Finance Act 1980

1980 CHAPTER 48

An Act to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with Finance. [1st August 1980]

Most Gracious Sovereign

WE, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and to grant unto your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I

EXCISE DUTIES

1 Spirits, beer, wine, made-wine and cider

(1) In the Table in section 5 of the Alcoholic Liquor Duties Act 1979 (excise duty on spirits) for " 10.44 "and " 10.47 "there shall be substituted " 11.87 "and " 11.90 " respectively.

(2) In section 36 of that Act (excise duty on beer) for " £10.65 "and " £0.3550 "there shall be substituted " £13.05 "and " £0.435 " respectively.

(3) For the provisions of Schedule 1 to that Act (rates of excise duty on wine) there shall be substituted the provisions of Schedule 1 to this Act.

(4) For the provisions of Schedule 2 to that Act (rates of excise duty on made-wine) there shall be substituted the provisions of Schedule 2 to this Act

(5) In section 62(1) of that Act (excise duty on cider) for " £5.32 “there shall be substituted ” £6.05 ".

(6) This section shall be deemed to have come into force on 27th March 1980.

2 Tobacco products

(1) For the Table in Schedule 1 to the Tobacco Products Duty Act 1979 there shall be substituted—

“TITLE

1. Cigarettes	An amount equal to 21 per cent, of the retail price plus £13.42 per thousand cigarettes.
2. Cigars	£25.60 per kilogram.
3. Hand-rolling tobacco	£22.60 per kilogram.
4. Other smoking tobacco and chewing tobacco	£17.40 per kilogram."”

(2) This section shall be deemed to have come into force on 29th March 1980

3 Hydrocarbon oil etc.

(1) In section 6(1) of the Hydrocarbon Oil Duties Act 1979 for the words " a duty of excise at the rate of £0.0810 a litre in the case of light oil and £0.0920 a litre in the case of heavy oil “there shall be substituted the words ” a duty of excise at the rate of £0.10 a litre ".

(2) In section 11(1)(b) of that Act (rebate on aviation turbine fuel and heavy oil other than kerosene at rate of £0.0066 a litre less than the rate at which duty is for the time being chargeable) for " £0.0066 “there shall be substituted ” £0.0077 ".

(3) In section 14(1) of that Act (rebate on light oil delivered to approved person for use as furnace fuel at rate of £0.0066 a litre less than the rate at which duty is charged) for " £0.0066 “there shall be substituted ” £0.0077 ".

(4) In consequence of subsection (1) above—

(a) for the words “light oil” in sections 7 and 8(3) and (4)(c) of that Act and Article 3 of the Excise Duties (Gas as Road Fuel) Order 1972 ; and

(b) for the words “heavy oil” in section 92(2) of the Finance Act 1965 and section 14(2) of the Finance Act (Northern Ireland) 1966,

there shall be substituted the words “hydrocarbon oil ”.

(5) This section shall be deemed to have come into force at six o'clock in the evening on 26th March 1980.

4 Vehicles excise duty: Great Britain

(1) The Vehicles (Excise) Act 1971 shall be amended as follows.

(2) For the provisions of Part II of Schedules 1 to 5 (annual rates of duty) there shall be substituted the provisions set out in Schedule 3 to this Act.

(3) In subsection (5) of section 16 (rates of duty for trade licences), including that subsection as set out in paragraph 12 of Part I of Schedule 7, for "£25 " and "£5 " there shall be substituted respectively "£30 " and "£6 ".

(4) In section 4(1) (vehicles exempt from duty) before paragraph (a) there shall be inserted—

"(aa) electrically propelled vehicles;".

(5) In section 2A(4) as set out in paragraph 5 of Part I of Schedule 7 (power to modify duration of licences and rates of duty) after the words "by statutory instrument " there shall be inserted the words "subject to annulment in pursuance of a resolution of either House of Parliament " and after the words "shall include power " there shall be inserted the words "to make transitional provisions, ".

(6) In section 7(2) (exemption for disabled persons) after the words "the National Health Service Act 1977 " there shall be inserted the words "or section 46(3) of the National Health Service (Scotland) Act 1978 ".

(7) Subsections (1) to (3) above have effect in relation to licences taken out after 26th March 1980, subsection (4) above has effect from 27th March 1980 and the other provisions of this section from the passing of this Act.

5 Vehicles excise duty: Northern Ireland

(1) The Vehicles (Excise) Act (Northern Ireland) 1972 shall be amended as follows.

(2) For the provisions of Part II of Schedules 1 to 5 (annual rates of duty) there shall be substituted the provisions set out in Schedule 4 to this Act.

