
*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 1966, SCHEDULE 1. (See end of Document for details)*

SCHEDULES

SCHEDULE 1

Section 2.

RELIEFS FOR SHIPBUILDERS

PART I

DETERMINATION OF OPEN MARKET VALUE

- 1 (1) The open market value of any vessel or other structure and its fittings and equipment shall be taken for the purposes of section 2 of this Act to be the price which they would fetch at the time of their delivery pursuant to the contract in question on a sale in the open market between buyer and seller independent of each other.
- (2) The said price shall be determined on the assumption that the buyer will bear freight, insurance and all other costs, charges and expenses incurred in respect of the vessel or structure and other items in question after their delivery as aforesaid or, where delivery is to be effected outside the United Kingdom, after their departure from the United Kingdom for the purpose.
- (3) For the purposes of this paragraph, a sale in the open market between a buyer and seller independent of each other presupposes—
- (a) that the vessel or structure and other items in question are the sole consideration for the price paid, and
 - (b) that the price is not influenced by any commercial, financial or other relationship, whether by contract or otherwise, between the seller or any person associated in business with him and the buyer or any person associated in business with him (other than the relationship created by the sale of the said vessel or structure and other items), and
 - (c) that neither the seller nor any person associated in business with him has provided any part of the price, and that no part of the price will be returned to the buyer or any person associated in business with him.
- (4) For the purposes of the last foregoing sub-paragraph, two persons shall be deemed to be associated in business with one another if, whether directly or indirectly, either of them has any interest in the business or property of the other, or both have a common interest in any business or property, or some third person has an interest in the business or property of both of them.

PART II

REDUCTIONS IN PURCHASE PRICE OR OPEN MARKET VALUE

- 2 (1) Where the amount payable in respect of any vessel or other structure under the said section 2 is, by virtue of subsection (3) thereof, to be determined by reference to the price payable as mentioned in that subsection, then—

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- (a) if the terms of the contract in question are such that the applicant for the payment will bear any of the following, that is, any freight, insurance or other costs, charges or expenses incurred in respect of the vessel or structure or its fittings or equipment after their delivery pursuant thereto or, where delivery is to be effected outside the United Kingdom, after their departure from the United Kingdom for the purpose, the price shall be treated for the purposes of that subsection as reduced by an amount reflecting the burden thus assumed by the applicant;
- (b) if the whole or any part of the price is payable twelve months or more after the time when the property in the vessel or structure passes or, if later, the time of delivery of the vessel or structure or of its departure from the United Kingdom for the purpose of delivery, the price shall be treated for those purposes as reduced by an amount representing the discount which would be chargeable for obtaining payment at that earlier time at a rate of interest equal to the bank rate then prevailing.
- (2) In the foregoing sub-paragraph “bank rate” means the minimum rate at which the Bank of England will lend to a discount house having access to the Discount Office of the Bank.

- 3 If, after consultation with the Board of Trade, it appears to the Commissioners that the fittings and other equipment supplied with any vessel or other structure include any items the supply of which would not in the ordinary course of events be undertaken by a person building such a vessel or structure for delivery to another as that other’s property, the price or, as the case may be, open market value referred to in the said subsection (3) shall be treated for the purposes of that subsection as reduced by an amount equal to the open market value of the items in question; and the provisions of paragraph 1 of this Schedule shall apply for the purpose of determining that value, subject to any necessary modifications.

Modifications etc. (not altering text)

C1 Functions of Board of Trade now exercisable concurrently by Secretary of State: [S.I. 1970/1537, art. 2\(1\)](#)

PART III

SUPPLEMENTAL

- 4 The following provisions of the [^{F1}Customs and Excise Management Act 1979] shall apply in relation to payments under the said section 2 as they apply in relation to drawbacks, allowances or repayments under [^{F1}the Customs and Excise Acts 1979], that is to say, [^{F1}section 135] (time limit on payment), [^{F1}section 136(1) and (2)] (offences in connection with claims) and [^{F1}section 167(4)] (recovery of overpayments).

Textual Amendments

F1 Words substituted by [Customs and Excise Management Act 1979 \(c. 2\), Sch. 4 para. 12](#) Table Pt. I

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Marginal Citations

M1 1979 c. 2.

