

149 Stamp duty on conveyance or transfer on sale

(1) Section 55 of the Finance Act 1963 and section 4 of the Finance Act Northern Ireland) 1963 (both of which provide for rates of stamp duty on conveyance or transfer on sale) shall each be amended as follows.

(2) In subsection (1)(d) (rate of £1.50p for every £100 etc where consideration does not exceed £500,000 and the instrument is certified at that amount) for “£1.50p” there shall be substituted “£2”.

(3) In subsection (1)(e) (rate of £2 for every £100 etc) for “£2” there shall be substituted “£3”.

(4) This section shall apply to instruments executed on or after 24th March 1998, except where the instrument in question is executed in pursuance of a contract made on or before 17th March 1998.

(5) This section shall be deemed to have come into force on 24th March 1998.

150 Relief from double stamp duties etc

- (1) Where an instrument which is chargeable with stamp duty in Great Britain and in Northern Ireland has been stamped in either of those parts of the United Kingdom—
 - (a) the instrument shall, to the extent of the duty it bears, be deemed to be stamped in the other part of the United Kingdom, but
 - (b) if the stamp duty chargeable on the instrument in that other part of the United Kingdom exceeds the stamp duty chargeable on the instrument in the part of the United Kingdom in which it has been stamped, the instrument shall not be deemed to have been duly stamped in that other part of the United Kingdom unless and until stamped in accordance with the law which has effect in that part of the United Kingdom with a stamp denoting an amount equal to the excess.
- (2) An instrument which, by virtue of paragraph (b) of subsection (1) above, is not deemed to have been duly stamped in a part of the United Kingdom unless and until stamped with a stamp denoting an amount equal to the excess mentioned in that paragraph may, notwithstanding anything in section 15 of the Stamp Act 1891, be stamped with such a stamp without payment of any penalty at any time within 30 days after it has first been received in that part of the United Kingdom.
- (3) In section 22 of the Stamp Duties Management Act 1891 (discontinuance of dies) for the words from “London” to “Gazettes” there shall be substituted “London, Edinburgh and Belfast Gazettes”.
- (4) Section 29 of the Government of Ireland Act 1920 (the provisions of which are either spent or re-enacted with modifications in subsection (1) above) shall cease to have effect.
- (5) The saving in Part I of Schedule 6 to the Northern Ireland Constitution Act 1973 (repeals) for orders made under section 69 of the Government of Ireland Act 1920 shall cease to have effect in relation to Part IV of the Government of Ireland (Adaptation of the Taxing Acts) Order 1922 (the provisions of which are either spent or re-enacted with modifications in subsections (2) and (3) above).

Stamp duty reserve tax

151 Depository receipts and clearance services: exchanges of shares

- (1) In section 95 of the Finance Act 1986 (depository receipts; exceptions) in subsection (3) (exchanges) after paragraph (b) there shall be added—

“and the shares in company Y are held under a depository receipt scheme.”
- (2) At the end of that section there shall be added—
 - “(5) For the purposes of subsection (3) above, the cases where shares are held under a depository receipt scheme are those cases where, in pursuance of an arrangement,—

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- (a) a depositary receipt for chargeable securities has been, or is to be, issued by a person falling within section 93(2) above in respect of the shares in question or shares of the same kind and amount; and
 - (b) the shares in question are held by that person, or by a person whose business is or includes holding chargeable securities as nominee or agent for that person, towards the eventual satisfaction of the entitlement of the receipt's holder to receive chargeable securities.
- (6) Where an arrangement is entered into under which—
 - (a) shares in a company (company X) are issued to persons in respect of their holdings of shares in another company (company Y), and
 - (b) the shares in company Y are cancelled,
 the issue shall be treated for the purposes of subsection (3) above as an issue by company X in exchange for the shares in company Y.
- (7) In this section “depositary receipt for chargeable securities” has the same meaning as in section 93 above (see section 94 above).”
- (3) In section 97 of the Finance Act 1986 (clearance services: exceptions) in subsection (4) (exchanges) after paragraph (b) there shall be added—