(3) In subsection (6) of section 16 (rates of duty for trade licences), including that subsection as set out in paragraph 12 of Part I of Schedule 9, for "£25 " and "£5 " there shall be substituted respectively "£30 " and "£6 ".

(4) In section 4(1) (vehicles exempt from duty) before paragraph (a) there shall be inserted—

"(aa) electrically propelled vehicles ;".

(5) Section 2A as set out in paragraph 5 of Part I of Schedule 9 (power to modify duration of licences and rates of duty) shall have effect with the amendments specified in subsections (6), (7) and (8) below, being amendments bringing that section into conformity with the corresponding provisions in the Vehicles (Excise) Act 1971.

(6) At the end of subsection (1) there shall be inserted the words " or in the case of vehicles of such description, or of such description and used in such circumstances, as may be so specified, periods of less than a month. "

(7) After subsection (4) there shall be inserted—

"(4A) An order under this section may be made so as to apply only to vehicles of specified descriptions and may make different provision for vehicles of different descriptions or for different circumstances."

(8) In subsection (5) after the words "shall include power " there shall be inserted the words "to make transitional provisions and ".

(9) Subsections (1) to (3) above have effect in relation to licences taken out after 26th March 1980, subsection (4) above has effect from 27th March 1980 and the other provisions of this section from the passing of this Act.

6 Gaming licence duty

(1) Subject to the provisions of this section, the duty charged by section 13 of the Betting and Gaming Duties Act 1972 on a gaming licence in respect of any premises for any period shall consist of—

(a) £250 payable when applying for the licence; and

(b) a further amount of duty payable after the end of that period and chargeable at the rates specified in the following Table on the gross gaming yield from the premises in that period.

TABLE

Part of gross gaming yield	*Rate*
The first £250,000	2 ½ per cent.
The next £500,000	5 per cent.
The next £1,750,000	10 per cent.
The remainder	20 per cent.

(2) Subsection (1) above has effect in relation to licences for periods beginning on or after 1st October 1980 but in the case of a licence for a period beginning before 1st October 1981—

(a) the amount payable when applying for the licence shall, instead of being £250, be determined as provided in section 14 of the said Act of 1972; and

(b) the further amount referred to in subsection (1)(b) above shall be payable only to the extent, if any, to which it exceeds the amount paid when applying for the licence.

(3) Subsection (2) above is without prejudice to any liability for additional duty by virtue of the provisions of regulations having effect under paragraph 1 of Schedule 2 to the said Act of 1972 (alteration of rateable value) or of paragraph 5 of that Schedule (amendment of licences); and if—

(a) any payment of additional duty is made by virtue of those provisions; or

(b) there is a repayment of duty by virtue of any such regulations or of paragraph 6 of that Schedule (surrender of licences),

the reference in subsection (2)(b) above to the amount paid when applying for the licence shall be construed as a reference to that amount as increased or, as the case may be, reduced by that payment or repayment.

(4) Schedule 5 to this Act shall have effect for defining “gross gaming yield ”, for making new provision as to the duration of gaming licences, for modifying subsections (1) and (2) above in cases where a licence is in force for less than six months and otherwise for supplementing the provisions of this section.

7 Gaming machine licence duty

(1) Sections 21 to 26 of the Betting and Gaming Duties Act 1972 and Schedule 4 to that Act (gaming machine licence duty) shall have effect with the amendments specified in Part I of Schedule 6 to this Act, being amendments which change the rates of duty payable in respect of licences and dispense with the need for a licence for the provision of penny machines.

(2) Part V of the Miscellaneous Transferred Excise Duties Act (Northern Ireland) 1972 and Schedule 3 to that Act (gaming machine licence duty) shall have effect with the amendments specified in Part II of Schedule 6 to this Act, being amendments which change the rates of duty payable in respect of licences and dispense with the need for a licence for the provision of gaming machines the rewards from which do not exceed £0.10.

(3) This section shall have effect from 1st October 1980.

8 Bingo duty

(1) In section 17(2) of the Betting and Gaming Duties Act 1972 (amount of bingo duty)—
   (a) for the words " 5 per cent. “, in both places where they occur, there shall be substituted the words ” 7 ½ per cent. "; and
   (b) for the words “one-nineteenth” there shall be substituted the words “three thirty-sevenths ”.

(2) This section shall have effect from 29th September 1980.

9 Definition of Scotch whisky and Irish whiskey

(1) Paragraph 1 of Schedule 7 to the Finance Act 1969 (definition of whisky) shall have effect with the following amendments, being amendments which require Scotch whisky to be matured in Scotland and introduce a corresponding definition of Irish whiskey.

(2) In sub-paragraph (a) after the word " ' whisky' “there shall be inserted the words ” or ' whiskey ' ".

