

SCHEDULES

SCHEDULE 1

Section 1(3).

WINE: RATES OF DUTY

Description of wine (in strengths measured by reference to the following percentages of alcohol by volume at a temperature of 20° C.)	Rates of duty (per gallon)
	£
Wine of an alcoholic strength—	
not exceeding 15 per cent.	2.9550
exceeding 15 but not exceeding 18 per cent.	3.4100
exceeding 18 but not exceeding 22 per cent.	4.0150
exceeding 22 per cent.	4.0150 plus £0.4300 for every 1 per cent. or part of 1 per cent. in excess of 22 per cent.;
	each of the above rates of duty being, in the case of sparkling wine, increased by £0.6500 per gallon.

SCHEDULE 2

Section 1(4).

MADE-WINE: RATES OF DUTY

Description of made-wine (in strengths measured by reference to the following percentages of alcohol by volume at a temperature of 20° C.)	Rates of duty (per gallon)
	£
Made-wine of an alcoholic strength—not exceeding 10 per cent.	1.9200
exceeding 10 but not exceeding 15 per cent.	2.8750
exceeding 15 but not exceeding 18 per cent.	3.1600
exceeding 18 per cent.	3.1600 plus £0.4300 for every 1 per cent. or part of 1 per cent. in excess of 18 per cent.;

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Description of made-wine (in strengths measured by reference to the following percentages of alcohol by volume at a temperature of 20° C.)	Rates of duty (per gallon)
	each of the above rates of duty being, in the case of sparkling made-wine, increased by £0.3000 per gallon.

SCHEDULE 3

Section 2(7).

CIDER: CONSEQUENTIAL AMENDMENTS

The Customs and Excise Act 1952

- 1 In section 172(6) of the Customs and Excise Act 1952 for the words " wine or made-wine ", in both places, there shall be substituted the words " wine, made-wine or cider ".
- 2 In section 248(2) of that Act for the words " or producer of wine or made-wine" there shall be substituted the words " producer of wine or made-wine or maker of cider ".
- 3 In section 249(5) of that Act for the words " and producers of wine or made-wine " there shall be substituted the words " producers of wine or made-wine and makers of cider ".
- 4 In section 253(3) of that Act for the words "or licensed producer of wine or made-wine " there shall be substituted the words " licensed producer of wine or made-wine or registered maker of cider ".
- 5 In section 263(4) of that Act—
 - (a) for the words "wine or made-wine", wherever they occur, there shall be substituted the words " wine, made-wine or cider ";
 - (b) for the words " or, as the case may be, licensed producer of wine or of made-wine " there shall be substituted the words " licensed producer of wine or made-wine or registered maker of cider, as the case may be ";
 - (c) for the words " or producer" there shall be substituted the words " producer or maker ".
- 6 In section 295(2) of that Act for the words "or producer of wine or of made-wine" there shall be substituted the words " producer of wine or of made-wine or maker of cider ".
- 7 In section 307 of that Act—
 - (a) for the definition of " cider" there shall be substituted the definition in section 2(8) of this Act;
 - (b) in the definition of " made-wine" for the words " non-excisable cider" there shall be substituted the word " cider ";
 - (c) the definition of "non-excisable cider" shall be omitted.

The Finance Act 1964

- 8 In section 8(2)(b) of the Finance Act 1964 for the words "and made-wine" (here shall be substituted the words " made-wine and cider ".

The Finance (No. 2) Act 1975

- 9 In section 15 of the Finance (No. 2) Act 1975—
- (a) in subsection (4)(b) for the words "non-excisable cider" there shall be substituted the word " cider ";
 - (b) in subsection (6), in the definition of " made-wine " for the words " non-excisable cider " there shall be substituted the word " cider " and the definition of " non-excisable cider " shall be omitted.

SCHEDULE 4

Section 34.

LIFE POLICIES, ETC

Preliminary

- 1 In this Schedule references to any sections not otherwise identified are to sections of the Taxes Act and " Schedule 1 " means Schedule 1 to that Act.

Short-term assurances

- 2 A policy which secures a capital sum payable only on death or payable either on death or on earlier disability shall not be a qualifying policy within the meaning of Schedule 1 if the capital sum is payable only if the event in question happens before the expiry of a specified term ending less than one year after the making of the insurance.

Relief by deduction from premiums

- 3 (1) In section 19(1) for the words " if the claimant " to the end there shall be substituted the words " an individual who pays any such premium as is specified in subsection (2) below shall (without making any claim) be entitled to relief under this section, and Schedule 4 to the Finance Act 1976 shall apply with respect to that relief. "
- (2) In section 19(2)—
- (a) for the words from " by the claimant" to " (ii) with under writers " there shall be substituted the words " by an individual under a policy of insurance or contract for a deferred annuity, where—
 - (a) the payments are made to—
 - (i) any insurance company legally established in the United Kingdom or any branch in the United Kingdom of an insurance company lawfully carrying on in the United Kingdom life assurance business (as denned in section 323(2) of this Act); or
 - (ii) underwriters; "
 - (b) in sub-paragraphs (iii) and (iv) of paragraph (a) the word " with " shall be omitted ;

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- (c) in paragraph (b) for the word " claimant" there shall be substituted the word " individual "; and
 - (d) at the end of paragraph (c) there shall be added the words " or his spouse ".
- 4 (1) Relief under section 19 in respect of any premiums paid by an individual in a year of assessment shall be given by making good to the person to whom they are paid any deficiency arising from the deductions authorised under paragraph 5 below.
- (2) Where the individual is not resident in the United Kingdom but is entitled to relief by virtue of subsection (2) of section 27, sub-paragraph (1) above shall not apply but (subject to the proviso to that subsection) the like relief shall be given to him under paragraph 15 below.
- 5 Subject to the following provisions of this Schedule,—
- (a) an individual resident in the United Kingdom who is entitled to relief under section 19 in respect of any premium may deduct from any payment in respect of the premium and retain an amount equal to 17 ½ per cent. thereof ; and
 - (b) the person to whom the payment is made shall accept the amount paid after the deduction in discharge of the individual's liability to the same extent as if the deduction had not been made and may recover the deficiency from the Board.

Limit on deductions authorised under paragraph 5

- 6 (1) Where the premiums payable in any year in respect of any policy or contract exceed £1,500 the percentage mentioned in paragraph 5(a) above is a percentage of such part only of any payment as bears to the whole thereof the same proportion as £1,500 bears to the total amount of the premiums so payable ; but without prejudice to the operation of paragraph 15 below in any case where by virtue of this paragraph the relief given under section 19 is reduced below the limit specified in section 21.
- (2) In this paragraph " year " means the twelve months beginning with the making of the assurance or contract and any subsequent period of twelve months.

Husband and wife

- 7 Subsection (7) of section 19 shall be omitted.
- 8 The references in section 19 to an individual's spouse shall include any person who was that individual's spouse at the time the insurance or contract was made, unless the marriage was dissolved before 6th April 1979.
- 9 Where an election under section 23 of the Finance Act 1971 is in force, the relief to which either the husband or the wife is entitled under section 19 in respect of an insurance or contract on the life of the other or made by the other shall not be affected by paragraph 3 of Schedule 4 to that Act (which requires relief to be determined as if the husband and the wife were not married).
- 10 Where, throughout a year of assessment, a woman is a married woman living with her husband, then—
- (a) if no election under section 38 is in force, section 21 and paragraph 15 below shall apply as if any relief to which the wife is entitled under section 19 were relief to which the husband is entitled ; and

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- (b) if an election under section 38 is in force, section 21 and paragraph 15 below shall apply separately to the amounts paid by each of them, but as if for the limit specified in section 21 there were substituted, in relation to each of them, a limit of £750 or one-twelfth of their total income, whichever is the greater, plus any amount by which the payments in respect of which relief can be given to the other fall short of the limit so substituted.

Industrial assurance policies

- 11 (1) This paragraph applies to—
- (a) a policy issued in the course of an industrial assurance business as denned in section 1(2) of the Industrial Assurance Act 1923 or the Industrial Assurance Act (Northern Ireland) 1924; and
 - (b) a policy issued by a registered friendly society in the course of tax exempt life or endowment business (as denned in section 337(3)).
- (2) If a policy to which this paragraph applies was issued before the passing of this Act section 19 shall have effect in relation to it as if subsections (2)(b), (3) and (4) were omitted ; and if a policy to which this paragraph applies was issued after the passing of this Act, paragraph (b) of section 19(2) shall have effect in relation to it as if it permitted the insurance to be on the life of the individual's parent or grandparent or, subject to sub-paragraph (3) below, on the life of the individual's child or grandchild.
- (3) Relief may be given in respect of premiums under a policy of insurance on the life of an individual's child or grandchild which is issued after the passing of this Act as if paragraph (b) of section 19(3) were omitted, but may be given only if the annual amount of the premiums, together with that of any relevant premiums, does not exceed £52 ; and for this purpose a relevant premium, in relation to an insurance made at any time on the life of an individual's child or grandchild, is any premium under a policy of insurance on the same life, where the insurance is made at the same time or earlier, whether it is made by the individual or any other person.
- (4) In this paragraph " child " has the same meaning as in section 10 and " grandchild ", " parent " and " grandparent " have corresponding meanings.
- 12 In paragraph 4(1) of Schedule 1, sub-paragraph (iii) of paragraph (d) shall be omitted, together with the " and " preceding it, and after paragraph (d) there shall be inserted the words " or if the policy was issued before 6th April 1976, or was issued before 6th April 1979 and is in substantially the same form as policies so issued before 6th April 1976. ".

Premiums payable to friendly societies and industrial assurance companies

- 13 (1) Where a policy is issued by a registered friendly society or a policy to which paragraph 11 above applies is issued by an industrial assurance company, paragraphs 4 and 5 above shall apply in relation to premiums payable under the policy subject to the following modifications.
- (2) References to the deductions authorised under paragraph 5 shall be construed as including references to any amount retained by or refunded to the person paying the premium under any scheme made by the society or company in accordance with regulations made under this paragraph.
- (3) The appropriate authority may make regulations authorising—

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- (a) the adoption by registered friendly societies and industrial assurance companies of any prescribed scheme for securing that in the case of policies or contracts to which the scheme applies amounts equal to 17 ½ per cent. of the premiums payable are retained by or refunded to the person paying the premiums or that, in the case of such policies or contracts issued or made before 6th April 1979, the amounts expressed as the amounts of the premiums payable are treated as amounts arrived at by deducting 17 ½ per cent. from the amounts payable and that the amounts of the capital sums assured or guaranteed are treated as correspondingly increased ; or
 - (b) the adoption by any such society or company of any special scheme for that purpose which may, in such circumstances as may be prescribed, be approved by the appropriate authority.
- (4) Increases treated as made in pursuance of regulations under this paragraph shall not be treated as variations of a policy or contract and shall be disregarded for the purposes of section 332 of and paragraph 4 of Schedule 1 to the Taxes Act and section 7(6) of the Finance Act 1975 ; and the regulations may include such adaptations and modifications of the enactments relating to friendly societies or industrial assurance companies and such other incidental and supplementary provisions as appear to the appropriate authority necessary or expedient for the purpose of enabling such societies or companies to adopt the schemes authorised by the regulations.
- (5) Subsections (4), (5) and (7) to (11) of section 6 of the Decimal Currency Act 1969 shall, with the necessary modifications, apply in relation to regulations made under this paragraph.

Supplementary provisions as to relief under section 19

- 14 Where it appears to the Board that the relief (if any) to which a person is entitled under section 19 has been exceeded or might be exceeded unless the premiums payable by him under any policy were paid in full, they may by notice in writing to that person and to the person to whom the payments are made exclude the application of paragraph 5 above in relation to any payments due or made after such date as may be specified in the notice and before such date as may be specified in a further notice in writing to those persons.
- 15 (1) Where in any year of assessment the relief to which a person is entitled under section 19 has not been fully given in accordance with the preceding provisions of this Schedule, he may claim relief for the difference, and relief for the difference shall then be given by a payment made by the Board or by discharge or repayment of tax or partly in one such manner and partly in another; and where the relief given to any person in accordance with the preceding provisions of this Schedule exceeds that to which he is entitled under section 19, he shall be liable to make good the excess and an inspector may make such assessments as may in his judgment be required for recovering the excess.
- (2) The Taxes Management Act 1970 shall apply to any assessment under this paragraph as if it were an assessment to tax for the year of assessment in which the relief was given and as if—
- (a) the assessment were among those specified in sections 55(1) (recovery of tax not postponed) and 86(2) (interest on overdue tax) of that Act; and
 - (b) the sum charged by the assessment were tax specified in paragraph 3 of the Table in section 86(4) of that Act (reckonable date).

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- 16 (1) The Board may make regulations for carrying the preceding provisions of this Schedule into effect.
- (2) Without prejudice to the generality of sub-paragraph (1) above, regulations under this paragraph may provide—
- (a) for the manner in which claims for the recovery of any sum under paragraph 5(b) above may be made ;
 - (b) for the furnishing of such information by persons by or to whom premiums are payable as appears to the Board necessary for deciding such claims and for exercising their powers under paragraph 14 or paragraph 15 above ; and
 - (c) for requiring persons to whom premiums are paid to make available for inspection by an officer authorised by the Board such books and other documents in their possession or under their control as may reasonably be required for the purpose of determining whether any information given by those persons for the purposes of this Schedule is correct and complete.
- (3) In section 98 of the Taxes Management Act 1970 (penalty for failure to furnish information etc.) the following shall be added in the second column of the Table:

“Regulations under paragraph 16 of
Schedule 4 to the Finance Act 1976”.

- (4) The following provisions of the Taxes Management Act 1970, that is to say—
- (a) section 29(3)(c) (excessive relief);
 - (b) section 30 (recovery of tax repaid in consequence of fraud or negligence);
 - (c) section 88 (interest); and
 - (d) section 95 (incorrect return or accounts);
- shall apply in relation to the payment of a sum claimed under paragraph 5(b) above to which the claimant was not entitled as if it had been income tax repaid as a relief which was not due.
- 17 A notice given to a person under section 8 of the Taxes Management Act 1970 may require him to include in the return of his income particulars of premiums paid by him or his wife living with him under policies of life insurance or contracts for deferred annuities and of deductions made from the premiums payable.

Consequential amendments

- 18 (1) In section 5 after the words "who makes a claim in that behalf " there shall be inserted the words " (or, in the case of relief under section 19 below, who satisfies the conditions of that section) ".
- (2) In section 25(2) the words " section 19 or " shall be omitted.
- (3) The proviso to section 27(2) shall have effect as if the amount of any relief to which an individual is entitled under section 19 were an amount by which his liability to income tax is reduced.
- (4) In section 39(1)(c) the words " 19 or " shall be omitted.
- 19 (1) In section 7(5) of the Finance Act 1975 for the words " the basic rate of income tax in force " there shall be substituted the words " the percentage found by doubling that mentioned in paragraph 5(a) of Schedule 4 to the Finance Act 1976 as in force ".

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- (2) In section 8(2) of the Finance Act 1975 for the words " one half of the basic rate of income tax in force " there shall be substituted the words " that mentioned in paragraph 5(a) of Schedule 4 to the Finance Act 1976 as in force ".
- (3) In paragraph (b) of section 9(4) of the Finance Act 1975 for the words from " income tax " where they first occur to " liability " there shall be substituted " section 19 of the Taxes Act as a sum paid by that person in satisfaction of his liability " and in the words following the paragraph the words " increase in " shall be omitted.
- (4) In paragraph 7(1) of Schedule 2 to the Finance Act 1975 there shall be substituted—
- (a) for the words " the conditions of paragraphs (a) and (d)(iii) of that sub-paragraph are satisfied " the words " the condition of paragraph (a) of that sub-paragraph is satisfied " ;
 - (b) for the words " they are not " the words " it is not " ; and
 - (c) for the words " those conditions " the words " that condition " .
- 20 In section 20 the following shall be omitted:—
- (a) in subsection (1), paragraph (a) and the words " on the amount of the premium paid by him or " ;
 - (b) subsection (2) ;
 - (c) in subsection (4), the words " premiums or other " ;
 - (d) in subsection (5), the words " premiums or " and the proviso; and
 - (e) subsection (6).
- 21 (1) Section 21 shall be amended as follows.
- (2) In subsection (1) for the words " sections 19 and 20 " there shall be substituted the words " section 19 " and for the words " one-sixth of that person's total income " there shall be substituted the words " £1,500 in any year of assessment or one-sixth of that person's total income, whichever is the greater " .
- (3) Subsection (1A) shall be omitted.
- (4) In subsection (3) for the words " the said sections " there shall be substituted the words " sections 19 and 20 above " .
- (5) In subsection (4) for the words " one-half of the basic rate " there shall be substituted " 17 ½ per cent. " and the words " premiums or " in paragraph (b) and the words following that paragraph shall be omitted.

SCHEDULE 5

Section 37.