“and the shares in company Y are held under a clearance services scheme.”
- (4) At the end of that section there shall be added—
 - “(6) For the purposes of subsection (4) above, the cases where shares are held under a clearance services scheme are those cases where—
 - (a) an arrangement falling within paragraph (a) of subsection (1) of section 96 above has been entered into; and
 - (b) in pursuance of that arrangement, the shares are held by the person referred to in that paragraph as A or by a person whose business is or includes holding chargeable securities as nominee for that person.
 - (7) Where an arrangement is entered into under which—
 - (a) shares in a company (company X) are issued to persons in respect of their holdings of shares in another company (company Y), and
 - (b) the shares in company Y are cancelled,
 the issue shall be treated for the purposes of subsection (4) above as an issue by company X in exchange for the shares in company Y.”
- (5) In section 99(10) of the Finance Act 1986 (which makes provision in relation to the interpretation of “chargeable securities” in sections 93, 94, 96 and 97A)—
 - (a) after “94,” there shall be inserted “95,”; and
 - (b) after “96” there shall be inserted “, 97”.
- (6) This section applies where the issue by company X referred to in section 95(3) or (6) or 97(4) or (7) of the Finance Act 1986 is an issue on or after 1st May 1998.

Petroleum revenue tax etc.

152 Gas valuation

- (1) Paragraph 3A of Schedule 3 to the Oil Taxation Act 1975 (market value of light gases) shall have effect, and be deemed always to have had effect, with the insertion of the following sub-paragraph after sub-paragraph (3)—

“(3A) The circumstances referred to in sub-paragraph (1) above include—

- (a) the timing of the making, and of any subsequent variations, of the actual contract or other arrangements under which the disposal or appropriation was made;
- (b) the terms of that contract or, as the case may be, of those arrangements, and the terms of any such variations; and
- (c) the extent to which the circumstances to which regard is to be had by virtue of paragraphs (a) and (b) above are circumstances that might reasonably have been expected to exist in the case of a contract satisfying the conditions specified in sub-paragraph (2) above.”

- (2) Paragraph 12 of Schedule 2 to the Oil Taxation Act 1983 (purchase of oil at place of extraction) shall have effect and, in relation to light gases disposed of or appropriated at any time on or after 3rd May 1994, be deemed to have had effect—

- (a) with the substitution, for the words “paragraphs (a) to (c)” in sub-paragraph (2), of the words “paragraphs (a) to (cb)”; and
- (b) with the substitution for the words from “2(5)(b)” to “length),” in sub-paragraph (5) of the words “2(5)(b) or (ca) of the principal Act (oil disposed of otherwise than in sales at arm’s length),”.

- (3) Section 493 of the Taxes Act 1988 (valuation of oil disposed of or appropriated in certain circumstances) shall have effect, and, in relation to light gases disposed of or appropriated at any time on or after 3rd May 1994, be deemed to have had effect, with the insertion after subsection (5) of the following subsection—

“(6) In subsections (3) and (4) above the references to the market value of any oil in the calendar month in which a disposal of the oil was made or, as the case may be, in which it was appropriated shall each have effect in relation to light gases (within the meaning of the 1975 Act) as a reference to the amount which, if paragraph 3A of Schedule 3 to the 1975 Act applied, would be the market value of that oil in relation to the disposal or appropriation in question.”

Gas levy

153 Reduction and abolition of gas levy

- (1) The rate of gas levy for the year 1997-98 shall be deemed to have been three pence per therm.
- (2) Gas levy shall not be payable for the year 1998-99 or any subsequent year.
- (3) Section 3 of the Gas Levy Act 1981 shall be deemed never to have required any person to deliver a return for the chargeable period ending with 30th June 1998.

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- (4) Any repayment of gas levy falling to be made to any person by virtue of subsection (1) above shall be made by the Secretary of State out of the Consolidated Fund and shall carry interest at the prescribed rate from the end of July 1998 until payment.
- (5) In subsection (4) above “the prescribed rate” means the rate at which repayments of gas levy for the year 1997-98 carry interest if repaid under section 3(5) of the Gas Levy Act 1981.

Dumping duties

154 Repeal of Customs Duties (Dumping and Subsidies) Act 1969

The Customs Duties (Dumping and Subsidies) Act 1969 (which confers powers on the Secretary of State, exercisable in accordance with section 6(5) of the Finance Act 1978, to charge duties in respect of dumping and to offset subsidies) shall cease to have effect.