(3) In sub-paragraph (b) after the word “distilled ” there shall be inserted the words “and matured ” and at the end there shall be inserted the words " and the expression ' Irish whiskey' shall mean whiskey which has been distilled and matured in the Republic of Ireland or in Northern Ireland or partly in one and partly in the other ".

(4) In sub-paragraph (c) for the words " or ' blended Scotch whisky' “there shall be substituted the words ” , ' blended whiskey, " blended Scotch whisky ' or ' blended Irish whiskey ' “and for the words ”or Scotch whisky “there shall be substituted the words ” , whiskey, Scotch whisky or Irish whiskey ".

(5) In sub-paragraph (d) for the words "or blended Scotch whisky " there shall be substituted the words ", blended whiskey, blended Scotch whisky or blended Irish whiskey ".

(6) So much of subsection (3) above as relates to maturing shall not apply to whisky or whiskey distilled before 1st August 1980.

10 Regulator powers

(1) The Excise Duties (Surcharges or Rebates) Act 1979 shall have effect with the following amendments, being amendments which remove the restrictions on the purposes for which and the period within which orders may be made under that Act and alter the provisions of that Act relating to parliamentary control.

(2) In section 1(2) for the words preceding paragraph (a) there shall be substituted the words "The Treasury may, by an order applying to one or more of the groups of duties to which this section applies, provide for an adjustment ".

(3) For section 2(2) there shall be substituted—

"(2) An order shall cease to be in force at the expiration of a period of one year from the date on which it takes effect unless continued in force by a further order."

(4) For section 2(7), (8) and (9) there shall be substituted—

"(7) A statutory instrument containing an order which, with respect to all or any of the groups of duties—

(a) specifies a percentage by way of addition to duty or increases a percentage so specified; or

(b) withdraws or reduces a percentage specified by way of deduction from duty,

shall be laid before the House of Commons after being made; and unless the order is approved by that House before the expiration of twenty-eight days beginning with the date on which it was made, it shall cease to have effect on the expiration of that period, but without prejudice to anything previously done under it or to the making of a new order.

In reckoning any such period no account shall be taken of any time during which Parliament is dissolved or prorogued or during which the House of Commons is adjourned for more than four days.

(8) A statutory instrument containing an order to which subsection (7) above does not apply shall be subject to annulment in pursuance of a resolution of the House of Commons.".

PART II

VALUE ADDED TAX

11 Liability to be registered

(1) Paragraph 1 of Schedule 1 to the Finance Act 1972 (liability to be registered) shall be amended as provided in subsections (2), (3) and (4) below.

(2) For sub-paragraph (a) there shall be substituted—

"(a) after the end of any quarter, if the value of his taxable supplies—

(i) in that quarter has exceeded £4,000 ; or

(ii) in the four quarters then ending has exceeded £13,500; or".

(3) In sub-paragraph (b) for "£10,000 " there shall be substituted "£13,500 ".

(4) For the words from "except " to the end of the paragraph there shall be substituted the words " except that a person is not liable to be registered by virtue of sub-paragraph (a) (i) above after the end of any quarter if the Commissioners are satisfied that the value of his taxable supplies in that quarter and the next three quarters will not exceed £13,500. "

(5) In section 20(1) of the said Act of 1972 (registration of local authorities) for "£10,000 ", in both places, there shall be substituted "£13,500 ".

(6) This section shall be deemed to have come into force on 27th March 1980.

12 Termination of liability to be registered

(1) Paragraph 2 of Schedule 1 to the Finance Act 1972 (termination of liability to be registered) shall be amended as follows.

(2) For sub-paragraph (a) there shall be substituted—

"(a) after the end of any quarter or prescribed accounting period if he has been registered for the whole of the two years then ending and the value of his taxable supplies in each of those years has been £13,500 or less; and".

(3) In sub-paragraph (b) for "£8,500 " there shall be substituted "£12,500 ".

(4) After paragraph (b) there shall be inserted the words " except that a person shall not at any time cease to be liable to be registered by virtue of sub-paragraph (a) above if there are reasonable grounds for believing that the value of his taxable supplies in the period of one year then beginning will exceed £13,500. ".

(5) This section shall be deemed to have come into force on 1st June 1980.

13 Deemed supply on de-registration

(1) Paragraph 7 of Schedule 2 to the Finance Act 1972 (deemed supply of business assets where person ceases to be taxable) shall be amended as follows.

(2) For paragraph 7(c) and (d) there shall be substituted—

"(c) the tax on the deemed supply would not be more than £250.".