RELIEF FOR INCREASE IN VALUE OF TRADING STOCK AND WORK IN PROGRESS

PART I

INCOME TAX

Entitlement to relief

- 1 (1) Where a person carries on a trade in respect of which he is within the charge to income tax under Case I of Schedule D and—
- (a) the value of his trading stock at the end of a period of account (the "closing stock value") exceeds
 - (b) the value of his trading stock at the beginning of that period (the "opening stock value"),
- he shall, subject to the provisions of this Schedule, be entitled to relief under this paragraph by reference to the amount of that excess (the "increase in stock value").
- (2) The amount of relief to which a person is entitled under this paragraph for any trade in respect of any period of account is the amount of the increase in stock value in that period less 15% of the relevant income of that trade for that period.
- (3) A person shall not be entitled to relief under this paragraph in respect of any period of account unless a claim for the relief is made within two years after the end of the year of assessment in which that period of account ends.

Charge by way of recovery of relief

- 2 (1) Where a person carries on a trade in respect of which he is within the charge to income tax under Case I of Schedule D and in a period of account his closing stock value is less than his opening stock value, then, subject to the provisions of this Schedule, a charge by way of recovery of relief shall be made on him, on whichever is the lesser of—
- (a) the whole amount of the reduction in stock value in that period; or
 - (b) the amount of unrecovered past relief allowed to him for that trade.
- (2) Where during or at the end of a period of account a person carrying on a trade ceases to do so, or ceases to be within the charge to income tax under Case I of Schedule D in respect of the trade, he is not entitled to relief or liable to a charge in respect of that period under the foregoing provisions of this Part, but a final charge by way of recovery of relief shall be made on him on an amount equal to the unrecovered past relief allowed to him for that trade.

This sub-paragraph is subject to paragraphs 20 and 21 below (which provide for continuity in the case of certain successions).

- (3) Where during or at the end of a period of account a person carrying on a trade ceases (by virtue of ceasing to be resident in the United Kingdom) to be within the charge to income tax under Case I of Schedule D in respect of a part of the trade, he shall be treated for the purposes of this Schedule as if that part were a separate trade carried on by him in that period; and all necessary apportionments between the two parts of the trade (including the apportionment of unrecovered past relief allowed for that

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trade) shall be made by reference to the respective values of the trading stock of each part immediately after that event.

Method of giving effect to relief or charge

- 3 (1) Relief under paragraph 1 above in respect of any period of account shall be given as a deduction in charging the profits or gains of the trade to income tax for the relevant year of assessment.

The relief shall be deducted before any deduction is made for capital allowances.

- (2) A charge under paragraph 2 above in respect of any period of account shall be made by means of an assessment to income tax on the profits or gains of the trade—
- (a) in the case of a charge under paragraph 2(1), for the relevant year of assessment; and
 - (b) in the case of a charge under paragraph 2(2) for the year of assessment in which the discontinuance or other event takes place.

Any such assessment is in addition to any other assessment falling to be made on the profits or gains of the trade for the year of assessment in question.

Top-slicing

- 4 (1) Where a trade has been carried on by a person for more than one year before the discontinuance or other event on which a charge under paragraph 2(2) above falls to be made on him, then his liability to tax for the year of assessment for which the charge is made shall, on a claim made by him within two years of the end of that year of assessment, be reduced in accordance with the following provisions of this paragraph.

- (2) The reduction is the amount of the difference between—
- (a) the tax on the whole amount on which the charge is made (the "chargeable amount"), calculated on the basis set out in sub-paragraph (4) below ; and
 - (b) the tax (if any) on the appropriate fraction of the chargeable amount, calculated on the same basis, and multiplied by the reciprocal of the appropriate fraction.

- (3) The "appropriate fraction" depends on the period for which the trade has been carried on before the discontinuance or other event and is—
- (a) one-half if the trade has been so carried on for more than one but less than two years ;
 - (b) one-third if it has been so carried on for two years or more.

- (4) The amounts of tax referred to in sub-paragraph (2) are to be calculated on the following assumptions—
- (a) that the person's total income does not include any amount in respect of which he is chargeable to tax under section 80, 81 or 82 of the Taxes Act (premiums, etc. treated as rent), section 187 of that Act (payments on retirement or removal from office) or section 399(1)(a) of that Act (gains from life policies, etc);
 - (b) that deductions to be made in computing the tax are so far as possible set against sums other than the chargeable amount (or the fraction of it);

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- (c) that the chargeable amount (or fraction), after any deductions remaining to be made after applying paragraph (b), is the highest part of the person's total income (notwithstanding any other provisions of the Income Tax Acts directing any other income to be so treated).
- (5) Where a claim under this paragraph for any year of assessment is made in respect of more than one trade, the paragraph applies to each chargeable amount individually as if there were only one charge in that year.
- (6) For the purposes of section 400, paragraphs 3 and 4 of Schedule 3 and paragraph 8 of Schedule 8 of the Taxes Act (other top-slicing provisions) a person's total income shall not be treated as including any amount as a result of a charge under paragraph 2(2).

Meaning of "relevant year of assessment" and "basis period"

- 5 (1) This paragraph provides for ascertaining the relevant year of assessment in relation to a period of account for the purposes of this Part of this Schedule.
- (2) In this Part of this Schedule—
 - (a) the "basis period" for any year of assessment means the period on the profits or gains of which income tax for that year falls to be finally computed under Case I of Schedule D in respect of the trade in question, or, where, by virtue of any provision of section 115 of the Taxes Act, the profits or gains of any other period are to be taken as the profits or gains of the said period, that other period ; and
 - (b) references to a period of account entering into a basis period are to the period of account, or any part of it, falling within or coinciding with that basis period.
- (3) Where a period of account enters into the basis period for only one year of assessment, that year is the relevant year of assessment in relation to that period of account.
- (4) Where a period of account enters into the basis period for more than one year of assessment, then—
 - (a) if this is by virtue of section 116 or 117 of the Taxes Act (commencement of trade), the relevant year of assessment in relation to that period of account is the first year of assessment into whose basis period the period of account enters ; and
 - (b) in any other case, the relevant year of assessment is the last such year of assessment.
- (5) Where a period of account does not enter into the basis period for any year of assessment, the relevant year of assessment in relation to that period of account is that following the year of assessment in which the period of account ends.

Right to set unused relief against general income

- 6 (1) Subject to the provisions of this paragraph, a claim made under section 168 of the Taxes Act (set-off of losses against general income) for relief in respect of a loss sustained by the claimant in a trade in any year of assessment (the " year of loss ") may require the amount of that loss to be determined as if an amount equal to the relief to which he is entitled under this Part of this Schedule for the year of assessment

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for which the year of loss is the basis year were to be deducted in computing the profits or gains or losses of the trade in the year of loss.

- (2) A claim may be made under the said section 168 for relief in respect of a loss sustained by the claimant in any trade in any year of assessment notwithstanding that—
- (a) unless relief under this Part of this Schedule is brought into account; or
 - (b) unless there are brought into account both that relief and capital allowances (by virtue of section 169 of the Taxes Act),
- the claimant will not have sustained a loss in the trade in that year.
- (3) Relief for any year of assessment shall be taken into account by virtue of this paragraph only if and so far as it is not required to offset any charge for that year under paragraph 2; and for the purposes of this sub-paragraph the relief for a year of assessment shall be treated as required to offset the charge for a year up to the amount on which the charge falls to be made after deducting from it the amount (if any) of relief for earlier years which is carried forward to that year and would, if not set against the charge, be unused in that year.
- (4) Where the relief taken into account by virtue of this paragraph is that for the year of assessment for which the claim is made or for the preceding year (the year of loss being the basis year for that year itself, or the claim being made by way of carry forward of the loss by virtue of section 168(2) of the Taxes Act), effect shall not be given to that relief in respect of an amount greater than the amount unused in the year for which the claim is made, or, in the case of relief for the preceding year, the amount unused in both years.
- (5) For the purposes of this paragraph—
- (a) where the end of the basis period for a year of assessment falls in, or coincides with the end of, any year of assessment, that year is the basis year for the first mentioned year of assessment, but so that, if a year of assessment would under the foregoing provision be the basis year both for that year itself and for another year of assessment, it shall be the basis year for the year itself and not for the other year,
 - (b) any reference to the relief or charge for a year of assessment shall be construed as a reference to the relief or charge falling to be given effect in that year (excluding, in the case of relief, any part of the relief for an earlier year carried forward under paragraph 7 below),
 - (c) any reference to an amount of relief unused in a year shall be construed as referring to the amount by which, by reason of an insufficiency of profits or gains, effect cannot be given in that year, and
 - (d) effect shall be deemed to be given to relief carried forward from an earlier year before it is given to relief for a later year.
- (6) Where, on a claim made by virtue of this paragraph, relief is not given under section 168 of the Taxes Act for the full amount of the loss determined as mentioned in sub-paragraph (1) above, the relief under that section shall be attributed to the loss sustained by the claimant in the trade rather than to the relief under this Schedule in respect of that trade, but shall be attributed to relief under this Schedule rather than to the capital allowances in respect of the trade brought into account by virtue of section 169 of the Taxes Act.
- (7) Where a claim is made under the said section 168 by a person who, since the end of the year for which the claim is made, has carried on the trade in question in

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partnership, then effect shall be given to this paragraph in relation to that claim only with the consent in writing of every other person engaged in carrying on the trade between the end of that year and the making of the claim, except that where the claim is for a loss sustained before an event treated as the permanent discontinuance of the trade, the consent is not required of a person so engaged only since the discontinuance.

- (8) If a person whose consent is required under sub-paragraph (7) has died, the consent in writing of his personal representatives is required instead.

Carry forward of unused relief

- 7 (1) Where, in any year of assessment, full effect cannot be given to any relief falling to be allowed under this Part of this Schedule owing to there being no profits or gains of the trade chargeable for that year, or owing to the profits or gains chargeable being less than the amount of the relief, the relief or part of the relief to which effect has not been given, as the case may be, shall be carried forward and, for the purpose of making the assessment to income tax for the following year, be added to the amount of relief for that year and be deemed to be part of that relief, or, if no relief falls to be allowed for that year, be deemed to be relief for that year, and so on for succeeding years.
- (2) This paragraph has effect subject to paragraph 6 above.

Social security contributions

- 8 In computing for the purposes of Schedule 2 to the Social Security Act 1975 the amount of the profits or gains of a trade in respect of which Class 4 contributions are payable—
- (a) deductions or additions shall be made under paragraph 2 of that Schedule for any relief or charge under this Part of this Schedule which falls to be made in charging profits or gains to income tax under Case I of Schedule D; and
 - (b) paragraphs 6 and 7 above shall be included among the relief provisions to which paragraph 3(1) of that Schedule applies.

PART II

CORPORATION TAX

Entitlement to relief

- 9 (1) Where a company carries on a trade in respect of which it is within the charge to corporation tax under Case I of Schedule D and—
- (a) the value of its trading stock at the end of a period of account (the "closing stock value") exceeds
 - (b) the value of its trading stock at the beginning of that period (the "opening stock value"),
- the company shall, subject to the provisions of this Schedule, be entitled to relief under this paragraph by reference to the amount of that excess (the "increase in stock value").

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- (2) The amount of relief to which a company is entitled under this paragraph for any trade in respect of any period of account is the amount of the increase in stock value in that period less 152 of the relevant income of that trade for that period.
- (3) A company shall not be entitled to relief under this paragraph unless a claim for the relief is made within two years after the end of the period of account in respect of which the relief is claimed.

Charge by way of recovery of relief

- 10 (1) Where a company carries on a trade in respect of which it is within the charge to corporation tax under Case I of Schedule D and in a period of account its closing stock value is less than its opening stock value, then, subject to the provisions of this Schedule, a charge by way of recovery of relief shall be made on the company, on whichever is the lesser of—
 - (a) the whole amount of the reduction in stock value in that period; or
 - (b) the amount of unrecovered past relief allowed to the company for that trade.

- (2) Where during or at the end of a period of account a company carrying on a trade ceases to do so, or ceases to be within the charge to corporation tax under Case I of Schedule D in respect of the trade, it is not entitled to relief or liable to a charge in respect of that period under the foregoing provisions of this Part, but a final charge by way of recovery of relief shall be made on the company on an amount equal to the unrecovered past relief allowed to it for that trade.

This sub-paragraph is subject to paragraphs 20 and 21 below (which provide for continuity in the case of certain successions).

- (3) Where during or at the end of a period of account a company carrying on a trade ceases (by virtue of ceasing to be resident in the United Kingdom) to be within the charge to corporation tax in respect of a part of the trade, it shall be treated for the purposes of this Schedule as if that part were a separate trade carried on by it in that period; and all necessary apportionments between the two parts of the trade (including the apportionment of unrecovered past relief allowed for that trade) shall be made by reference to the respective values of the trading stock of each part immediately after that event.
- 11 (1) Where there is a change of ownership of a company and section 483 of the Taxes Act applies so as to restrict the carrying forward of losses incurred before the change, then relief to which those disallowed losses are attributable shall, although unrecovered in periods of account ending before the change of ownership nevertheless be disregarded in ascertaining the amount of unrecovered past relief in later periods of account.
 - (2) Relief to which disallowed losses are attributable is that which was not given effect in the period of account or base period for which it was allowed or in a subsequent period of account.
 - (3) For the purposes of sub-paragraph (2) relief is assumed to be given effect before capital allowances and profits or gains are assumed to be set against losses attributable to relief before other losses. Section 483(5) of the Taxes Act has effect subject to this sub-paragraph.

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

- (4) For the purpose of ascertaining the extent to which relief to which disallowed losses are attributable has been recovered in periods of account ending before the change of ownership, it shall be assumed—
- (a) that relief is recovered from earlier periods before later periods ; and
 - (b) that effect is given to relief from earlier periods before later periods.

Method of giving effect to relief or charge

- 12 (1) Relief under paragraph 9 above in respect of any period of account shall, subject to the provisions of this paragraph, be given effect by treating the amount of the relief as a trading expense of the trade in that period.
- (2) A charge under paragraph 10 above in respect of any period of account shall, subject to the provisions of this paragraph, be given effect by treating the amount on which the charge is to be made as a trading receipt of the trade in that period.
- (3) Where a trade is set up and commenced by a company during a period of account, any amount which in accordance with this paragraph falls to be treated as an expense or receipt of the trade in that period, shall be brought into account only in respect of the accounting period, or periods, beginning with or after that commencement.
- (4) Where during a period of account a company carrying on a trade ceases to do so, or ceases in respect of it to be within the charge to corporation tax under Case I of Schedule D, any relief or charge which in accordance with this paragraph falls to be treated as an expense or receipt of the trade in that period, shall be brought into account only in respect of the accounting period, or periods, ending on or before that discontinuance or other event.

PART III

LINK WITH PREVIOUS STOCK RELIEF PROVISIONS

Interpretation

- 13 In this Part of this Schedule, "Schedule 10 " means Schedule 10 to the Finance (No. 2) Act 1975, "Schedule 10 relief" means relief under that Schedule and " base period " means a base period (including a further base period) as defined in that Schedule.

Entry into operation of Parts I and II

- 14 (1) The provisions of this paragraph indicate the periods of account to which Parts I and II of this Schedule apply (being, in most cases, the periods of account falling after the base period for which Schedule 10 relief was given).
- (2) The periods of account in respect of which entitlement to relief or liability to charge may arise under Part I of this Schedule are, subject to sub-paragraph (3) below, those falling after the following—
- (a) the last period of account ending in the year 1974-75 ; or
 - (b) if no period of account ended in that year, the first period of account ending after 5th April 1975.

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- (3) Where a trade was set up and commenced after 5th April 1974 and there is no period of account ending in the year 1974-75, such entitlement or liability may arise in respect of any period of account the whole or part of which falls after that commencement.
- (4) The periods of account in respect of which entitlement to relief or liability to charge may arise under Part II of this Schedule are, subject to sub-paragraph (5) below, those falling after the following—
 - (a) the last period of account ending in the financial year 1974 ; or
 - (b) if no period of account ended in that year, the first period of account ending after 31st March 1975.
- (5) Where a trade was set up and commenced after 31st March 1974 and there is no period of account ending in the financial year 1974, such entitlement or liability may arise in respect of any period of account the whole or part of which falls after that commencement.