- 5 (1) Any officer or person authorised by the Commissioners may require any person who has been concerned at any stage with a vessel or other structure in respect of which an application has been made under the said section 2, or with any fittings or other equipment supplied therewith, or with any payment in respect of the vessel or structure or any fittings or other equipment so supplied—
- (a) to furnish, within such time as that officer or person may require, such information as may be reasonably necessary to enable the Commissioners to determine whether the applicant is entitled to a payment under that section, or liable to make any repayment thereunder, or to determine the amount of any payment to which the applicant is so entitled, and
 - (b) to produce for inspection by that officer or person, at such time and place as he may require, any books or accounts or other document of whatever nature relating to, or to any payment in respect of, the said vessel, structure, fittings or equipment.
- (2) Any such officer or person shall be entitled to take extracts from or make copies of any document produced to him under the foregoing sub-paragraph.
- (3) If any person fails to comply with any requirement under sub-paragraph (1) above, he shall be liable to a penalty of [^{F2}level 3 on the standard scale], together with a further penalty of ten pounds for each day during which failure to comply with the requirement continues.

Textual Amendments

F2 Words substituted by virtue of (E.W.) [Criminal Justice Act 1982 \(c. 48, SIF 39:1\)](#), [ss. 38, 46](#) and (S.) [Criminal Procedure \(Scotland\) Act 1975 \(c. 21, SIF 39:1\)](#), [ss. 289F, 289G](#) and (N.I.) by [S.I. 1984/703](#), (N.I. 3) arts. 5, 6

- 6 (1) Any dispute as to the determination for the purposes of an application under the said section 2 of the price or value referred to in subsection (3) of that section, or of any amount by which that price or value is to be treated as reduced by virtue of subsection (4) thereof, shall be referred to a referee appointed in accordance with the next following sub-paragraph.
- (2) A reference under the foregoing sub-paragraph shall be to a person (not being an official of any government department) appointed by the Lord Chancellor [^{F3}with the concurrence of the Lord Chief Justice of England and Wales] or, if the application for the purposes of which the determination is made relates to a vessel or structure constructed in Scotland or Northern Ireland, or was by a company incorporated in Scotland or Northern Ireland, and the applicant in either case so requires, appointed by the Lord President of the Court of Session or as the case may be, [^{F4}by the Lord Chancellor with the concurrence of] the Lord Chief Justice of Northern Ireland.
- (3) The procedure on any such reference shall be such as the referee may determine.
- (4) Sub-paragraph (1) above shall not have effect, and any price, value or amount falling to be determined for the purposes of the said subsection (3) or (4) shall be that fixed by the Commissioners, unless, within three months from the time when the Commissioners' final determination thereof is communicated to him, or such longer

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time as the Commissioners may allow, a notice requiring a reference under that sub-paragraph has been served on the Commissioners by the person for the purposes of whose application the determination was made.

- [^{F5}(5) The Lord Chief Justice of England and Wales may nominate a judicial office holder (as defined in section 109(4) of the Constitutional Reform Act 2005) to exercise his functions under this paragraph.
- (6) The Lord Chief Justice of Northern Ireland may nominate any of the following to exercise his functions under sub-paragraph (2)—
- (a) the holder of one of the offices listed in Schedule 1 to the Justice (Northern Ireland) Act 2002;
 - (b) a Lord Justice of Appeal (as defined in section 88 of that Act).]

Textual Amendments

- F3** Words in Sch. 1 para. 6(2) inserted (3.4.2006) by Constitutional Reform Act 2005 (c. 4), s. 148(1), **Sch. 4 para. 61(2)(a)**; S.I. 2006/1014, art. 2(a), Sch. 1 para. 11(e)
- F4** Words in Sch. 1 para. 6(2) inserted (3.4.2006) by Constitutional Reform Act 2005 (c. 4), s. 148(1), **Sch. 4 para. 61(2)(b)**; S.I. 2006/1014, art. 2(a), Sch. 1 para. 11(e)
- F5** Sch. 1 para. 6(5)(6) inserted (3.4.2006) by Constitutional Reform Act 2005 (c. 4), s. 148(1), **Sch. 4 para. 61(3)**; S.I. 2006/1014, art. 2(a), Sch. 1 para. 11(e)

- 7 The making by the Commissioners of a payment under the said section 2 determined by reference to the price or value referred to in subsection (3) of that section, or that price or value as reduced by virtue of subsection (4) thereof, shall not be taken as constituting the making by the Commissioners of a final decision under the said subsection (3).

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