(3) The existing provisions of paragraph 7 as amended by subsection (2) above shall become sub-paragraph (1) and after those provisions there shall be inserted—

"(2) This paragraph does not apply to any goods in the case of which the taxable person can show to the satisfaction of the Commissioners—

(a) that no credit for input tax in respect of the supply or importation of the goods has been allowed to him;

(b) that the goods were not acquired by him as part of the assets of a business which was transferred to him as a going concern by another taxable person; and

(c) that he has not obtained relief in respect of the goods under section 4 of the Finance Act 1973 (tax- or duty-paid stock held at commencement of VAT).

(3) The Treasury may by order increase or further increase the sum specified in sub-paragraph (1)(c) above.".

(4) This section shall be deemed to have come into force on 1st June 1980.

14 Penalties and assessments

(1) After section 38(7) of the Finance Act 1972 (daily penalty of £10 for failure to comply with certain requirements) there shall be inserted—

"(7A) Where the failure referred to in subsection (7) of this section consists—

(a) in not paying the tax due in respect of any period within the time required by regulations under section 3(1) of this Act; or

(b) in not furnishing a return in respect of any period within the time required by regulations under section 30(2) of this Act,

that subsection shall have effect as if for £10 there were substituted (if it is greater) an amount equal to \ per cent, of the tax due in respect of that period; and for that purpose the tax due shall, if the person concerned has furnished a return, be taken to be the tax shown in the return as that for which he is accountable for that period and, in any other case, be taken to be such tax as has been assessed and notified to him under section 31(1) of this Act."

(2) In section 40(1) of the said Act of 1972 (matters in respect of which there is a right of appeal) for paragraph (b) there shall be substituted—

"(b) an assessment—

(i) under subsection (1) of section 31 of this Act in respect of a period for which the appellant has made a return under this Part of this Act; or

(ii) under subsection (3) of that section, or the amount of such an assessment;".

15 Registration of clubs etc. and transfers of going concerns

(1) In section 23 of the Finance Act 1972 (business carried on by unincorporated bodies etc.) after subsection (2) there shall be inserted—

"(2A) The registration under this Part of this Act of any such club, association or organisation may be in the name of the club, association or organisation; and in determining whether goods or services are supplied to or by such a club, association or organisation, no account shall be taken of any change in its members.".

(2) The provisions of section 25 of the said Act of 1972 (transfers of going concerns) shall become subsection (1) and after those provisions there shall be inserted—

"(2) Without prejudice to subsection (1) of this section, the Commissioners may by regulations make provision for securing continuity in the application of this Part of this Act in cases where a business carried on by a taxable person is transferred to another person as a going concern and the transferee is registered under this Part of this Act in substitution for the transferor.

(3) Regulations under subsection (2) of this section may, in particular, provide—

(a) for liabilities and duties under this Part of this Act of the transferor to become, to such extent as may be provided by the regulations, liabilities and duties of the transferee ; and

(b) for any right of either of them to a repayment or credit in respect of tax to be satisfied by making a repayment or allowing a credit to the other;

but no such provision as is mentioned in paragraph (a) or (b) of this subsection shall have effect in relation to any transferor and transferee unless an application in that behalf has been made by them under the regulations."

(3) This section shall come into force on 1st September 1980.

16 Use of computers

(1) Subject to subsection (2) below, in any provision contained in or having effect under the enactments relating to value added tax "document " , "copy " and "computer " shall have the same meanings—

(a) in relation to England and Wales, as by virtue of section 10 of the Civil Evidence Act 1968 they have in Part I of that Act;

(b) in relation to Scotland, as by virtue of section 17 of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1968 they have in Part III of that Act; and

(c) in relation to Northern Ireland, as by virtue of section 6 of the Civil Evidence Act (Northern Ireland) 1971 they have in Part I of that Act;

and for the purposes of any such provision relating to tax invoices a person shall be treated as issuing, or as providing another person with, a tax invoice if the requisite particulars are recorded in a computer and transmitted by electronic means and without the delivery of any document.

(2) No provision relating to tax invoices shall be treated as complied with by the production by means of a computer of any material other than a document in writing, by delivering any such material so produced or by making any such transmission as is mentioned in subsection (1) above unless the person producing or delivering the material or making the transmission and, in the case of delivered material or a transmission, the person receiving it—

(a) has given the Commisioners at least one month's notice in writing that he proposes to produce or deliver such material or make such transmissions or, as the case may be, receive such material or transmissions ; and

(b) complies with such requirements as may be specified in regulations or as the Commissioners may from time to time impose in his case.

(3) In section 40(1) of the Finance Act 1972 (appeals to value added tax tribunals) after paragraph (1) there shall be inserted—

"(m) any requirements imposed by the Commissioners in a particular case under section 16(2)(b) of the Finance Act 1980."