Transitional relief

- 15 (1) The provisions of this paragraph apply for supplementing Schedule 10 relief in the case of persons whose base period ended after 5th April 1975, or, in the case of a company, 31st March 1975 (the relief having been proportionately reduced in those cases).
- (2) There is entitlement to transitional relief under this paragraph—
 - (a) where the base period of a person other than a company ended after 5th April 1975 and a claim for relief is made before 6th April 1978 ;
 - (b) where a company's base period ended after 31st March 1975 and a claim for relief is made within two years after the end of the base period.
- (3) In either case the amount of transitional relief is given by the formula
 where—
 - B is the base period increase, as defined in paragraph 1(1) or 6(1) of Schedule 10,
 - I is 15 per cent. of the relevant income for the base period, computed in accordance with this Schedule,
 - M is, in the case of a person other than a company, the lesser of 12 or the number of months in the base period in excess of 24, and, in the case of a company, is the number of months between the end of the accounting period ending in the financial year 1974 and the end of the base period, and
 - N is the number of months in the base period.
- (4) Where a base period consists of a number of complete months and a fraction of a month or consists only of a fraction of a month, references in this paragraph to the number of months in that period shall be construed as including that fraction, or as a reference to that fraction, as the case may be.
- (5) Transitional relief to which a person other than a company is entitled shall be given as a deduction in charging the profits or gains of the trade to income tax for the last year of assessment in the basis period for which (as defined in paragraph 5 above)

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

there falls the whole or any part of the period of account whose end also marks the end of the base period.

- (6) Transitional relief to which a company is entitled shall be given effect by treating the amount of the relief as a trading expense of the trade in the accounting period whose end also marks the end of the base period.
- (7) Any claim, or adjustment of a claim, for any other relief which falls to be made in consequence of a claim for transitional relief may be made at any time when a claim for transitional relief could be made, notwithstanding that it would otherwise be out of time.
- (8) All such adjustments shall be made in any assessments to tax as are necessary to give effect to the provisions of this paragraph.

Succession during or at end of base period

- 16 (1) In this paragraph " succession " means such a succession in the persons engaged in carrying on a trade as is mentioned in paragraph 13 of Schedule 10, and "predecessor" and "successor" mean the persons so engaged before and after a succession.
- (2) Where there was a succession within the 12 months before the end of the base period and—
 - (a) the predecessor was an individual, a partnership or a company ; and
 - (b) the successor was a company,the inspector may, on an application by the successor, notwithstanding anything in Schedule 10, apportion the relief falling to be given under that Schedule as seems to him just between the predecessor and successor.
- (3) Where there was a succession at the end of the base period, the successor may elect that the predecessor's closing stock value at the end of the base period be reduced in accordance with Schedule 10, notwithstanding anything in paragraphs 5, 11 and 12 of that Schedule (change of persons engaged in carrying on a trade to be treated as cessation of that trade).
- (4) An application or election under this paragraph must be made by notice in writing to the inspector by 1st January 1977 or after that date but within two years after the end of the base period.
- (5) Any claim, or adjustment of a claim, for other relief which falls to be made in consequence of an application or election under this paragraph may be made at any time when the application or election could be made, notwithstanding that it would otherwise be out of time.
- (6) All such adjustments shall be made in any assessments to tax as are necessary to give effect to the provisions of this paragraph.

Time limit for claiming Schedule 10 relief

- 17 A claim by a company for Schedule 10 relief may be made at any time before 1st January 1977 notwithstanding that the time limit imposed by paragraph 6(3) of that Schedule has expired.

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

Recovery of Schedule 10 relief

- 18 (1) The provisions of this paragraph apply for making Schedule 10 relief and relief under this Part recoverable in the same way as relief under Part I or II of this Schedule.
- (2) The reference in paragraph 26 below (meaning of " past relief " for purposes of recovery of relief) to the amount of Schedule 10 relief allowed to any person in respect of a trade is to—
- (a) the amount by which his closing stock value at the end of the base period was reduced in accordance with paragraph 1(2)(a)(i) or 6(2)(a)(i) of Schedule 10 ; together with
 - (b) the amount of any relief to which he is entitled under this Part.
- (3) In ascertaining the amount of Schedule 10 relief no account is to be taken of any diminution directed by paragraph 8(3) of that Schedule in the case where the end of the base period coincided with the end of the reference period for relief under section 18 of the Finance Act 1975.
- (4) For the purpose of ascertaining at any time the amount of unrecovered past relief allowed to any person in respect of a trade, relief given to a predecessor by virtue of paragraph 16 above shall be treated as if given to the successor.
- (5) In consequence of the foregoing provisions of this paragraph paragraph 1(2)(b) and paragraph 6(2)(b) of Schedule 10 are repealed and shall be deemed never to have had effect; and no account shall be taken for any of the purposes of this Schedule of any reduction in the value of trading stock under section 18(4) of the Finance Act 1975.

PART IV

GENERAL

Partnerships

- 19 (1) Where a trade is carried on by persons in partnership, entitlement to relief or liability to charge under this Schedule is a joint entitlement or liability, and any claim for relief under this Schedule shall be a single claim made in the partnership name.
- (2) Where none of those persons is a company, entitlement to relief and liability to charge under this Schedule shall be ascertained and given effect as if the trade were carried on by an individual.
- (3) Where any of those persons is a company, entitlement to relief and liability to charge under this Schedule shall be ascertained as if the partnership were a company and shall be given effect in accordance with the following provisions of this paragraph.
- (4) A company's share in any such entitlement or liability in any accounting period of the partnership shall be determined according to the interests of the partners during that period, and shall be given effect as if the share derived from a trade carried on by the company alone in its corresponding accounting period or periods.

In this sub-paragraph "corresponding accounting period or periods" means the accounting period or periods of the company comprising or together comprising the accounting period of the partnership, and any necessary apportionment shall be made between corresponding accounting periods if more than one.

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

- (5) The share in any such entitlement or liability of the partner or partners other than companies shall be given effect as if that share derived from a trade carried on by him, or, as the case may be, by them in partnership, otherwise than in partnership with a company.

Successions

- 20 (1) The provisions of this paragraph apply—
- (a) where the whole or part of a trade carried on by one company ("the predecessor") is transferred to another company ("the successor") and section 252 of the Taxes Act (company reconstructions) has effect in relation to that event; or
 - (b) where the whole of a trade carried on by an individual or by persons in partnership ("the predecessor") is transferred to a company resident in the United Kingdom ("the successor") and at the date of the transfer not less than three-quarters of the ordinary share capital of the company is held by that individual or those persons,
- and, in either case, the trading stock is transferred at cost or at market value.
- (2) Where the whole of a trade is transferred and the predecessor and successor so elect, then, for the purposes of this Schedule—
- (a) the trading stock transferred shall be treated both as forming part of the predecessor's closing stock in his period of account which ends with or includes the date of transfer, and as forming part of the successor's opening stock in his period of account which begins with or includes the date of transfer; and
 - (b) in ascertaining in that or any later period of account the amount of unrecovered past relief allowed to a person in respect of the trade, the successor shall be treated as having carried on the trade since the predecessor began (or is himself treated, by virtue of this sub-paragraph or of any other provision of this Schedule, as having begun) to do so.
- (3) Where part of a trade is transferred and the predecessor and successor so elect, then, for the purposes of this Schedule, the predecessor shall be treated as having carried on in the period of account during or at the end of which the transfer occurs a separate trade consisting of the part transferred; and all necessary apportionments between the two parts of the trade (including the apportionment of unrecovered past relief allowed for the trade) shall be made by reference to the respective values of the trading stock of each part immediately after the transfer.
- (4) An election under this paragraph shall be by notice in writing signed by both the predecessor and the successor and sent to the inspector within two years after the date of the transfer.
- 21 (1) Subject to the provisions of this paragraph, where there is a change in the persons engaged in carrying on a trade, this Schedule applies as if the trade had been permanently discontinued at the date of the change and a new trade had been then set up and commenced.

For the purposes of this paragraph, a change in the personal representatives of any person, or in the trustees of any trust, shall not be treated as a change in the persons carrying on any trade carried on by those personal representatives or trustees as such.

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- (2) Where there is a change of persons but—
- (a) a person engaged in carrying on the trade immediately before the change continues to be so engaged immediately after the change; and
 - (b) the trading stock of the trade immediately before the change is the trading stock immediately after the change,
- an election may be made to the effect that sub-paragraph (1) shall not apply to the change.

- (3) An election under this paragraph must be made by all the persons engaged in carrying on the trade before the change ("the predecessors ") and all those so engaged immediately after the change (" the successors "), and be signed by them and sent to the inspector within two years after the date of the change.

Where those persons have elected under section 154(2) of the Taxes Act that the trade be treated as continuing for income tax purposes, they shall be treated as having also made an election under this paragraph.

- (4) In ascertaining for the purposes of this Schedule the amount of unrecovered past relief allowed to a person in respect of a trade where at an earlier date a change in the persons carrying on that trade has been the subject of an election under this paragraph, the successors (in relation to that change) shall be treated as having carried on the trade since the predecessors began (or are themselves treated, by virtue of this sub-paragraph or of any other provision of this Schedule, as having begun) to do so.

- (5) Where during a period of account there is a change in the persons engaged in carrying on a trade, and—
- (a) an election is made under this paragraph ; but
 - (b) no election is made under section 154(2) of the Taxes Act in relation to that change,

any relief or charge under this Schedule in respect of that period of account shall be apportioned between the predecessors and successors according to the respective lengths of the parts of the period falling before and after the change, and for the purpose of giving effect to that relief or charge each of those parts shall be treated as if it were a separate period of account.

Adjustment for special circumstances

- 22 (1) Where any arrangements have been effected by a person carrying on a trade, or by him and other persons acting together, such as, in particular, the following—
- (a) any acquisition or disposal of trading stock otherwise than in the normal course of the trade in question ; or
 - (b) any change in the normal pattern or method of carrying on the trade; or
 - (c) any change in the date to which the accounts of the trade are made up; or
 - (d) any increase in the value of a person's trading stock which is associated with a decrease in the trading stock of another person connected with him (within the meaning of section 533(5) or (6) of the Taxes Act),

and it appears that the sole or main benefit which, but for this paragraph, might have been expected to accrue to that person was the obtaining of relief or the reduction of the amount of a charge under this Schedule, an adjustment shall be made under this paragraph.

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- (2) The adjustment is to substitute, for the purposes of this Schedule, for any opening or closing value of trading stock in any period of account which appears to have been affected by the arrangements, the value which it appears there would have been had those arrangements not been made.

Valuation of stock in certain cases

- 23 (1) For the purposes of this Schedule in ascertaining the entitlement of a person to relief, or his liability to a charge, in respect of any period of account—
- (a) in a case where at any time during the twelve months preceding the beginning of that period of account he was not carrying on the trade in question ; or
 - (b) in a case where during that period of account there was a major alteration in the conduct of the trade in question which resulted in an exceptional increase in his trading stock,
- he shall be treated as having at the beginning of that period of account trading stock of such value as may be attributed in accordance with this paragraph.
- (2) If for any of the purposes of this Schedule there falls to be ascertained the value of any trading stock at a date other than the beginning or end of a period of account and when no value was in fact determined, that value shall be such as may be attributed in accordance with this paragraph.
- (3) The value to be attributed is such value as is reasonable and just having regard to all the relevant circumstances of the case, and in particular—
- (a) to the opening and closing values of trading stock of the trade for that period of account;
 - (b) to movements during that period of account in the costs of items of a kind comprised in the person's trading stock during the period; and
 - (c) to changes during that period in the volume of the trade carried on by that person.

Discontinuity in stock values

- 24 (1) Where a person's closing stock value in a period of account is not calculated on the same basis as that used for the calculation of the opening stock value in that period, he shall be treated, for the purposes of this Schedule, as having at the beginning of that period trading stock of the amount he would have had if the basis of calculation had been that used for the closing stock value.
- (2) Where a person's opening stock value in a period of account (including a value he is treated as having by virtue of sub-paragraph (1) above or of any other provision of this Schedule) is less than the amount of unrecovered past relief allowed to him for that trade, he shall be treated, for the purposes of this Schedule, as having at the beginning of that period trading stock of an amount equal to the amount of unrecovered past relief.

Farm animals

- 25 (1) Animals treated as trading stock under Schedule 6 to the Taxes Act (farm animals etc.) shall, subject to the provisions of this paragraph, be so treated for the purposes of this Schedule.

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

- (2) Where a person makes an election for the herd basis under that Schedule which takes effect during a period of account, animals forming part of a herd with respect to which the election has effect shall be treated for the purposes of this Schedule as not having been trading stock of that person at any time during that period.
- (3) Where a person makes an election for the herd basis under that Schedule then at the end of the last period of account not affected by the election (hereafter referred to as "the point of election ") the unrecovered past relief allowed to him for the fanning or other trade in question (including the relief in respect of that period of account) shall be apportioned between the herd and the rest of his trading stock by reference to their respective values at the point of election, and in subsequent periods of account that part attributed to the herd is recoverable in accordance with the following provisions of this paragraph.
- (4) A charge by way of recovery of relief shall be made where in a period of account for which the election has effect there is a reduction of the number of animals in the herd and—
- (a) in the case of the first period in respect of which such a charge arises, the number at the end of that period is less than the number of animals in the herd at the point of election (that difference being referred to hereafter as "the relevant number "); or
 - (b) in the case of any subsequent period in respect of which such a charge arises, the number at the end of that period is less than the number of animals in the herd at the end of the last preceding period of account in respect of which such a charge arose (that difference being referred to hereafter as "the relevant number ").

This paragraph also applies (subject to sub-paragraph (6) below) where the person ceases to keep the herd and the first-mentioned number in paragraph (a) or (b) above is accordingly nil.

- (5) The amount on which the charge to be made is the amount which bears to the whole amount of unrecovered past relief attributed to the herd at the point of election, the same proportion as the relevant number of animals in relation to the period of account in question bears to the number of animals in the herd at the point of election.
- (6) Where a herd is sold as a whole and another production herd of the same class is acquired, this paragraph applies as if those herds were the same herd.
- (7) A charge under this paragraph shall be treated for all purposes as if it were a charge by way of recovery of relief under paragraph 2 or 10 above falling to be made for the farming or other trade in question, and shall be given effect accordingly.
- (8) In this paragraph "herd" and "production herd" have the same meaning as in Schedule 6 to the Taxes Act, and this paragraph applies (as does that Schedule), with the necessary adaptations, to animals or other creatures kept singly as it applies in relation to herds.

Meaning of " past relief "

- 26 (1) References in this Schedule to " past relief", in relation to a trade carried on by any person in any period of account, are to the aggregate amount of the following reliefs allowed to him (or treated as allowed to him)—

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- (a) Schedule 10 relief (as defined in paragraph 18 above) allowed for that trade ;
and
 - (b) relief under Part I or Part II of this Schedule allowed for that trade in respect
of earlier periods of account.
- (2) The amount of unrecovered past relief in any period of account is that aggregate
amount less the aggregate of the amounts on which charges by way of recovery of
relief have been made on that person for that trade in respect of earlier periods of
account.

Application to professions and foreign trades etc.

- 27 (1) The foregoing provisions of this Schedule have effect, with the necessary
modifications, in relation to professions and vocations chargeable under Case II of
Schedule D as they have effect in relation to trades chargeable under Case I of that
Schedule.
- (2) The foregoing provisions of this Schedule (including sub-paragraph (1) of this
paragraph) have effect, with the necessary modifications, in relation to trades,
professions and vocations carried on outside the United Kingdom and chargeable
under Case V of Schedule D otherwise than on a remittance basis as they have effect
in relation to trades, professions and vocations chargeable under Case I or Case II of
that Schedule, except that where, in charging the income from that trade, profession
or vocation, a deduction of one quarter of the amount of that income falls to be
allowed under section 23(3) of the Finance Act 1974 (income charged to income tax
otherwise than on remittance basis) the amount of relief under this Schedule shall be
confined to three-quarters of the amount which would have been applicable had the
trade, profession or vocation been chargeable under the said Case I or Case II.