(4) An authorised person—

(a) shall be entitled at any reasonable time to have access to, and to inspect and check the operation of, any computer and any associated apparatus or material which is or has been in use by a taxable person in connection with the production, delivery or receipt of material which is or purports to be a tax invoice or with the transmission as mentioned in subsection (1) above of particulars which are or purport to be particulars of such an invoice ; and

(b) may require the taxable person or any other person having charge of any such computer, apparatus or material to afford him such assistance as he may require for the purposes of paragraph (a) above.

(5) Any person who obstructs an authorised person in the exercise of his powers under paragraph (a) of subsection (4) above or without reasonable excuse fails to comply with a requirement under paragraph (b) of that subsection shall be liable to a penalty of £500.

(6) This section shall be construed as one with Part I of the said Act of 1972.

17 Mutual recovery and disclosure of information between member States

(1) In section 11(1) of the Finance Act 1977 (recovery of duty etc. due in other member States) the reference to the Directive there mentioned shall include a reference to that Directive as extended to value added tax by the Directive of the Council of the European Communities dated 6th December 1979 No. 79/1071 /EEC.

(2) In section 77 of the Finance Act 1978 (disclosure of information to tax authorities in other member States)—

(a) references to the Directive mentioned in subsection (1) shall include references to that Directive as extended to value added tax by the Directive of the Council of the European Communities dated 6th December 1979 No. 79/1070/EEC; and

(b) references to the Commissioners of Inland Revenue and an authorised officer of those Commissioners shall include references to the Commissioners of Customs and Excise and an authorised officer of those Commissioners.

(3) Subsection (1) above shall have effect as respects any request made on or after 1st January 1981 for the recovery of a sum becoming due after the passing of this Act; and subsection (2) above shall come into force on 1st January 1981.

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

18 Charge of income tax for 1980-81 and abolition of lower rate

(1) Income tax for the year 1980-81 shall be charged at the basic rate of 30 per cent.; and—

(a) in respect of so much of an individual's total income as exceeds £11,250 at such higher rates as are specified in the Table below ; and

(b) in respect of so much of the investment income included in an individual's total income as exceeds £5,500 at the additional rate of 15 per cent.

TABLE

Part of excess over £11,250	*Higher rate*
The first £2,000	40 per cent.
The next £3,500	45 per cent.
The next £5,500	50 per cent.
The next £5,500	55 per cent.
The remainder	60 per cent.

(2) Section 32(1)(aa) of the Finance Act 1971 (lower rate) shall cease to have effect.

19 Charge of corporation tax for financial year 1979

Corporation tax shall be charged for the financial year 1979. at the rate of 52 per cent.

20 Rate of advance corporation tax for financial year 1980

The rate of advance corporation tax for the financial year 1980. shall be three-sevenths.

21 Corporation tax: small companies

(1) The small companies rate for the financial year 1979 shall be 40 per cent., and for that year the fraction mentioned in subsection (2) of section 95 of the Finance Act 1972 (marginal relief for small companies) shall be seven-fiftieths.

(2) For the financial year 1979 and subsequent financial years subsection (3) of the said section 95 shall have effect with the substitution for any reference to £60,000 of a reference to £70,000 and with the substitution for any reference to £100,000 of a reference to £130,000.

(3) Where by virtue of subsection (2) above the said section 95 has effect with different relevant amounts in relation to different parts of the same accounting period, those parts shall be treated for the purposes of that section as if they were separate accounting

periods and the profits and income of the company for that period (as defined in that section) shall be apportioned between those parts.

22 Alteration of personal reliefs

(1) In section 8 of the Taxes Act (personal reliefs)—

(a) in subsection (1)(a) (married) for "£1,815" there shall be substituted "£2,145 ";

(b) in subsection (1)(b) (single) and (2) (wife's earned income relief) for "£1,165 " there shall be substituted "£1,375 ";

(c) in subsection (1A) (age allowance) for "£2,455 " and "£1,540 " there shall be substituted "£2,895 " and "£1,820 " respectively ;

(d) in subsection (1B) (income limit for age allowance) for "£5,000 " there shall be substituted "£5,900 ".

(2) In section 14(2) of that Act (additional relief for widows and others in respect of children) for "£650 " there shall be substituted "£770 ".

23 Widow's bereavement allowance

(1) In Chapter II of Part I of the Taxes Act (personal reliefs) there shall be inserted after section 15—

"**15A Widow's bereavement allowance.**

Where a man dies in a year of assessment for which he is entitled to the higher (married persons) relief under section 8(1) above, or would be so entitled but for an election under section 15 above or section 23 of the Finance Act 1971 (separate taxation of wife's earnings), his widow shall be entitled for that year to a deduction from her total income of an amount equal to that specified in section 14(2) above."