Interpretation

- 28 (1) In this Schedule " period of account" means a period for which an account is made
up in relation to the trade, profession or vocation in question.
- (2) For the purposes of this Schedule a source of income is "within the charge to" income
tax or corporation tax if that tax is chargeable on the income arising from it, or would
be so chargeable if there were any such income, and references to a person or to
profits or gains, being within the charge to tax shall be similarly construed.
- 29 (1) Subject to the provisions of this paragraph, in this Schedule " trading stock" means
property of any description, whether real or personal, being either—
- (a) property such as is sold in the ordinary course of the trade, profession
or vocation in question, or would be so sold if it were mature or if its
manufacture, preparation or construction were complete ; or
 - (b) materials such as are used in the manufacture, preparation or construction of
any such property as is referred to in paragraph (a) above,
and includes work in progress.
- (2) Sub-paragraph (1) above does not apply to—
- (a) securities, which for this purpose includes stocks and shares; or
 - (b) land, other than such as is ordinarily sold in the course of the trade, profession
or vocation only—

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- (i) after being developed by the person carrying on the trade, profession or vocation, or
 - (ii) in the case of a company which is a member of a group, for the purpose of being developed by another company in that group ; or
 - (c) goods which the person carrying on the trade, profession or vocation has let on hire or hire-purchase.
- (3) In sub-paragraph (2) above, references to development are references to the construction or substantial reconstruction of buildings on the land in question and "group" shall be construed in accordance with section 272 of the Taxes Act.
- (4) For the purposes of this Schedule the value of a person's trading stock at any time shall be reduced to the extent to which payments on account have been made at or before that time in respect of that stock.
- (5) References in this Schedule to trading stock are to the trading stock brought into account in computing the profits or gains of a trade, profession or vocation in accordance with Case I or, as the case may be, Case II of Schedule D.
- (6) Where a person not resident in the United Kingdom carries on a trade partly within the United Kingdom and partly abroad, references in this Schedule to his trading stock are to the stock attributable to that part of the trade within the charge to United Kingdom tax.
- 30 In this Schedule " work in progress " means—
- (a) any services performed in the ordinary course of the trade, profession or vocation, the performance of which was partly completed at the material time and for which it would be reasonable to expect that a charge will subsequently be made; and
 - (b) any article produced, and any such material as is used, in the performance of any such services.
- 31 (1) In this Schedule " relevant income " in relation to a person carrying on a trade, profession or vocation, means the income from that trade, profession or vocation computed in accordance with the rules applicable to Case I or, as the case may be, Case II of Schedule D.
- (2) In computing, for the purposes of this Schedule, the relevant income for any period of account—
- (a) no account shall be taken of any set-off or reduction of income by virtue of section 168, 171, 174, 177 or 178 of the Taxes Act, in respect of losses ;
 - (b) no deduction or addition shall be made by virtue of any provision of this Schedule, in respect of any relief or charge; and
 - (c) no account shall be taken of any reduction in the value of trading stock directed by section 18 of the Finance Act 1975 or Schedule 10 to the Finance (No. 2) Act 1975
- but there shall be taken into account any deduction or addition in respect of capital allowances and balancing charges referable to that period of account.
- (3) In a case falling within Part I of this Schedule, the capital allowances and balancing charges referable to a period of account are—
- (a) the first year and initial allowances claimed for expenditure incurred in that period ;
 - (b) balancing allowances and charges on disposals in that period ; and

- (c) the appropriate fraction of the writing down allowances for the year which in relation to that period of account is the relevant year of assessment for the purposes of the said Part I.
- (4) The appropriate fraction mentioned in sub-paragraph (3)(c) is the fraction of which the denominator is the number of months during which the trade was carried on in the relevant year of assessment and the numerator is the number of months during which the trade was carried on in the period of account.

For the purposes of this sub-paragraph fractions of a month shall be disregarded.

- (5) In a case falling within Part II of this Schedule the capital allowances referable to a period of account are the allowances (less any balancing charges) for the accounting period or periods constituting that period of account.
- (6) In a case falling within Part III of this Schedule the relevant income for the base period there referred to is the aggregate amount of the relevant income for each of the periods of account comprising that period, and the capital allowances and balancing charges referable to each such period of account shall be ascertained as if those periods were periods to which Part I or, as the case may be, Part II of this Schedule applied.

32 Any reference in this Schedule to a period ending in another period includes a reference to a period ending on the same day as the other period.

SCHEDULE 6

Section 57.

SECTIONS TO BE SUBSTITUTED FOR SECTION 20 OF TAXES MANAGEMENT ACT 1970

“20 Power to call for documents of taxpayer and others.

- (1) Subject to this section, an inspector may by notice in writing require a person to deliver to him such documents as are in the person's possession or power and as (in the inspector's reasonable opinion) contain, or may contain, information relevant to any tax liability to which the person is or may be subject, or to the amount of any such liability.
- (2) Subject to this section, the Board may by notice in writing require a person to deliver, to a named officer of theirs, such documents as are in the person's possession or power and as (in the Board's reasonable opinion) contain, or may contain, information relevant to any tax liability to which he is or may be subject, or to the amount of any such liability.
- (3) Subject to this section, an inspector may, for the purpose of enquiring into the tax liability of any person (" the taxpayer "), by notice in writing require any of the persons who in relation to the taxpayer are subject to this subsection to deliver to the inspector or, if the person to whom the notice is given so elects, to make available for inspection by a named officer of the Board, such documents as are in his possession or power and as (in the inspector's reasonable opinion) contain, or may contain, information relevant to any tax liability to which the taxpayer is or may be, or may have been, subject, or to the amount of any such liability.
- (4) The persons so subject are—
- (a) the taxpayer's spouse, and any son or daughter of his ;

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- (b) in so far as the inspector's enquiries relate to liability of the taxpayer in respect of income, profits or gains that were, or may have been, derived from—
- (i) any business (past or present) carried on by the taxpayer or his spouse, or
 - (ii) any business (past or present) with whose management either of them was concerned at a material time,
- any person who is carrying on a business, or was doing so at a material time, and any company whether carrying on a business or not.
- (5) For the purposes of subsection (4) above, every director of a company is to be taken as being concerned with the management of any business carried on by the company ; and a material time is any time which (in the inspector's reasonable opinion) is, or may have been, material in the ascertainment of any past or present tax liability of the taxpayer.
- (6) The persons who may be treated as " the taxpayer " under subsections (3) and (4) include a company which has ceased to exist and an individual who has died; and in relation to such an individual the references in subsection (4) to the spouse are then instead to the widow or widower (the circumstance that she or he may have re-married being immaterial for the purposes of those subsections).
- (7) Notices under this section are not to be given by an inspector unless he is authorised by the Board for its purposes; and—
- (a) a notice is not to be given by him except with the consent of a General or Special Commissioner; and
 - (b) the Commissioner is to give his consent only on being satisfied that in all the circumstances the inspector is justified in proceeding under this section.
- (8) The references in subsections (1), (2) and (3) above to documents are to those specified or described in the notice in question ; and—
- (a) the notice shall require them to be delivered or (as the case may be) made available within such time as may be there specified; and
 - (b) the person to whom they are delivered or made available may take copies of, or extracts from them;
- and a notice under subsection (3) shall name the taxpayer with whose liability the inspector (or, as the case may be, the Board) is concerned.
- (9) To the extent specified in section 20B below, the above provisions are subject to the restrictions of that section.

20A Power to call for papers of tax accountant.

- (1) Where after the passing of the Finance Act 1976 a person—
- (a) is convicted of an offence in relation to tax (whenever committed) by or before any court in the United Kingdom ; or
 - (b) has awarded against him a penalty incurred by him (whether before or after the passing of that Act) under section 99 of this Act,
- and he has stood in relation to others as tax accountant, an inspector authorised by the Board for the purpose of this section may by notice in writing require the person to deliver to him such documents as are in his possession or power and as (in the inspector's reasonable opinion) contain information relevant to any tax liability to which any client of his is or has been, or may be or have been, subject, or to the amount of any such liability.

For this purpose section 20(8) above applies, substituting " the client " for " the taxpayer."

- (2) Subsection (1) above does not have effect in relation to a person convicted or penalised as there mentioned for so long as an appeal is pending against the conviction or award ; and—
 - (a) for this purpose an appeal is to be treated as pending (where one is competent but has not been brought) until the expiration of the time for bringing it or, in the case of a conviction in Scotland, until the expiration of 28 days from the date of conviction ; and
 - (b) references here to appeal include further appeal but, in relation to the award of a penalty, do not include appeal against the amount of the penalty.
- (3) A notice is not to be given to any person under this section unless with the consent of the appropriate judicial authority ; and that authority is to give his consent only on being satisfied that in all the circumstances the inspector is justified in so proceeding.
- (4) The power to give a notice under this section, by reference to a person's conviction or the award against him of a penalty, ceases at the expiration of the period of 12 months beginning with the date on which it was first exercisable in his case by virtue of that conviction or award.
- (5) To the extent specified in section 20B below, the above provisions are subject to the restrictions of that section.

20B Restrictions on powers under ss. 20 and 20A.

- (1) Before a notice is given to a person by an inspector under section 20(1) or (3), or under section 20A, the person must have been given a reasonable opportunity to deliver (or, in the case of section 20(3), to deliver or make available) the documents in question ; and the inspector must not apply for consent under section 20(7) or, as the case may be, section 20A(3), until the person has been given that opportunity.
- (2) A notice under section 20(1) does not oblige a person to deliver documents relating to the conduct of any pending appeal by him ; a notice under section 20(3) does not oblige a person to deliver or make available documents relating to the conduct of a pending appeal by the taxpayer ; and a notice under section 20A does not oblige a person to deliver documents relating to the conduct of a pending appeal by the client.

" Appeal" means appeal relating to tax.
- (3) An inspector cannot under section 20(1) or (3), or under section 20A(1), give notice to a barrister, advocate or solicitor, but the notice must in any such case be given (if at all) by the Board ; and accordingly in relation to a barrister, advocate or solicitor for references in section 20(3) and (4) and section 20A to the inspector there are substituted references to the Board.
- (4) To comply with a notice under section 20(1) or section 20A(1), and as an alternative to delivering documents to comply with a notice under section 20(3), copies of documents may be delivered instead of the originals ; but—
 - (a) the copies must be photographic or otherwise by way of facsimile ; and
 - (b) if so required by the inspector (or, as the case may be, the Board) in the case of any documents specified in the requirement, the originals must be made

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available for inspection by a named officer of the Board (failure to comply with this requirement counting as failure to comply with the notice).

- (5) A notice under section 20(3), if given to a person who is carrying on a business or was doing so at any time material to the subject matter of the inspector's (or the Board's) enquiries, or if given to a company (whether carrying on a business or not), does not oblige the person or company to deliver or make available any document the whole of which originates more than 6 years before the date of the notice.
- (6) But subsection (5) does not apply where the notice is so expressed as to exclude the restrictions of that subsection ; and it can only be so expressed where—
- (a) the notice being given by an inspector with consent under section 20(7), the Commissioner giving consent has also given approval to the exclusion ;
 - (b) the notice being given by the Board, they have applied to a General or Special Commissioner for, and obtained, that approval.

For this purpose the Commissioner gives approval only if satisfied, on the inspector's or the Board's application, that there is reasonable ground for believing that tax has, or may have been, lost to the Crown owing to the fraud of the taxpayer.

- (7) A notice under section 20(3) in relation to a taxpayer who has died cannot be given to a person by virtue of her or his being the taxpayer's widow, widower, son or daughter if more than 6 years have elapsed since the death.
- (8) A notice under section 20(3) or section 20A(1) does not oblige a barrister, advocate or a solicitor to deliver or make available, without his client's consent, any document with respect to which a claim to professional privilege could be maintained.
- (9) A notice under section 20(3) does not, in the case of a person who (in the course of a business carried on by him) has stood in relation to another as tax accountant, oblige that person to deliver or make available documents which are his (the accountant's) property and originate as working papers of that relationship.

20C Entry with warrant to obtain documents.

- (1) If the appropriate judicial authority is satisfied on information on oath given by an officer of the Board that—
- (a) there is reasonable ground for suspecting that an offence involving any form of fraud in connection with, or in relation to, tax has been committed and that evidence of it is to be found on premises specified in the information; and
 - (b) in applying under this section, the officer acts with the approval of the Board given in relation to the particular case,
- the authority may issue a warrant in writing authorising an officer of the Board to enter the premises, if necessary by force, at any time within 14 days from the time of issue of the warrant, and search them.
- (2) Section 4A of the Inland Revenue Regulation Act 1890 (Board's functions to be exercisable by an officer acting under their authority) does not apply to the giving of Board approval under this section.
- (3) On entering the premises with a warrant under this section, the officer may seize and remove any things whatsoever found there which he has reasonable cause to believe may be required as evidence for the purposes of proceedings in respect of such an offence as is mentioned in subsection (1) above.

But this does not authorise the seizure and removal of documents in the possession of a barrister, advocate or solicitor with respect to which a claim to professional privilege could be maintained.

- (4) Where entry to premises has been made with a warrant under this section, and the officer making the entry has seized any things under the authority of the warrant, he shall, if so requested by a person showing himself either—
- (a) to be the occupier of the premises ; or
 - (b) to have had the possession or custody of those things immediately before the seizure,
- provide that person with a list of them.
- (5) Where documents are seized which relate to any business, and it is shown that access to them is required for the continued conduct of the business, the officer who has seized them shall afford reasonable access to the documents to the person carrying on the business.

20D Interpretation of ss. 20 to 20C.

- (1) For the purposes of section 20A and 20C above, "the appropriate judicial authority" is—
- (a) in England and Wales, a Circuit judge ;
 - (b) in Scotland, a sheriff; and
 - (c) in Northern Ireland, a county court judge.
- (2) For the purposes of sections 20 and 20A, a person stands in relation to another as tax accountant at any time when he assists the other in the preparation of returns or accounts to be made or delivered by the other for any purpose of tax; and his clients are all those to whom he stands or has stood in that relationship.
- (3) In sections 20 and 20C above " business " includes trade, profession and vocation ; and in those sections and in section 20B " documents " includes books, accounts and other documents or records whatsoever.”

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SCHEDULE 7

Section 64.

TAXATION OF DIRECTORS AND OTHERS IN RESPECT OF CARS

PART I

TABLES OF FLAT RATE CASH EQUIVALENTS

TABLE A

CARS WITH ORIGINAL MARKET VALUE UP TO
£6,000 AND HAVING A CYLINDER CAPACITY

Cylinder capacity of car in cubic centimetres	Age of car at end of relevant year of assessment	
	Under 4 years	4 years or more
1,300 or less	£175	£120
More than 1,300, but not more than 1,800	£225	£150
More than 1,800	£350	£235

TABLE B

CARS WITH ORIGINAL MARKET VALUE UP TO
£6,000 AND NOT HAVING A CYLINDER CAPACITY

Original market value of car	Age of car at end of relevant year of assessment	
	Under 4 years	4 years or more
Less than £2,000	£175	£120
£2,000 or more, but less than £3,000	£225	£150
£3,000 or more, but not more than £6,000	£350	£235

TABLE C

CARS WITH ORIGINAL MARKET VALUE MORE THAN £6,000

Original market value of car	Age of car at end of relevant year of assessment	
	Under 4 years	4 years or more
More than £6,000, but not more than £10,000	£500	£335
More than £10,000	£800	£535

PART II

SUPPLEMENTARY PROVISIONS

Application of Tables A and B

- 1 (1) In the case of cars with an original market value of £6,000 or less, Table A applies to those having an internal combustion engine with one or more reciprocating pistons, and Table B applies to other cars.
- (2) A car's cylinder capacity is the cylinder capacity of its engine calculated as for the purposes of the Vehicles (Excise) Act 1971 or the Vehicles (Excise) Act (Northern Ireland) Act 1972.

Reduction for periods when car not available for use

- 2 (1) If for any part of the relevant year the car was unavailable, the cash equivalent is to be reduced by an amount which bears to the full amount of the equivalent (ascertained under Part I of this Schedule) the same proportion as the number of days in the year on which the car was unavailable bears to 365.
- (2) The car is to be treated as having been unavailable on any day if—
- (a) it was not made available to the employee until after that day, or it had ceased before that day to be available to him; or
 - (b) it was incapable of being used at all throughout a period of not less than 30 consecutive days of which that day was one.

Car used preponderantly for business purposes

- 3 (1) The cash equivalent derived from Table A, B or C is to be reduced (or, where paragraph 2 applies, further reduced) by half if it is shown to the inspector's satisfaction that the employee was required by the nature of his employment to make, and made use of the car preponderantly for business travel, which means that such travel must have amounted to at least 25,000 miles in the relevant year.
- (2) In relation to a car which for part of the year was unavailable in the sense of paragraph 2 above, the figure of 25,000 miles above mentioned is proportionately reduced.

Reduction for employee paying for use of car

- 4 If in the relevant year the employee was required, as a condition of the car being available for his private use, to pay any amount of money (whether by way of deduction from his emoluments or otherwise) for that use, the cash equivalent—
- (a) is to be reduced (or, if already reduced under the foregoing paragraphs, further reduced) by the amount so paid by the employee in or in respect of the year, or
 - (b) if that amount exceeds the equivalent shown in the applicable Table in Part I of this Schedule, is nil.

SCHEDULE 8

Section 66.

TAXATION OF BENEFIT FROM LOANS OBTAINED BY REASON OF EMPLOYMENT

PART I

MEANING OF " OBTAINED BY REASON OF EMPLOYMENT "

- 1 (1) The benefit of a loan is obtained by reason of a person's employment if it was made by his employer.
- (2) But this does not apply to a loan made by the employer, being an individual, and shown to have been made in the normal course of his domestic, family or personal relationships.
- 2 That benefit is so obtained if the loan was made by a company—
- (a) over which the employer had control,
 - (b) by which the employer (being a company) was controlled, or
 - (c) which was controlled by a person by whom the employer (being a company) was controlled.
- 3 That benefit is so obtained if—
- (a) the employer was or had control over, or was controlled by, a close company, and
 - (b) the loan was made by a person having a material interest in the close company or, the close company being controlled by another company, in that other company.
- 4 In this Part of this Schedule—
- (a) references to a loan being made by any person include references to his assuming the rights and liabilities of the person who originally made the loan and to his arranging, guaranteeing or in any way facilitating the continuation of a loan already in existence;
 - (b) " employer " includes a prospective employer ; and
 - (c) " company ", except as part of the expression " close company ", includes a partnership.

PART II

CALCULATION OF CASH EQUIVALENT OF LOAN BENEFIT

General

- 5 (1) The cash equivalent for any year of the benefit obtained from a loan is—
- (a) the amount of interest (calculated in accordance with paragraph 6 or 7 below) which would have been payable for that year had interest at the official rate been payable on the loan ; less
 - (b) the amount of interest actually paid on the loan for that year.
- (2) Where an assessment for any year in respect of a loan has been made or determined on the footing that the whole or part of the interest payable on the loan for that year was not in fact paid, but it is subsequently paid, then, on a claim in that behalf, the

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cash equivalent for that year shall be recalculated so as to take that payment into account and the assessment shall be adjusted accordingly.

- (3) All the loans between the same lender and borrower for which a cash equivalent falls to be ascertained and which are outstanding at any time, as to any amount, in any year are to be treated for the purposes of this Schedule as a single loan.

Normal method of calculation (averaging)

- 6 In the absence of a requirement or election that paragraph 7 below should apply, the amount of interest at the official rate payable on a loan for any year (" the relevant year ") shall be ascertained as follows:
- (a) take half the aggregate of—
 - (i) the maximum amount of the loan outstanding on 5th April preceding the relevant year or, if it was made in that year, on the date on which it was made, and
 - (ii) the maximum amount of the loan outstanding on 5th April in the relevant year or, if the loan was discharged in that year, the date of discharge ;
 - (b) multiply that figure by the number of whole months during which the loan was outstanding in that year, and divide by 12;
 - (c) multiply the result by the official rate of interest in force during the period when the loan was outstanding in that year or, if the official rate changed during that period, the average rate during that period ascertained by reference to the number of days in the period and the number of days for which each rate was in force.

For the purposes of this paragraph, months begin on the sixth day of the calendar month.

Election for alternative method of calculation

- 7 (1) For any year of assessment ("the relevant year") the alternative method of calculation set out in this paragraph applies if—
- (a) the inspector so requires, by notice in writing given to the employee, for the purpose of any assessment to income tax (or the adjustment of any such assessment in consequence of an appeal); or
 - (b) the employee so elects, by notice in writing given to the inspector within the time allowed by sub-paragraph (2) below.
- (2) An election by the employee must be made—
- (a) in a case where an assessment including the emoluments in question has been made on the basis of the normal method of calculation, within the time allowed for appealing against that assessment or such further time as the inspector may allow;
 - (b) where no such assessment has been made, within 6 years after the end of the relevant year of assessment.
- (3) The alternative method of calculating the amount of interest at the official rate payable on a loan for the relevant year is as follows—
- (a) take each period in the relevant year during which the official rate of interest remains the same ;

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- (b) for each such period take for each day in the period the maximum amount outstanding of the loan on that day, and add those amounts together ;
- (c) multiply that sum by the official rate in force during the period divided by 365; and
- (d) add together the resulting figures for each period in the relevant year.

PART III

EXCEPTIONS WHERE INTEREST ELIGIBLE FOR RELIEF

- 8 (1) In this Part of this Schedule " eligible for relief", in relation to interest, means eligible for relief under section 75 of the Finance Act 1972.
- (2) In determining for the purposes of this Part of this Schedule whether interest is eligible for relief there shall be disregarded the restriction imposed by section 75(3) of the Finance Act 1972 (which provides, in relation to certain loans taken out before 27th March 1974, that the first £35 of interest paid in any year is not eligible for relief).
- 9 Section 66(1) does not apply to a loan in any year—
- (a) for which interest is paid on the loan and the whole of that interest is eligible for relief, or
 - (b) for which no interest is paid on the loan but had interest been paid on it at the official rate the whole of that interest would have been eligible for relief.
- 10 Where for any year interest is paid on a loan and part of that interest is eligible for relief, the calculation of the cash equivalent under Part II of this Schedule is modified as follows:—
- (a) where paragraph 6 applies, the maximum amounts referred to in paragraph 6(a)(i) and (ii) shall be proportionately reduced by reference to the proportion which so much of the interest paid for that year as is not eligible for relief bears to the whole of the interest so paid ;
 - (b) where paragraph 7 applies, the maximum amounts referred to in paragraph 7(3)(b) shall be proportionally reduced by reference to the proportion which so much of the interest paid on each such amount for the day in question as is not eligible for relief bears to the whole of the interest so paid ; and
 - (c) the amount of interest eligible for relief shall be left out of account in ascertaining for the purposes of paragraph 5(1)(b) above the amount of interest paid for that year.
- 11 (1) Where for any year no interest is paid on a loan but had interest been paid on it at the official rate part of that interest would have been eligible for relief, the calculation of the cash equivalent under Part II of this Schedule shall be modified as provided by paragraph 10(a) or (b) above with the substitution for the references to the amounts of interest paid or not eligible for relief of references to the amounts (ascertained in accordance with the following provisions of this paragraph) which would have been paid or would not have been eligible for relief.
- (2) For the purposes of paragraph 10(a) as applied by this paragraph, the whole amount of interest at the official rate which would have been paid for any year shall be taken to be the amount payable for that year calculated in accordance with paragraph 6

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(disregarding paragraph 10); and the amount of that interest which would not have been eligible for relief shall be ascertained—

- (a) by finding that amount on the assumption that the amount referred to in paragraph 6(a)(i) was the amount outstanding for the whole year ;
 - (b) by finding that amount on the assumption that the amount referred to in paragraph 6(a)(ii) was the amount outstanding for the whole year ; and
 - (c) by adding together the resulting figures and dividing by 2.
- (3) For the purposes of paragraph 10(b) as applied by this paragraph, the amount of interest which would have been paid and the amount of it which would not have been eligible for relief shall be ascertained on the assumption that interest at the official rate was paid daily throughout the year on the maximum amount outstanding on each day.

SCHEDULE 9

Section 72.

AMENDMENTS OF TAX ACTS CONSEQUENT ON PART III, CHAPTER II

PART I

REPLACEMENT OF SECTION 15 OF THE [TAXES MANAGEMENT ACT 1970 \(C. 9\)](#)

Taxes Management Act 1970 (c. 9)

- 1 For section 15 of the Taxes Management Act 1970 (return of employees' emoluments, etc.) there shall be substituted the following section—

“15 Return of employees emoluments, etc.

- (1) Every employer, when required to do so by notice from an inspector, shall, within the time limited by the notice, prepare and deliver to the inspector a return relating to persons who are or have been employed by him, containing the information required under the following provisions of this section.
- (2) An employer shall not be required to include in his return information relating to a year of assessment beginning more than six years before the year of assessment in which the notice is given.
- (3) A notice under subsection (1)—
 - (a) shall specify the employees for whom a return is to be made and may, in particular, specify individuals (by name or otherwise) or all employees of an employer or all his employees who are in director's or higher-paid employment; and
 - (b) shall specify the years of assessment or other periods with respect to which the information is to be provided.
- (4) A notice under subsection (1) may require the return to state the name and place of residence of an employee to whom it relates.

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- (5) A notice under subsection (1) may require the return to contain, in respect of an employee to whom it relates, particulars of the payments made to him in respect of his employment including—
- (a) payments to him in respect of expenses (including sums put at his disposal and paid away by him),
 - (b) payments made on his behalf and not repaid, and
 - (c) payments to him for services rendered in connection with a trade or business, whether the services were rendered in the course of his employment or not.
- (6) Where, for the purposes of his return, an employer apportions expenses incurred partly in or in connection with a particular matter and partly in or in connection with other matters—
- (a) the return shall contain a statement that the sum included in the return is the result of such an apportionment; and
 - (b) if required to do so by notice from the inspector, he shall prepare and deliver to the inspector, within the time limited by the notice, a return containing full particulars as to the amount apportioned and the manner in which, and the grounds on which, the apportionment has been made.
- (7) A notice under subsection (1) may require the return—
- (a) to state in respect of an employee to whom it relates whether any benefits are or have been provided for him (or for any other person) by reason of his employment, such as may give rise to charges to tax under section 196 of the principal Act, section 36 or 37 of the Finance (No. 2) Act 1975 or sections 61 to 68 of the Finance Act 1976 (miscellaneous benefits in cash or in kind) ; and
 - (b) if such benefits are or have been provided, to contain such particulars of those benefits as may be specified in the notice.
- (8) Where such benefits are provided the notice may, without prejudice to subsection (7)(b), require the return to contain the following particulars—
- (a) where the benefits are or have been provided by the employer, particulars of the cost of providing them; and
 - (b) where the benefits are or have been provided otherwise than by the employer himself, the name and business address of any person who has (either by arrangement with the employer, or to his knowledge) provided them.
- (9) Where it appears to an inspector that a person has, in any year of assessment, been concerned in providing benefits to or in respect of employees of another, the inspector may at any time up to 6 years after the end of that year of assessment by notice require him to deliver to the inspector, within the time limited by the notice, such particulars of those benefits as may be specified in the notice (so far as known to him) and to include with those particulars the names and addresses (so far as known to him) of the employees concerned.
- (10) Where the employer is a body of persons, the secretary of the body or other officer (by whatever name called) performing the duties of secretary shall be treated as the employer for the purposes of this section. Provided that,

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where the employer is a body corporate, that body corporate, as well as the secretary or other officer, shall be liable to a penalty for failure to comply with this section.

(11) In this section—

- (a) " employee " means an office holder or employee whose emoluments fall to be assessed under Schedule E, and related expressions are to be construed accordingly; and
- (b) " director's or higher-paid employment" has the same meaning as in Chapter II of Part III of the Finance Act 1976."

2 For the year 1976-77 the section substituted by paragraph 1 above has effect as if the provisions of sections 64 and 68 of, and Schedule 7 to, this Act were in operation for that year.

3 In section 98(3) of the Taxes Management Act 1970, the reference in the Table to section 200 of the Taxes Act shall be omitted.

Income and Corporation Taxes Act 1970 (c. 10)

4 The following provisions and passages in the Taxes Act are hereby repealed—

- (a) in section 195, subsection (2) ;
- (b) in section 196(1), the words "and section 15 of the Taxes Management Act 1970 " ;
- (c) section 200.

Finance Act 1974 (c. 30)

5 In section 24 of the Finance Act 1974 (returns relating to persons treated as employees) for the words from " except paragraph (b)" to " are performed ;" there shall be substituted the words " shall apply as if the person for whose benefit the duties were performed were the employer, but only so as to require him to make a return of the name and place of residence of the person performing the duties ; ".

Savings

6 Nothing in this Part of this Act shall prejudice the validity of anything done before the passing of this Act for the purposes of section 15 of the Taxes Management Act 1970 or section 200 of the Taxes Act, including any notice given, return made or proceedings taken, and anything so done shall be complied with and proceeded with, and proceedings for failure to comply with those sections may be instituted or continued, as if this Part of this Act had not been passed.

PART II

OTHER AMENDMENTS

7 The amendments set out in this Part of this Schedule have effect for 1977-78 and subsequent years.

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Capital Allowances Act 1968 (c. 3)

- 8 In section 33 of the Capital Allowances Act 1968 (balancing allowances and charges), in paragraph (b) of the proviso to subsection (2) for the words " Part VIII" to the end there shall be substituted the words " Part III of the Finance Act 1976 ".
- 9 In section 34 of that Act (notional sales), in subsection (3), for the words " Part VIII of the principal Act" there shall be substituted the words " Part III of the Finance Act 1976 ".

Taxes Management Act 1970 (c. 9)

- 10 (1) In section 35(2) of the Taxes Management Act 1970, paragraph (a) shall be omitted.
- (2) Sub-paragraph (1) has effect in relation to income assessable for 1977-78 and subsequent years.
- 11 In Schedule 3 to that Act (rules for assigning proceedings to Commissioners), after paragraph 5A there shall be inserted—

“5B. An appeal against the decision of an inspector under section 65 of the Finance Act 1976.	The place where the employees concerned (or most of them) are employed.”
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Income and Corporation Taxes Act 1970 (c. 10)

- 12 In section 75 of the Taxes Act (sporting rights), in subsection (2), for the words from "section 196" to the end there shall be substituted the words " section 61 of the Finance Act 1976 ".
- 13 In section 185 of that Act (accommodation occupied by holder of office or employment), in subsection (4) for the words " 198(1) below " there shall be substituted the words " Chapter II of Part III of the Finance Act 1976 ".
- 14 (1) Sections 195 to 199 and 201 to 203 of that Act are hereby repealed.
- (2) Where there was in force under section 199 a notification that an inspector was satisfied that certain payments or other benefits provided by an employer would not result in additional tax liability under Chapter II of Part VIII of that Act, that notification shall, subject to the following provisions of this paragraph, continue in force as if made under section 70 of this Act in relation to tax liability under Chapter II of Part III of this Act.
- (3) Such a notification does not continue in force so far as it relates to benefits or facilities chargeable to tax under sections 64 to 68 of this Act.
- (4) The inspector may, if in his opinion there is reason to do so, by notice in writing served on the persons to whom the notification was given, revoke a notification continued in force by this paragraph, either from the date of its original making or as from such later date as may be specified in the notice; and then all such income tax becomes chargeable (whether under Chapter II of Part VII of the Taxes Act or Chapter II of Part III of this Act), and all such returns are to be made by that person and by the employees for whom the benefits or facilities are provided, as would have been chargeable or would have had to be made in the first instance if the notification had never been given or, as the case may be, it had ceased to have effect on the specified date.

- 15 In section 284(2) of the Taxes Act (close company distributions), for the proviso there shall be substituted—
- “Provided that this subsection shall not apply to expense incurred in or in connection with the provision—
- (a) for a person employed in director's or higher-paid employment (within Chapter II of Part III of the Finance Act 1976) of such benefits as are mentioned in any of sections 61 to 68 of that Act; or
 - (b) for the spouse, children or dependants of a person employed by the company of any pension, annuity on that person's death or retirement.”.
- 16 In that section of that Act, for subsection (3) there shall be substituted the following subsection—
- “(3) The amount of the expense to be taken into account under subsection (2) above as a distribution shall be the same as would under Chapter II of Part III of the Finance Act 1976 be the cash equivalent of the resultant benefit to the participator.”.

SCHEDULE 10

Section 73.

RELIEF FOR BUSINESS PROPERTY

Preliminary

- 1 In this Schedule "transfer of value" includes a distribution payment made and a capital distribution treated as made, and references to the amount transferred by a transfer of value and to a transferor shall be construed as including respectively the amount of such a payment or distribution and the trustees of the settlement concerned.

Nature of relief

- 2 (1) Where the whole or part of the value transferred by a transfer of value is attributable to the value of any relevant business property and the transfer is made after 6th April 1976, the whole or that part of the value transferred shall be treated as reduced by 30 per cent., but subject to the following provisions of this Schedule.
- (2) For the purposes of this paragraph, the value transferred by a transfer of value shall be calculated as a value on which no tax is chargeable.

Relevant business property

- 3 (1) Subject to the following provisions of this paragraph and to paragraphs 4, 5 and 8(3) below, in this Schedule "relevant business property" means, in relation to any transfer of value,—
- (a) property consisting of a business or interest in a business ;
 - (b) shares in or securities of a company which (either by themselves or together with other such shares or securities owned by the transferor) gave the transferor control of the company immediately before the transfer; and

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- (c) any land or building, machinery or plant which, immediately before the transfer, was used wholly or mainly for the purposes of a business carried on by a company of which the transferor then had control or by a partnership of which he then was a partner ;
- and " business" includes a business carried on in the exercise of a profession or vocation, but does not include a business carried on otherwise than for gain.
- (2) Subject to sub-paragraph (3) below, a business or interest in a business, or shares in or securities of a company are not relevant business property, if the business or, as the case may be, the business carried on by the company, consists wholly or mainly of one or more of the following, that is to say, dealing in securities, stocks or shares, land or buildings or making or holding investments.
- (3) Sub-paragraph (2) above—
- (a) does not apply to any property if the business concerned is that of a jobber (as defined in section 477 of the Taxes Act) or discount house and is carried on in the United Kingdom, and
- (b) does not apply to shares in or securities of a company if the business of the company consists wholly or mainly in being a holding company of one or more companies whose business does not fall within that sub-paragraph.
- (4) Where any property would be relevant business property in relation to a transfer of value but a binding contract for its sale has been entered into at the time of the transfer, it is not relevant business property in relation to the transfer unless—
- (a) the property is a business or interest in a business and the sale is to a company which is to carry on the business and is made in consideration wholly or mainly of shares in or securities of that company ; or
- (b) the property is shares in or securities of a company and the sale is made for the purpose of reconstruction or amalgamation.
- (5) Shares in or securities of a company are not relevant business property in relation to a transfer of value if at the time of the transfer a winding-up order has been made in respect of the company or the company has passed a resolution for voluntary winding-up or is otherwise in process of liquidation, unless the business of the company is to continue to be carried on after a reconstruction or amalgamation and the reconstruction or amalgamation either is the purpose of the winding-up or liquidation or takes place not later than one year after the transfer of value.
- (6) Land, a building, machinery or plant owned by the transferor and used wholly or mainly for the purposes of a business carried on as mentioned in sub-paragraph (1) (c) above is not relevant business property in relation to a transfer of value, unless the transferor's interest in the business is or, as the case may be, shares or securities of the company carrying on the business immediately before the transfer are, relevant business property in relation to the transfer.