(2) This section has effect for the year 1980-81 and subsequent years of assessment.

24 Indexation of income tax thresholds and allowances

(1) Subsection (2) below shall have effect for the year 1980-81 and subsequent years of assessment but subject, in the case of any year of assessment after that year, to subsections (3) and (4) below; and subsections (5), (6) and (7) below shall have effect for the year 1981-82 and subsequent years of assessment.

(2) In subsection (1) of section 32 of the Finance Act 1971 (income tax charged at basic and other rates)—

(a) for paragraph (b) (higher rate or rates) there shall be substituted—

"(b) in respect of so much of an individual's total income as exceeds £11,250, at such rates respectively as Parliament may determine in relation to the first £2,000, the next £3,500, the next £5,500, the next £5,500 and the remainder ; "(b) in the words following paragraph (b) (investment income surcharge) for the words " such amount as Parliament may determine "there shall be substituted " £5,500 "."

(3) The amounts up to which income is by virtue of subsection (1) of the said section 32 chargeable for any year at the basic rate, or over which investment income is chargeable at an additional rate, shall be known respectively as the basic rate limit and the investment income threshold; and the parts of income in excess of the basic rate limit which are specified in paragraph (b) of that subsection shall be known respectively as the first, second, third, fourth and fifth higher rate bands.

(4) If the retail prices index for the month of December preceding a year of assessment is higher than it was for the previous December, then, unless Parliament otherwise determines, subsection (1) of the said section 32 shall apply for that year as if for each of the amounts specified in that subsection as it applied for the previous year (whether by virtue of this subsection or otherwise) there were substituted an amount arrived at by increasing the amount for the previous year by the same percentage as the percentage increase in the retail prices index and, if the result is not a multiple of £100, rounding it up to the nearest amount which is such a multiple.

(5) If the retail prices index for the month of December preceding a year of assessment is higher than it was for the previous December, then, unless Parliament otherwise determines, section 8 of the Taxes Act (personal relief) shall apply for that year as if for each amount specified in that section as it applied for the previous year (whether by virtue of this subsection or otherwise) there were substituted an amount arrived at by increasing the amount for the previous year by the same percentage as the percentage increase in the retail prices index and if—

(a) in the case of the amount specified in subsection (1B) of that section (income limit for age relief), the result is not a multiple of £100, rounding it up to the nearest amount which is such a multiple ;

(b) in the case of any other amount, the increase is not a multiple of £10, rounding the increase up to the nearest amount which is such a multiple.

(6) In section 14(2) of the Taxes Act (additional relief for widows and others in respect of children) for the words from “a deduction ” onwards there shall be substituted the words “a deduction from his total income of an amount equal to the difference between the higher (married persons) relief and the lower (single persons) relief under subsection (1) of section 8 above as it applies to persons not falling within subsection (1A) of that section ”;

and in sections 14A(1)(a) and (2) and 15A of that Act for the word “specified ” there shall be substituted the words “referred to ”.

(7) Subsections (4) and (5) above shall not require any change to be made in the amounts deductible or repayable under section 204 of the Taxes Act (pay as you earn) between the beginning of a year of assessment and 5th May in that year.

(8) References in this section and in any other provision of the Income Tax Acts to the retail prices index are references to the general index of retail prices (for all items) published by the Department of Employment; and if that index is not published for a month for which it is relevant for the purposes of any provision of those Acts, that provision shall be construed as referring to any substituted index or index figures published by that Department.

(9) The Treasury shall before the year 1981-82 and each subsequent year of assessment make an order specifying the amounts which by virtue of this section will be treated as specified for that year in section 32 of the Finance Act 1971 and section 8 of the Taxes Act; and any such order shall be made by statutory instrument.

25 Child tax allowances for children living abroad

(1) In the case of a child to whom section 25 of the Finance Act 1977 applies (children living abroad) the appropriate amount to be deducted from the claimant's total income under subsection (1) of section 10 of the Taxes Act for the year 1981-82 shall, instead of being determined as provided in subsection (1) of the said section 25, be determined in accordance with subsection (2) below.

(2) The appropriate amount for the child shall vary according to the age of the child at the commencement of the year of assessment, and, subject to subsection (5) of the said section 10—

(a) for a child shown by the claimant to have been then over the age of sixteen, shall be £165 ;

(b) for a child not so shown, but shown by the claimant to have been then over the age of eleven, shall be £135;

(c) in any other case, shall be £100.

(3) No relief shall be given under the said section 10 for any year of assessment after the year 1981-82 in the case of a child to whom the said section 25 applies.