Minimum period of ownership

- 4 (1) Property is not relevant business property in relation to a transfer of value unless—
- (a) it was owned by the transferor throughout the two years immediately preceding the transfer ; or
- (b) it replaced other property and it, the other property and any property directly or indirectly replaced by the other property were owned by the transferor for

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periods which together comprised at least two years falling within the five years immediately preceding the transfer of value ;

and, in the case of paragraph (b) above, any other property concerned was such that, had the transfer of value been made immediately before the property was replaced, that property would (apart from this paragraph) have been relevant business property in relation to the transfer.

- (2) Subject to sub-paragraph (3) below, in a case falling within sub-paragraph (1)(b) above relief under this Schedule shall not exceed what it would have been had the replacement or any one or more of the replacements not been made.
 - (3) For the purposes of sub-paragraph (2) above changes resulting from the formation, alteration or dissolution of a partnership or from the acquisition of a business by a company controlled by the former owner of the business shall be disregarded.
 - (4) For the purposes of this paragraph, where the transferor became entitled to any property on the death of another person—
 - (a) he shall be deemed to have owned it from the date of the death ; and
 - (b) if that other person was his spouse he shall also be deemed to have owned it for any period during which the spouse owned it.
- 5 (1) Where—
- (a) the whole or part of the value transferred by a transfer of value (in this paragraph referred to as the earlier transfer) was eligible for relief under this Schedule (or would have been so eligible if such relief had been capable of being given in respect of transfers of value made at that time) ; and
 - (b) the whole or part of the property which, in relation to the earlier transfer, was relevant business property became, through the earlier transfer, the property of the person or of the spouse of the person who is the transferor in relation to a subsequent transfer of value; and
 - (c) that property or part, or any property directly or indirectly replacing it would (apart from paragraph 4 above) have been relevant business property in relation to the subsequent transfer of value ; and
 - (d) either the earlier transfer was, or the subsequent transfer of value is, a transfer made on the death of the transferor ;
- the property which would have been relevant business property but for paragraph 4 above shall be relevant business property notwithstanding that paragraph.
- (2) Where the property which, by virtue of sub-paragraph (1) above, is relevant business property replaced the property or part referred to in paragraph (c) of that sub-paragraph, relief under this Schedule shall not exceed what it would have been had the replacement or any one or more of the replacements not been made, but paragraph 4(3) above shall apply with the necessary modifications for the purposes of this sub-paragraph.
 - (3) Where, under the earlier transfer, the amount of the value transferred which was attributable to the property or part referred to in sub-paragraph (1)(c) above was part only of its value, a like part only of the value which (apart from this sub-paragraph) would fall to be reduced under this Schedule by virtue of this paragraph shall be so reduced.

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Value of business

- 6 For the purposes of this Schedule the value of a business or of an interest in a business shall be taken to be the value which would be its net value if determined under paragraph 14(2) of Schedule 4 to the Finance Act 1975.

Value of shares in or securities of certain companies

- 7 Where a company is a member of a group and the business of any other company which is a member of the group falls within paragraph 3(2) above, then, unless either—
- (a) that business also falls within paragraph 3(3) above, or
 - (b) that business consists wholly or mainly in the holding of land or buildings wholly or mainly occupied by members of the group whose business either does not fall within paragraph 3(2) above or falls within both that paragraph and paragraph 3(3) above,
- the value of shares in or securities of the company shall be taken for the purposes of this Schedule to be what it would be if that other company were not a member of the group.

Exclusion of value of excepted assets

- 8 (1) In determining for the purposes of this Schedule what part of the value transferred by a transfer of value is attributable to the value of any relevant business property so much of the last-mentioned value as is attributable to any excepted assets within the meaning of sub-paragraph (2) below shall be left out of account.
- (2) An asset is an excepted asset in relation to any relevant business property if it was not either used wholly or mainly for the purposes of the business concerned throughout the whole or the last two years of the relevant period defined in sub-paragraph (5) below, or required at the time of the transfer for future use for those purposes ; but where the business concerned is carried on by a company which is a member of a group, the use of an asset for the purposes of a business carried on by another company which at the time of the use and immediately before the transfer was also a member of that group shall be treated as use for the purposes of the business concerned, unless that other company's membership of the group falls to be disregarded under paragraph 7 above.
- (3) Sub-paragraph (2) above does not apply in relation to an asset which is relevant business property by virtue only of paragraph 3(1)(c) above, but an asset is not relevant business property by virtue only of that paragraph unless either—
- (a) it was used as mentioned in that paragraph throughout the two years immediately preceding the transfer of value ; or
 - (b) it replaced another asset so used and it and the other asset and any asset directly or indirectly replaced by that other asset were so used for periods which together comprised at least two years falling within the five years immediately preceding the transfer of value ;
- but in a case where paragraph 5 above applies this condition shall be treated as satisfied if the asset (or it and the asset or assets replaced by it) was or were so used throughout the period between the earlier and the subsequent transfer mentioned in that paragraph (or throughout the part of that period during which it or they were owned by the transferor or the transferor's spouse).

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- (4) Where part but not the whole of any land or building is used exclusively for the purposes of any business and the land or building would, but for this sub-paragraph, be an excepted asset, or, as the case may be, prevented by sub-paragraph (3) above from being relevant business property, the part so used and the remainder shall for the purposes of this paragraph be treated as separate assets, and the value of the part so used shall (if it would otherwise be less) be taken to be such proportion of the value of the whole as may be just.
- (5) For the purposes of this paragraph the relevant period, in relation to any asset, is the period immediately preceding the transfer of value during which the asset (or, if the relevant business property is an interest in a business, a corresponding interest in the asset) was owned by the transferor or, if the business concerned is that of a company, was owned by that company or any other company which immediately before the transfer of value was a member of the same group.
- (6) For the purposes of this paragraph an asset shall be deemed not to have been used wholly or mainly for the purposes of the business concerned at any time when it was used wholly or mainly for the personal benefit of the transferor or of a person connected with him.

Avoidance of double relief

- 9 So much of the value transferred by a transfer of value as is attributable to shares in or securities of a company which would not have been sufficient, without any other property, to give the transferor control of the company immediately before the transfer shall not be reduced under this Schedule, if the value of the shares or securities is taken, by virtue of paragraph 9A of Schedule 10 to the Finance Act 1975, to be less than the value previously determined.
- 10 Where any part of the value transferred by a transfer of value is reduced under Schedule 8 to the Finance Act 1975 by reference to the agricultural value of any property, or would be so reduced but for paragraph 1(2A) thereof, such part of the value transferred as is or would be so reduced under that Schedule shall not be reduced under this Schedule.
- 11 Where the value transferred by a transfer of value is reduced under paragraph 4 of Schedule 9 to the Finance Act 1975 by reference to the tax chargeable on the disposal of any trees or underwood, the value to be reduced under paragraph 2 above shall be the value as reduced under the said paragraph 4 (but subject to paragraph 2(2) above).
- 12 Where, under section 22(5) of the Finance Act 1975, any value is included in the value of a person's estate immediately before his death, the value so included shall not be reduced under this Schedule.

Meaning of " group ", " holding company ", " subsidiary " and " contro"l

- 13 (1) For the purposes of this Schedule a company and all its subsidiaries are members of a group, and " holding company " and " subsidiary " have the same meanings as in section 154 of the Companies Act 1948.
- (2) Paragraph 13(7) of Schedule 4 to the Finance Act 1975 (control of company) applies for the purposes of this Schedule.

SCHEDULE 11

Section 76.

WORKS OF ART, HISTORIC BUILDINGS ETC.: CONSEQUENTIAL AMENDMENTS

The Finance Act 1965

- 1 (1) For sections 31 and 32 of the Finance Act 1965 there shall be substituted

“31 Works of art etc.

- (1) A gain accruing on the disposal of an asset by way of gift shall not be a chargeable gain if the asset is property falling within sub-paragraph (2) of paragraph 13 of Schedule 6 to the Finance Act 1975 (gifts for public benefit) and the Treasury give a direction in relation to it under sub-paragraph (1) of that paragraph.
- (2) A gain shall not be a chargeable gain if it accrues on the disposal of an asset with respect to which a capital transfer tax undertaking or an undertaking under the following provisions of this section has been given and—
- (a) the disposal is by way of sale by private treaty to a body mentioned in paragraph 12 of the said Schedule 6 (museums, etc) or is to such a body otherwise than by sale ; or
 - (b) the disposal is to the Board in pursuance of paragraph 17 of Schedule 4 to the said Act of 1975 or in accordance with directions given by the Treasury under section 50 or 51 of the Finance Act 1946 (acceptance of property in satisfaction of tax).
- (3) Subsection (4) below shall have effect in respect of the disposal of any asset which is property which has been or could be designated under section 77 of the Finance Act 1976, being—
- (a) a disposal by way of gift, including a gift in settlement ; or
 - (b) a disposal of settled property by the trustee on an occasion when, under section 25(3) or (4) of this Act, the trustee is deemed to dispose of and immediately re-acquire settled property,
- if the requisite undertaking described in the said section 77 (maintenance, preservation and access) is given by such person as the Treasury think appropriate in the circumstances of the case.
- (4) The person making a disposal to which subsection (3) above applies and the person acquiring the asset on the disposal shall be treated for all the purposes of this Part of this Act as if the asset was acquired from the one making the disposal for a consideration of such an amount as would secure that on the disposal neither a gain nor a loss would accrue to the one making the disposal.
- (5) If—
- (a) there is a sale of the asset and capital transfer tax is chargeable under section 78 of the Finance Act 1976 (or would be chargeable if a capital transfer tax undertaking as well as an undertaking under this section had been given); or
 - (b) the Treasury are satisfied that at any time during the period for which any such undertaking was given it has not been observed in a material respect,

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the person selling that asset or, as the case may be, the owner of the asset shall be treated for the purposes of this Part of this Act as having sold the asset for a consideration equal to its market value, and, in the case of a failure to comply with the undertaking, having immediately re-acquired it for a consideration equal to its market value.

- (6) The period for which an undertaking under this section is given shall be until the person beneficially entitled to the asset dies or it is disposed of, whether by sale or gift or otherwise ; and if the asset subject to the undertaking is disposed of—

- (a) otherwise than on sale ; and
(b) without a further undertaking being given under this section,

subsection (5) above shall apply as if the asset had been sold to an individual. References in this subsection to a disposal shall be construed without regard to any provision of this Part of this Act under which an asset is deemed to be disposed of.

- (7) Where under subsection (5) above a person is treated as having sold for a consideration equal to its market value any asset within section 77(1)(c), (d) or (e) of the Finance Act 1976, he shall also be treated as having sold and immediately re-acquired for a consideration equal to its market value any asset associated with it; but the Treasury may direct that the foregoing provisions of this subsection shall not have effect in any case in which it appears to them that the entity consisting of the asset and any assets associated with it has not been materially affected.

For the purposes of this subsection two or more assets are associated with each other if one of them is a building falling within the said section 77(1) (c) and the other or others such land or objects as, in relation to that building, fall within the said section 77(1)(d) or (e).

- (8) If in pursuance of subsection (5) above a person is treated as having on any occasion sold an asset and capital transfer tax becomes chargeable on the same occasion, then, in determining the value of the asset for the purposes of that tax, an allowance shall be made for the capital gains tax chargeable on any chargeable gain accruing on that occasion.

- (9) In this section "capital transfer tax undertaking" means an undertaking under sections 76 to 81 of the Finance Act 1976 or section 31 or 34 of the Finance Act 1975."

- (2) This paragraph does not affect the continued operation of sections 31 and 32 of the said Act of 1965, in the form in which they were before 13th March 1975, in relation to estate duty in respect of deaths occurring before that date.

The Finance Act 1975

- 2 In section 26(2) of the Finance Act 1975 after the words "of this Act" (where they first occur) there shall be inserted the words " or section 78 of the Finance Act 1976 ".

- 3 In paragraphs 2(7), 12(4) and 19(1)(c) of Schedule 4 to that Act after the words " of this Act" there shall be inserted the words " or section 78 of the Finance Act 1976 ".

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4 In paragraph 11(2) of Schedule 5 to that Act after the words " this Act" (in both places where they occur) there shall be inserted the words " or section 76 of the Finance Act 1976 ".

5 In paragraph 16 of Schedule 6 to that Act after the words " paragraphs 1 and 10 to 13 above " there shall be inserted the words " and sections 76 and 84 of the Finance Act 1976. "

The Finance (No. 2) Act 1975

6 Section 56 shall be omitted.

SCHEDULE 12

Sections 99 and 119.

TRANSFERS WITHIN THREE YEARS BEFORE DEATH

Interpretation

1 In this Schedule—

" close company " has the same meaning as in section 39 of the Finance Act 1975 ;

" interest in land " does not include any estate, interest or right by way of mortgage or other security ;

" shares " includes securities ;

" the principal section " means section 99 of this Act;

and expressions used in the principal section have the same meanings as in that section.

Shares—capital receipts

2 (1) If the transferred property consists of shares and at any time before the relevant date the transferee or his spouse becomes entitled to a capital payment in respect of them, then for the purposes of the principal section the market value of the transferred property on the relevant date shall (except where apart from this paragraph it reflects a right to the payment) be taken to be increased by an amount equal to the payment.

(2) If at any time before the relevant date the transferee or his spouse receives or becomes entitled to receive in respect of the transferred property a provisional allotment of shares and disposes of the rights, the amount of the consideration for the disposal shall be treated for the purposes of this paragraph as a capital payment in respect of the transferred property.

(3) In this paragraph "capital payment" means any money or money's worth which does not constitute income for the purposes of income tax.

Payments of calls

3 If the transferred property consists of shares and at any time before the relevant date the transferee or his spouse becomes liable to make a payment in pursuance of a call in respect of them, then for the purposes of the principal section the market value of the transferred property on the relevant date shall (except where apart from

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this paragraph it reflects the liability) be taken to be reduced by an amount equal to the payment.

Reorganisation of share capital etc.

- 4 (1) This paragraph has effect where the transferred property consists of shares in relation to which there occurs before the relevant date a transaction to which paragraph 4 of Schedule 7 to the Finance Act 1965 applies or would apply but for section 53 of this Act, that is to say—
- (a) a reorganisation, within the meaning of that paragraph, or reduction of the share capital of a company; or
 - (b) the conversion of securities within the meaning of paragraph 5 of that Schedule ; or
 - (c) the issue by a company of shares in exchange for shares in another company in such circumstances that paragraph 6 of that Schedule applies ; or
 - (d) the issue by a company of shares under such an arrangement as is referred to in paragraph 7 of that Schedule ;
- or any transaction relating to a unit trust scheme which corresponds to any of the transactions referred to in paragraphs (a) to (d) above and to which paragraph 4 of that Schedule applies by virtue of section 45(8) of the Finance Act 1965.
- (2) In the following provisions of this paragraph "the original shares " and " the new holding " shall be construed in accordance with the said paragraph 4.
- (3) Where this paragraph has effect the original shares and the new holding shall be treated as the same property for the purposes of the principal section and this Schedule.
- (4) Where this paragraph has effect and, as part of or in connection with the transaction concerned, the transferee or his spouse becomes liable to give any consideration for the new holding or any part of it, then for the purposes of the principal section the market value of the transferred property on the relevant date shall (except where apart from this paragraph it reflects the liability) be taken to be reduced by an amount equal to that consideration.
- (5) For the purposes of sub-paragraph (4) above, there shall not be treated as consideration given for the new holding or any part of it—
- (a) any surrender, cancellation or other alteration of any of the original shares or of the rights attached thereto, or
 - (b) any consideration consisting of any application, in paying up the new holding or any part of it, of assets of the company concerned or of any dividend or other distribution declared out of those assets but not made.

Transfers of value etc. by close companies

- 5 (1) This paragraph applies where the transferred property consists of shares in a close company and at any time after the chargeable transfer and before the relevant date there is a relevant transaction in relation to the shares ; and for this purpose " relevant transaction " means a transaction which is—
- (a) the making of a transfer of value by the company, or
 - (b) an alteration in so much of the company's share or loan capital as does not consist of shares quoted on a recognised stock exchange or an alteration in

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any rights attaching to shares in or debentures of the company which are not so quoted,

but which does not give rise to an adjustment, under any of the preceding paragraphs of this Schedule, in the market value of the transferred property on the relevant date.