26 Gallantry awards

(1) In section 368 of the Taxes Act (tax exemption for annuities and additional pensions paid by virtue of holding certain awards for gallantry) after paragraph (c) there shall be inserted—

"(d) additional pensions paid to holders of the Military Cross;

(e) additional pensions paid to holders of the Distinguished Flying Cross;

(f) additional pensions paid to holders of the Distinguished Conduct Medal;

(g) additional pensions paid to holders of the Conspicuous Gallantry Medal;

(h) additional pensions paid to holders of the Distinguished Service Medal;

(i) additional pensions paid to holders of the Military Medal;

(j) additional pensions paid to holders of the Distinguished Flying Medal,".

(2) In paragraph (b) of that section (annuities paid to holders of the George Cross) after the word "annuities " there shall be inserted the words "and additional pensions ".

27 Relief for interest: limit for 1980-81

In paragraph 5(1) of Schedule 1 to the Finance Act 1974 (limit on relief for interest on certain loans for the purchase or improvement of land) the references to £25,000 shall have effect for the year 1980-81 as well as for previous years of assessment.

28 Relief for interest: money borrowed for investment in close company

(1) In paragraph 10 of Schedule 1 to the Finance Act 1974 (conditions for interest relief: money borrowed for investment in close companies)—

(a) paragraph (b) (which requires the borrower to have worked in the company) shall be omitted ;

(b) in paragraph (c) for the words "that period " there shall be substituted the words "the period from the application of the proceeds of the loan to the payment of the interest "; and

(c) at the end there shall be inserted the words "and

(d) that, if the company exists wholly or mainly for the purpose of holding investments or other property, no property held by the company is used as a residence by the individual;

but the condition in paragraph (d) above shall not apply in a case where the individual has worked for the greater part of his time in the actual management or conduct of the business of the company, or of an associated company of the company."

(2) This section has effect in relation to interest paid after 26th March 1980.

29 Life assurance relief

(1) In the provisions specified in subsection (2) below {rate of life assurance relief) for the words " 17 per cent.", wherever they occur, there shall be substituted the words " 15 per cent. ".

(2) The provisions referred to above are—

(a) section 21(4)(a) of the Taxes Act;

(b) paragraph 5(a) of Schedule 4 to the Finance Act 1976; and

(c) paragraph 13(3)(a) of that Schedule.

(3) This section has effect from 6th April 1981.

30 Disqualification of certain life insurance policies

(1) A policy shall not be a qualifying policy within the meaning of Part I of Schedule 1 to the Taxes Act if the policy is connected with another policy the terms of which provide benefits which are greater than would reasonably be expected if any policy connected with it were disregarded.

(2) For the purposes of this section a policy is connected with another policy if they are at any time simultaneously in force and either of them is issued with reference to the other, or with a view to enabling the other to be issued on particular terms or facilitating its being issued on those terms.

(3) In this section "policy " means a policy effected in the course of ordinary long-term insurance business within the meaning of section 83(2) of the Insurance Companies Act 1974 and includes any such policy issued outside the United Kingdom.

(4) Where any person issues a policy—

(a) which by virtue of this section is not a qualifying policy, or

(b) the issue of which causes another policy to cease by virtue of this section to be a qualifying policy,

he shall within three months of issuing the policy give written notice of that fact to the Board.

(5) The Board may, by notice in writing, require any person who is, or appears to them to be, concerned in the issue of any such policy as is mentioned in subsection (4) above,

to furnish them within such time (not being less than thirty days) as may be specified in the notice with such particulars as they think necessary for the purposes of this section and as the person to whom the notice is addressed has or can reasonably obtain; but no solicitor shall be deemed for the purposes of this subsection to have been concerned in the issue of a policy by reason only that he has given professional advice to a client in connection with that policy.

(6) Subject to subsection (7) below, this section shall not apply to policies issued in respect of insurances made before 26th March 1980.

(7) Where—

(a) a policy is issued in respect of an insurance made before 26th March 1980, and

(b) a policy is issued in respect of an insurance made on or after that date which is connected with it within the meaning of this section,

this section shall apply to the policy issued in respect of an insurance made before that date, but shall not apply in respect of any premium paid in respect of it before that date.

31 Retirement annuities: increase of limits on relief

(1) In subsection (1A) of section 227 of the Taxes Act (annual limit on relief) for paragraphs (a) and (b) there shall be substituted the words " shall not be more than 17 1/2 per cent, of the individual's net relevant earnings for that year ".

(2) In subsection (1B) of that section (annual limit on relief in respect of dependants) for paragraphs (a) and (b) there shall be substituted the words " shall not be more than 5 per cent, of the individual's net relevant earnings for that year ".