- (2) Subject to sub-paragraphs (3) and (4) below, where this paragraph applies the market value of the transferred property on the relevant date shall for the purposes of the principal section be taken to be increased by an amount equal to the difference between—
- (a) the market value of the transferred property at the time of the chargeable transfer, and
 - (b) what that value would have been if the relevant transaction had occurred before rather than after that time.
- (3) Where the relevant transaction is the making by the company of a transfer of value by which the value of the estate of the person who made the chargeable transfer or, if his spouse is domiciled in the United Kingdom, his spouse is increased by any amount, the increase provided for by sub-paragraph (2) above shall be reduced by that amount'.
- (4) Where the market value of the transferred property at the time of the chargeable transfer is less than it would have been as mentioned in sub-paragraph (2) above, that sub-paragraph shall apply as if, instead of providing for an increase, it provided for the market value on the relevant date to be reduced to what it would have been if the relevant transaction had not occurred.

Interests in land

- 6 (1) Where the transferred property is an interest in land in relation to which the conditions mentioned in sub-paragraph (2) below are not satisfied, then, subject to sub-paragraphs (3) and (4) below, the market value of the transferred property on the relevant date shall for the purposes of the principal section be taken to be increased by an amount equal to the difference between—
- (a) the market value of the interest at the time of the chargeable transfer, and
 - (b) what that market value would have been if the circumstances prevailing on the relevant date and by reason of which the conditions are not satisfied had prevailed at the time of the chargeable transfer.
- (2) The conditions referred to in sub-paragraph (1) above are—
- (a) that the interest was the same in all respects and with the same incidents at the time of the chargeable transfer and on the relevant date, and
 - (b) that the land in which the interest subsists was in the same state and with the same incidents at the time of the chargeable transfer and on the relevant date.
- (3) If after the date of the chargeable transfer but before the relevant date compensation becomes payable under any enactment to the transferee or his spouse—
- (a) because of the imposition of a restriction on the use or development of the land in which the interest subsists, or
 - (b) because the value of the interest is reduced for any other reason,
- the imposition of the restriction or the other cause of the reduction in value shall be ignored for the purposes of sub-paragraphs (1) and (2) above, but the market value of the interest on the relevant date shall be taken to be increased by an amount equal to the amount of the compensation.

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- (4) Where the market value of the interest at the time of the chargeable transfer is less than it would have been as mentioned in sub-paragraph (1) above, that sub-paragraph shall apply as if, instead of providing for an increase, it provided for the market value on the relevant date to be reduced to what it would have been if the change in circumstances by reason of which the conditions mentioned in sub-paragraph (2) above are not satisfied had not occurred.

Leases

- 7 (1) Where the transferred property is the interest of a lessee under a lease the duration of which at the time of the chargeable transfer does not exceed fifty years, then for the purposes of the principal section the market value of the interest on the relevant date shall be taken to be increased by an amount equal to the appropriate fraction of the market value of the interest at the time of the chargeable transfer.

- (2) In sub-paragraph (1) above, " the appropriate fraction" means the fraction—

$$\frac{P(1) - P(2)}{P(1)}$$

where

P(1) is the percentage that would be derived from the Table in paragraph 1 of Schedule 8 to the Finance Act 1965 (capital gains: leases) for the duration of the lease at the time of the chargeable transfer, and

P(2) is the percentage that would be so derived for the duration of the lease on the relevant date.

Other property

- 8 (1) Where the transferred property is neither shares nor an interest in land and the condition mentioned in sub-paragraph (2) below is not satisfied in relation to it, then, subject to sub-paragraph (3) and paragraph 9 below, the market value of the property on the relevant date shall for the purposes of the principal section be taken to be increased by an amount equal to the difference between—

- (a) the market value of the property at the time of the chargeable transfer, and
(b) what that value would have been if the circumstances prevailing at the relevant date and by reason of which the condition is not satisfied had prevailed at the time of the chargeable transfer.

- (2) The condition referred to in sub-paragraph (1) above is that the transferred property was the same in all respects at the time of the chargeable transfer and on the relevant date.

- (3) Where the market value of the transferred property at the time of the chargeable transfer is less than it would have been as mentioned in sub-paragraph (1) above, that sub-paragraph shall apply as if, instead of providing for an increase, it provided for the market value on the relevant date to be reduced to what it would have been if the property had remained the same in all respects as it was at the time of the chargeable transfer.

- 9 Where the transferred property is neither shares nor an interest in land and during the period between the time of the chargeable transfer and the relevant date benefits

in money or money's worth are derived from it which exceed a reasonable return on its market value at the time of the chargeable transfer, then—

- (a) any effect of the benefits on the transferred property shall be ignored for the purposes of paragraph 8 above ; but
- (b) the market value of the transferred property on the relevant date shall be taken for the purposes of the principal section to be increased by an amount equal to the said excess.

SCHEDULE 13

Section 101.

FALLS IN VALUE OF LAND AFTER DEATH [PROVISIONS ADDED TO SCHEDULE 10 TO FINANCE ACT 1975]

“PART III

VALUATION OF INTERESTS IN LAND SOLD WITHIN THREE YEARS OF DEATH

Interpretation

31 (1) In this Part of this Schedule—

" the appropriate person ", in relation to any interest in land comprised in a person's estate immediately before his death, means the person liable for tax attributable to the value of that interest or, if there is more than one such person and one of them is in fact paying the tax, that person;

" interest in land " does not include any estate, interest or right by way of mortgage or other security ;

" sale price ", in relation to any interest in land, means the price for which it is sold or, if greater, the best consideration that could reasonably have been obtained for it at the time of the sale ;

" sale value ", in relation to any interest in land, means its sale price as increased or reduced under the following provisions of this Part of this Schedule ;

" value on death ", in relation to any interest in land comprised in a person's estate immediately before his death, means the value which, apart from this Part of this Schedule (and apart from paragraph 9A above) would be its value as part of that estate for the purposes of tax.

(2) For the purposes of this Part of this Schedule—

- (a) the personal representatives of the deceased, and
- (b) the trustees of a settlement,

shall each be treated as a single and continuing body of persons (distinct from the persons who may from time to time be the personal representatives or trustees).

The relief

32 (1) Where—

- (a) an interest in land is comprised in a person's estate immediately before his death and is sold by the appropriate person within the period of three years immediately following the date of the death, and
- (b) the appropriate person makes a claim under this paragraph stating the capacity in which he makes it,

the value for the purposes of tax of that interest and of any other interest in land comprised in that estate and sold within that period by the person making the claim acting in the same capacity shall, subject to the following provisions of this Part of this Schedule, be its sale value.

(2) Sub-paragraph (1) above shall not apply to an interest if its sale value would differ from its value on death by less than the lower of—

- (a) £1,000, and
- (b) 5 per cent. of its value on death.

(3) Sub-paragraph (1) above shall not apply to an interest if its sale is—

- (a) a sale by a personal representative or trustee to—
 - (i) a person who, at any time between the death and the sale, has been beneficially entitled to, or to an interest in possession in, property comprising the interest sold, or
 - (ii) the spouse or a child or remoter descendant of a person within sub-paragraph (i) above, or
 - (iii) trustees of a settlement under which a person within sub-paragraph (i) or (ii) above has an interest in possession in property comprising the interest sold ; or
- (b) a sale in connection with which the vendor or any person within sub-paragraph (i), (ii) or (iii) of paragraph (a) above obtains a right to acquire the interest sold or any other interest in the same land ;

and for the purposes of this sub-paragraph a person shall be treated as having in the property comprised in an unadministered estate (within the meaning of paragraph 22(2) of Schedule 5 to this Act) the same interest as he would have if the administration of the estate had been completed.

(4) In the following provisions of this Part of this Schedule, any reference to the interests to which a claim relates is a reference to the interests to which this paragraph applies by virtue of the claim.

Adjustment for changes between death and sale

33 (1) Where the conditions mentioned in sub-paragraph (2) below are not satisfied in relation to any interest to which the claim relates then, subject to sub-paragraphs (3) and (4) below, an addition shall be made to the sale price of the interest; and the amount of the addition shall be equal to the difference between—

- (a) the value on death of the interest, and
- (b) what that value would have been if the circumstances prevailing at the date of the sale and by reason of which the conditions are not satisfied had prevailed immediately before the death.

(2) The conditions referred to in sub-paragraph (1) above are—

- (a) that the interest was the same in all respects and with the same incidents at the date of the death and at the date of the sale ; and

- (b) that the land in which the interest subsists was in the same state and with the same incidents at the date of the death and at the date of the sale.
- (3) If after the date of the death but before the date of the sale compensation becomes payable under any enactment to the appropriate person or any other person liable for tax attributable to the value of the interest—
- (a) because of the imposition of a restriction on the use or development of the land in which the interest subsists, or
- (b) because the value of the interest is reduced for any other reason,
- the imposition of the restriction or the other cause of the reduction in value shall be ignored for the purposes of sub-paragraphs (1) and (2) above, but there shall be added to the sale price of the interest an amount equal to the amount of compensation.
- (4) Where the value on death of an interest is less than it would have been as mentioned in sub-paragraph (1) above, that sub-paragraph shall apply as if, instead of providing for an addition to be made to the sale price, it provided for that price to be reduced to what it would have been if the change in circumstances by reason of which the conditions mentioned in sub-paragraph (2) above are not satisfied had not occurred.

Leases

- 34** (1) Where the claim relates to an interest which is the interest of a lessee under a lease the duration of which at the date of the death does not exceed fifty years, an addition shall be made to the sale price of the interest; and the amount of the addition shall be equal to the appropriate fraction of the value on death of the interest.
- (2) In sub-paragraph (1) above, " the appropriate fraction " means the fraction—
- $$\frac{P(1) - P(2)}{P(1)}$$

where—

P(1) is the percentage that would be derived from the Table in paragraph 1 of Schedule 8 to the Finance Act 1965 (capital gains: leases) for the duration of the lease at the date of the death, and

P(2) is the percentage that would be so derived for the duration of the lease at the date of the sale.

Adjustment for valuation by reference to other interests

- 35** If in determining the value on death of any interest to which the claim relates, any other interests, whether in the same or other land, were taken into account, an addition shall be made to the sale price of the interest; and the amount of the addition shall be equal to the difference between the value on death of the interest and the value which would have been the value on death if no other interests had been taken into account.

Adjustment for certain sales and exchanges

- 36** (1) This paragraph applies where a person who makes a claim under paragraph 32 above, acting in the same capacity as that in which he makes the claim—
- (a) sells an interest to which paragraph 32 would apply but for sub-paragraph (3) of that paragraph, or

- (b) within the period of three years immediately following the date of the death exchanges (with or without any payment by way of equality of exchange) any interest in land which was comprised in the deceased's estate immediately before his death,
- and the sale price of the interest, or in the case of an exchange its market value at the date of the exchange, exceeds its value on death.
- (2) Where this paragraph applies, an addition shall be made to the sale price of any interest to which the claim relates ; and the amount of the addition—
- (a) if the claim relates to one interest only, shall be equal to the excess referred to in sub-paragraph (1) above, and
- (b) if the claim relates to more than one interest, shall be equal to the appropriate fraction of that excess.
- (3) In sub-paragraph (2) above "the appropriate fraction" in relation to any interest to which this claim relates is the fraction of which—
- (a) the numerator is the difference between the value on death of that interest and its sale price as adjusted under paragraphs 33 to 35 above, and
- (b) the denominator is the aggregate of that difference and the corresponding differences for all the other interests to which the claim relates ;
- and the aggregate referred to in paragraph (b) above shall be calculated without regard to which is the greater, in the case of any particular interest, of its value on death and its sale price.

Adjustment for purchases

- 37 (1) This paragraph applies where a claim is made under paragraph 32 above and, at any time during the period beginning on the date of the death and ending four months after the last of the sales referred to in sub-paragraph (1) of that paragraph, the person making the claim purchases any interests in land in the same capacity as that in which he makes the claim.
- (2) If the aggregate of the purchase prices of all the interests purchased as mentioned in sub-paragraph (1) above equals or exceeds the aggregate of the sale prices, as adjusted under paragraphs 33 to 35 above, of all the interests to which the claim relates, this Part of this Schedule shall not apply in relation to the claim ; but otherwise sub-paragraph (3) below shall have effect, and in that sub-paragraph "the appropriate fraction" means the fraction of which—
- (a) the numerator is the aggregate of the said purchase prices, and
- (b) the denominator is the aggregate of the said sale prices.
- (3) Subject to sub-paragraph (4) below, where this sub-paragraph has effect an addition shall be made to the sale price of every interest to which the claim relates; and the amount of the addition shall be equal to the appropriate fraction of the difference between the value on death of the interest and its sale price as adjusted under paragraphs 33 to 36 above.
- (4) Where the value on death of an interest is less than its sale price as adjusted under paragraphs 33 to 36 above, sub-paragraph (3) above shall apply as if it provided for a reduction instead of an increase in the sale price.

Compulsory acquisition more than three years after death

- 38** (1) If after the end of the period of three years immediately following the date of the death an interest in land is acquired from the appropriate person in pursuance of a notice to treat served before the death or within that period by an authority possessing powers of compulsory acquisition, then, subject to the following sub-paragraphs, this Part of this Schedule shall apply in relation to the interest as it applies in relation to interests sold within that period.
- (2) Sub-paragraph (1) above shall not have effect in relation to an interest if its sale value would exceed its value on death.
- (3) In determining the period referred to in paragraph 37(1) above, no account shall be taken of the sale of an interest in relation to which sub-paragraph (1) above has effect; and if the claim relates only to such interests, paragraph 37 shall not apply in relation to the claim.

Supplementary

- 39** In any case where, for the purposes of this Part of this Schedule, it is necessary to determine the price at which any interest was purchased or sold or the best consideration that could reasonably have been obtained on the sale of any interest, no account shall be taken of expenses (whether by way of commission, stamp duty or otherwise) which are incidental to the sale or purchase.
- 40** (1) Subject to the following sub-paragraphs, the date on which an interest in land is sold or purchased by the appropriate person shall for the purposes of this Part of this Schedule be taken to be the date on which he enters into a contract to sell or purchase it.
- (2) If the sale or purchase of any interest by the appropriate person results from the exercise (whether by him or by any other person) of an option granted not more than six months earlier, the date on which the interest is sold or purchased shall be taken to be the date on which the option was granted.
- (3) If an interest is acquired from the appropriate person in pursuance of a notice to treat served by an authority possessing powers of compulsory acquisition, the date on which the interest is sold shall, subject to sub-paragraph (4) below, be taken to be the date on which compensation for the acquisition is agreed or otherwise determined (variations on appeal being disregarded for this purpose) or, if earlier, the date when the authority enter on the land in pursuance of their powers.
- (4) If an interest in land is acquired from the appropriate person—
- (a) in England, Scotland or Wales by virtue of a general vesting declaration within the meaning of Schedule 3 to the Town and Country Planning Act 1968 or, in Scotland, Schedule 24 to the Town and Country Planning (Scotland) Act 1972, or
- (b) in Northern Ireland, by way of a vesting order,
- the date on which it is sold by the appropriate person shall be taken to be the last day of the period specified in the declaration or, in Northern Ireland, the date on which the vesting order becomes operative.”

SCHEDULE 14

Section 112.

SETTLED PROPERTY

Interpretation

- 1 References in the following provisions of this Schedule to sections or Schedules are, except where otherwise indicated, references to sections of or Schedules to the Finance Act 1975.

Capital distributions

- 2 In section 51(1), after the definition of " the Board " there shall be inserted—
 “" capital distribution " has the same meaning as in Schedule 5 to this Act, and includes a capital distribution treated as made by virtue of any provision of that Schedule ;”.

- 3 After subsection (2) of section 51 there shall be inserted—
 “(2A) Subsection (2) above shall not have effect in relation to capital distributions ; but, except where the context otherwise requires, references in this Part of this Act to chargeable transfers or to the values transferred by them shall be construed as including references to capital distributions or to the amounts on which tax is chargeable in respect of them.”

- 4 In paragraph 2(1) of Schedule 4, after paragraph (b) there shall be inserted the words
 “or
 (c) is liable as trustee of a settlement for tax on a capital distribution, or would be so liable if tax were chargeable on it;”.

- 5 At the end of paragraph 6 of Schedule 4 there shall be added—
 “(6) References in this paragraph to transfers of value or to the values transferred by them shall be construed as including references to capital distributions or to the amounts on which tax is chargeable in respect of them.”

- 6 (1) Paragraph 16 of Schedule 4 shall be amended as follows.
 (2) In sub-paragraph (5), for the words " transfer of value " there shall be substituted the words " chargeable transfer ".
 (3) For sub-paragraph (6) there shall be substituted—

 “(6) The reference in sub-paragraph (5) above to any previous chargeable transfer made by the same transferor means, in relation to a chargeable transfer which is a capital distribution, any previous capital distribution made out of property comprised in the same settlement other than a capital distribution treated as made under paragraph 12 of Schedule 5 to this Act.”

- (4) In sub-paragraph (7), after die word "day" there shall be inserted the words " and capital distributions made out of property comprised in the same settlement on the same day ".

- 7 At the end of paragraph 25 of Schedule 4 there shall be added—

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“(5) References in this paragraph to a transfer of value, or to the value transferred by a transfer of value, shall be construed as including references to a capital distribution or to the amount on which tax is chargeable in respect of a capital distribution.”

8 (1) In paragraph 12(3) of Schedule 5, for the words "next capital distribution " onwards there shall be substituted the words " next capital distribution made out of the property or, as the case may be, out of the part concerned, not being a capital distribution treated as made under that sub-paragraph. "

(2) At the end of paragraph 13(1) of Schedule 5 there shall be added the words " not being a capital distribution treated as made under paragraph 12 above ".

9 At the end of paragraph 11 of Schedule 10, there shall be added—

“(5) References in this paragraph to a transfer of value shall be construed as including references to a capital distribution.”

Interests in possession in Scotland

10 In paragraph 1(9) of Schedule 5, for the word " Schedule " there shall be substituted the words " Part of this Act " and for the words from " actually " to " that interest" there shall be substituted the words " by virtue of which the person in right of that interest is entitled to the enjoyment of the property or would be so entitled if the property were capable of enjoyment ".

Charge on capital distributions

11 In paragraph 6(5) of Schedule 5, for the words " ; and in relation " onwards there shall be substituted the words " or, in the case of a capital distribution treated as made under sub-paragraph (2) above or paragraph 15(3) below, any tax which is payable out of the property whose value is taken as the amount of the capital distribution ; and in relation to a capital distribution treated as made under sub-paragraph (3) above or paragraph 12 or 24(2) below, sub-paragraph (4)(a) above shall have effect as if the words " less the tax payable on it" were omitted ".

Settlor etc. becoming entitled to interest in possession

12 (1) Paragraph 6 of Schedule 5 shall have effect, and shall be deemed always to have had effect, as if after sub-paragraph (6) there were inserted—

“(6A) Where the person referred to in sub-paragraph (2) above is the settlor, the settlor's spouse or, if the settlor has died less than two years before the time there referred to, the settlor's widow or widower, and is domiciled in the United Kingdom at that time, that sub-paragraph shall have effect as if the reference in it to a capital distribution were a reference to a distribution payment to the settlor or, as the case may be, the settlor's spouse, widow or widower”.

(2) Paragraph 11(8) of Schedule 5 shall have effect, and shall be deemed always to have had effect, as if after the words " this sub-paragraph " in each place where they occur there were inserted the words " or paragraph 6(6A) above ".

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

Non-resident beneficiaries

- 13 The following provisions shall cease to have effect—
- (a) in section 22(3)(a), the words from "and resident" to " occurred " ;
 - (b) in paragraph 4(6) of Schedule 5, the words from "and resident" to " end " ;
 - (c) in paragraph 6(6) of Schedule 5, the words from " and resident " to the end ;
 - (d) in paragraph 14(5) of Schedule 5, the words from "and resident" to the end.

Distribution payments made on same day

- 14 (1) After paragraph 10 of Schedule 5 there shall be inserted—
- “10A Where a capital distribution is made on the same day and out of property comprised in the same settlement as a distribution payment that is not a capital distribution, the capital distribution shall for the purpose of paragraphs 7 to 9 above be treated as made before the distribution payment.”.
- (2) This paragraph has effect in relation to distribution payments made after 15th April 1976.

Settlements of excluded property

- 15 (1) In determining for the purposes of any provision of Schedule 5 whether there has been a transfer of value which satisfies the conditions stated in sub-paragraph (2) of paragraph 11 of that Schedule or what is the relevant transfer within the meaning of that sub-paragraph in relation to any settlement, the fact that any property is excluded property shall be ignored.
- (2) This paragraph shall be deemed to have come into force on 16th April 1976.

Partially exempt transfers into settlement

- 16 In paragraph 11(2) of Schedule 5, after the words "where it was not a chargeable transfer" there shall be inserted the words " (or was a chargeable transfer of some only of the value transferred by it) " .

Periodic charge to tax

- 17 For paragraph 12(7) of Schedule 5 there shall be substituted—
- “(7) Paragraph 11 above shall apply for the interpretation of this paragraph as it applies for the interpretation of paragraphs 6 to 10, except that paragraph 11(4) shall be disregarded in determining in relation to any settled property whether the trustees are resident in the United Kingdom.”

Superannuation schemes

- 18 Paragraph 16(1) of Schedule 5 shall have effect, and shall be deemed always to have had effect, as if after the words "that Act applies " there were inserted the words " to any scheme approved under section 226 or 226A of that Act " .

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Protective trusts

- 19 (1) In paragraph 18 of Schedule 5, for paragraph (a) of sub-paragraph (2) there shall be substituted—
- “(a) tax shall not be charged under paragraph 4(2) above on the coming to an end of the principal beneficiary's interest in the property if the property is then held on discretionary trusts to the like effect as those specified in paragraph (ii) of the said section 33(1)”.
- (2) This paragraph shall be deemed to have come into force on 16th April 1976.

Liability of settlor

- 20 Section 25(3)(d) (which imposes liability for tax on the settlor where the trustees are non-resident) shall not apply, and shall be deemed never to have applied, in relation to a settlement made before 11th December 1974 if—
- (a) the trustees were resident in the United Kingdom when the settlement was made, and
- (b) in the case of a chargeable transfer made after 10th December 1974, the trustees have not been resident in the United Kingdom at any time during the period between that date and the time of the transfer.

SCHEDULE 15

Section 132.

REPEALS

PART I

CUSTOMS AND EXCISE

Chapter	Short Title	Extent of Repeal
15 & 16 Geo. 6 & 1 Eliz. 2 c. 44.	The Customs and Excise Act 1952.	Section 34(1 A). In section 105(1) the word "spirits" where it first occurs. In section 160(1) the words "or retailer of". In section 307 the definition of "non-excisable cider".
1967 c. 54.	The Finance Act 1967.	In Schedule 6, paragraph 2.
1971 c. 12.	The Hydrocarbon Oil (Customs & Excise) Act 1971.	In Schedule 1, paragraph 6.

1. The repeals in section 307 of the Customs and Excise Act 1952 and section 15 of and Schedule 3 to the Finance (No. 2) Act 1975 take effect on 6th September 1976.
2. The repeals in section 34 of the Customs and Excise Act 1952, in the European Communities Act 1972 and in section 16 of the Finance (No. 2) Act 1975 take effect on the coming into force of the first regulations under section 15 of this Act.

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

Chapter	Short Title	Extent of Repeal
1972 c. 68.	The European Communities Act 1972.	In Schedule 4, paragraph 2(2).
1973 c. 51.	The Finance Act 1973.	In section 1, in subsection (4) the words from " or any obligation " onwards and in subsection (5)(b) the words "the Hydrocarbon Oil (Customs & Excise) Act 1971 and" and " and substitute for any relief under the Act of 1971 such relief as may be specified in the order "
1975 c. 45.	The Finance (No. 2) Act 1975.	Section 7. In section 15(6) the definition of " non-excisable cider ". Section 16(6). In Schedule 3, in paragraph 44(d)(i) the words "and of " non-excisable cider " "

1. The repeals in section 307 of the Customs and Excise Act 1952 and section 15 of and Schedule 3 to the Finance (No. 2) Act 1975 take effect on 6th September 1976.
2. The repeals in section 34 of the Customs and Excise Act 1952, in the European Communities Act 1972 and in section 16 of the Finance (No. 2) Act 1975 take effect on the coming into force of the first regulations under section 15 of this Act.

PART II

VALUE ADDED TAX

Chapter	Short Title	Extent of Repeal
1972 c. 41.	The Finance Act 1972.	In section 31(1), the word " taxable ". In Schedule 3, paragraph 3.

The repeal in Schedule 3 to the Finance Act 1972 takes effect on the day referred to in section 20(3) of this Act.

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Chapter	Short Title	Extent of Repeal
1968 c. 3.	The Capital Allowances Act 1968.	Section 20(2) to (5). In section 24, in subsection (2), the words " by

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Chapter	Short Title	Extent of Repeal
		<p>virtue of section 20(3), or", in subsection (3) the words " section 20(4) or" and in subsection (4) the words " section 20(7) or, as the case may be ".</p> <p>In section 26(6) the words " section 20(4) or ".</p> <p>In section 31(1) the words " determined in accordance with the subsequent provisions of the said section 20 ".</p> <p>In Schedule 4—</p> <p>in paragraph 1, in sub-paragraph (2) the words "section 20(3) or" (in both places), "or under that subsection " and " as the case may be", in sub-paragraph (3) the words " section 20(4) or ", "section 281 or", "the said section 20(4) or " and " as the case may be ", and sub-paragraph (4);</p> <p>in paragraph 2, sub-paragraph (2), in sub-paragraph (4) the words "section 20(4) or, as the case may be" and "(2) or", in sub-paragraph (5)(a) the words " section 20(3) or ", in sub-paragraph (5) (b) the words "(2) or", "section 20(3) or ", " as the case may be " (where next occurring) and " sub-paragraph (2)(c) or, as the case may be ";</p> <p>in paragraph 3, in sub-paragraph (1) the words " section 281(2) or, as the case may be", in sub-paragraph (2) the words "281 or" and in sub-paragraph (3) the</p>

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

Chapter	Short Title	Extent of Repeal
1970 c. 9.	The Taxes Management Act 1970.	words "section 20(1) or, as the case may be,". In section 35(2), paragraph (a). In section 67(1) the words " or in the sheriff's small debt court, whichever is appropriate ", In the Table in section 98(3), in the first column, the reference to section 200 of the Taxes Act.
1970 c. 10.	The Income and Corporation Taxes Act 1970.	Section 24(2). In section 38(1), the proviso. Sections 195 to 203. Section 315(7) and (8). Section 473(2). In section 498(1), the proviso. Section 513. In Schedule 12, Parts I and II and, in Part III, paragraphs 1, 3(1) and (2), 4 and 5.
1972 c. 41.	The Finance Act 1972.	Section 68(2).
1973 c. 51.	The Finance Act 1973.	Section 42. Schedule 17.
1974 c. 30.	The Finance Act 1974.	Section 18.
1975 c. 7.	The Finance Act 1975.	In Schedule 12, paragraphs 14 and 15.
1975 c. 45.	The Finance (No. 2) Act 1975.	Section 30(1) and (2). Section 32. Section 35. In section 37(6) the words " and subsection (6)." Section 56. Section 65. In Schedule 10, paragraphs 1(2)(b) and 6(2)(b). Schedule 11.

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1. The repeals in the Capital Allowances Act 1968 have effect for any new chargeable period within the meaning of section 39 of this Act.
2. The repeal in section 67(1) of the Taxes Management Act 1970 comes into force on 1st September 1976.
3. The following repeals have effect for 1977-78 and subsequent years—
 - (a) the repeal in section 35(2) of the Taxes Management Act 1970;
 - (b) the repeal of sections 195 to 199 of the Taxes Act (except the repeals mentioned in paragraph 4(a) and (b) of Schedule 9 to this Act); and
 - (c) the repeal of sections 201 to 203 of the Taxes Act.
4. In the case of the enactments mentioned in paragraphs 3, 4 and 14 of Schedule 9 to this Act, their repeal is subject as mentioned in paragraphs 6 and 14 of that Schedule.
5. In the case of the enactments mentioned in section 49(2)(a) to (c) of this Act, their repeal is subject as mentioned in section 49(7).
6. The repeal of section 68(2) of the Finance Act 1972 has effect as respects disposals after 15th April 1976.
7. The repeals in Schedule 12 to the Finance Act 1975 and of section 56 of the Finance (No. 2) Act 1975 come into force on 7th April 1976.
8. The repeal of section 24(2) of the Income and Corporation Taxes Act 1970 and section 32 of the Finance (No. 2) Act 1975 does not affect the operation of those provisions in relation to any allowance or benefit payable in respect of a period before the appointed day for the purposes of the Child Benefit Act 1975 and the Child Benefit (Northern Ireland) Order 1975.
9. The repeal of section 35 of the Finance (No. 2) Act 1975 has effect from 6th April 1976.

PART IV

LIFE POLICIES

Chapter	Short Title	Extent of Repeal
1970 c. 10.	The Income and Corporation Taxes Act 1970.	<p>In section 19, in subsection (2)(a)(iii) and (iv) the word " with "; and subsection (7).</p> <p>In section 20, in subsection (1), paragraph (a) and the words " on the amount of the premium paid by him or "; subsection (2); in subsection (4), the words " premiums or other"; in subsection (5), the words " premium or" and the proviso; and subsection (6).</p> <p>In section 21, in subsection (4), the words " premiums or " and the words following paragraph (b).</p> <p>In section 25, in subsection (2), the words " section 19 or ".</p> <p>In section 230(7)(b) the words " from income tax ".</p>

These repeals have effect for the year 1979-80 and subsequent years.

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

Chapter	Short Title	Extent of Repeal
1971 c. 68. 1975 c. 7.	The Finance Act 1971. The Finance Act 1975.	In section 39(1)(c) the words " 19 or " In Schedule 1, paragraph 4(1)(d)(iii), and the word " and " preceding it. Section 33(3)(e). In section 9, in subsection (4), the words " increase in " in the second place where they occur.

These repeals have effect for the year 1979-80 and subsequent years.

PART V

CAPITAL TRANSFER TAX

Chapter	Short Title	Extent of Repeal
1975 c. 7.	The Finance Act 1975.	In section 22(3)(a), the words from " and resident" to " occurred " Section 39(7). Section 41. In Schedule 5— in paragraph 4(6), the words from " and resident" to "end"; in paragraph 6(6), the words from " and resident " to the end; paragraph 6(7); paragraph 12(8); in paragraph 14(5), the words from " and resident " to the end. In Schedule 6, paragraph 9 and in paragraph 15(3)(b) the words " is given subject to an interest reserved or created by the donor or " In Schedule 8, paragraphs 1(1)(a) and 9 and, in paragraph 10, the words from

The repeals in Schedule 8 to the Finance Act 1975 have effect in relation to chargeable transfers made after 6th April 1976.

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

Chapter	Short Title	Extent of Repeal
		" and the multiplied " to the end.

The repeals in Schedule 8 to the Finance Act 1975 have effect in relation to chargeable transfers made after 6th April 1976.

PART VI

STAMP DUTY

Chapter	Short Title	Extent of Repeal
54 & 55 Vict. c. 39.	The Stamp Act 1891.	Section 115. Schedule 2.
10 & 11 Geo. 5. c. 18.	The Finance Act 1920.	Section 37(3).
2 & 3 Geo. 6. c. 41.	The Finance Act 1939.	Section 37.
9 & 10 Geo. 6. c. 64.	The Finance Act 1946.	Section 54(5).
10 & 11 Geo. 6. c. 17 (N.I.).	The Finance (No. 2) Act (Northern Ireland) 1946.	Section 25(5).
1963 c. 25.	The Finance Act 1963.	Section 58(1) and (3). Section 62(3).
1967 c. 54.	The Finance Act 1967.	Section 29(5)(a).
1970 c. 24.	The Finance Act 1970.	In section 33, in subsection (1) the words " being instruments executed for the purposes of stock exchange transactions as defined in section 4(1) of the Stock Transfer Act 1963 ", and subsection (3).
1970 c. 21 (N.I.).	The Finance Act (Northern Ireland) 1970.	Section 8.
1971 c. 68.	The Finance Act 1971.	Section 65.
S.I. 1972 No. 1100 (N.I. 11).	The Finance (Northern Ireland) Order 1972.	Article 11.
1974 c. 30.	The Finance Act 1974.	In Schedule 11, paragraphs 6, 7, 8, 16 and 17.

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

PART VII

MISCELLANEOUS

Chapter	Short Title	Extent of Repeal
17 & 18 Geo. 5. c. 10.	The Finance Act 1927.	Section 53.
6 & 7 Geo. 6. c. 20 (N.I.).	The Finance (No. 2) Act (Northern Ireland) 1942.	Section 2.
1961 c. 10 (N.I.).	The Finance Act (Northern Ireland) 1961.	Section 13.
1968 c. 17 (N.I.).	The Finance Act (Northern Ireland) 1968.	Section 22.
1972 c. 41.	The Finance Act 1972.	In section 119(2)(a) the words " or section 39 of the Finance Act 1974 ".
1974 c. 30.	The Finance Act 1974.	Section 39(5). In section 44(2) the words " (subject to Schedule 5 to this Act) ". Schedule 5. In Schedule 6, paragraph 8(2).