(3) For section 228(4) of the Taxes Act (additional relief for persons born in or before 1915) there shall be substituted—

"(4) Subject to subsection (5) below, in the case of an individual born in a year specified in the first column of the Table set out below, section 227(1A) above shall have effect with the substitution for the reference to 17 ½ per cent, of a reference to the percentage specified in his case in the second column of the Table.

TABLE

Year of birth	*Percentage*
1914 or 1915	20 ½
1912 or 1913	23 ½
1910 or 1911	26 ½
1908 or 1909	29 ½
1907 or any earlier year	32 ½".

(4) This section has effect for the year 1980-1981 and subsequent years of assessment.

32 Retirement annuities: carry-forward of unused relief

(1) After section 227 of the Taxes Act (relief for retirement annuity premiums) there shall be inserted—

"**227A Carry-forward of unused relief under s. 227.**

(1) Where the condition in section 226(1)(a) above is satisfied as respects the whole or part of a year of assessment but there is unused relief for that year, that is to say, an amount which could have been deducted from or set off against the individual's relevant earnings for that year under subsection (1) of section 227 above if—

(a) he had paid a qualifying premium in that year; or

(b) the qualifying premium or premiums paid by him in that year had been greater,

relief may be given under section 227 above, up to the amount of the unused relief, in respect of so much of any qualifying premium or premiums paid by the individual in any of the next six years of assessment as exceeds the maximum applying for that year under section 227(1A) above.

(2) Relief by virtue of this section shall be given for an earlier year rather than a later year, the unused relief taken into account in giving relief for any year being deducted from that available for giving relief in subsequent years and unused relief derived from an earlier year being exhausted before unused relief derived from a later year.

(3) Where a relevant assessment to tax in respect of a year of assessment becomes final and conclusive more than six years after the end of that year and there is an amount of unused relief for that year which results from the making of the assessment—

(a) that amount shall not be available for giving relief by virtue of this section for any of the six years following that year; but

(b) the individual may, within the period of six months beginning with the date on which the assessment becomes final and conclusive, elect that relief shall be given under section 227 above, up to that amount, in respect of so much of any qualifying premium or premiums paid by him within that period as exceeds the maximum applying under section 227(1A) above for the year of assessment in which they are paid;

and to the extent to which relief in respect of any premium or premiums is given by virtue of this subsection it shall not be given by virtue of subsection (1) above.

(4) In this section "a relevant assessment to tax " means an assessment on the individual's relevant earnings or on the profits or gains of a partnership from which the individual derives relevant earnings."

(2) Relief may be given by virtue of subsection (1) above for the year 1980-1981 and any subsequent year of assessment.

(3) No amount shall by virtue of subsection (2) or (2A) of section 227 of the Taxes Act (carry-forward of unrelieved premiums) be carried forward from any year of assessment after the year 1979-80 or to any year of assessment after the year 1981-82 but relief for any amount carried forward from the year 1979-80 may be given under that section in the year 1980-81 or the year 1981-82 or partly in one and partly in the other (as the individual may elect) without regard to the maximum applying for that year under subsection (1A) or (1B) of that section.

(4) Subsection (3) of the said section 227 (relief for qualifying premium paid after assessment becomes final and conclusive) shall not apply to any premium paid on or after 6th April 1981.

33 Retirement annuities: other amendments

(1) In section 226(2)(c) and section 226A (3)(c) and (6) of the Taxes Act (under which a contract or scheme cannot be approved if it provides for a lump sum to be paid on death to anyone other than the individual's personal representatives) the words " to the individual's personal representatives "shall be omitted and in section 226A(1)(b) of that Act (which contains a similar provision) the words " being a lump sum payable to his personal representatives " shall be omitted.

(2) In section 227 of that Act, after subsection (1B) there shall be inserted—

"(1BB) An individual who pays a qualifying premium in a year of assessment (whether or not a year for which he has relevant earnings) may before the end of that year elect that the premium shall be treated as paid—

(a) in the last preceding year of assessment; or

(b) if he had no net relevant earnings in the year referred to in paragraph (a) above, in the last preceding year of assessment but one ;

and where an election is made under this subsection in respect of a premium the other provisions of this Chapter shall have effect as if the premium had been paid in the year specified in the election and not in the year in which it was actually paid."

but no premium shall by virtue of this subsection be treated for the purposes of section 32(3) above as having been paid in any year of assessment before that in which it was actually paid.

(3) In subsection (5) of the said section 227 (deductions to be made in calculating individual's net relevant earnings for the purposes of relief under that section) for paragraph (a) there shall be substituted—

"(a) deductions which but for section 130(1), (n) or (o) above could be made in computing his profits or gains, or

(aa) deductions in respect of relief under Schedule 5 to the Finance Act 1976 (stock relief), or";

(4) In subsection (9) of the said section 227 after the words "in respect of payments made by the partnership " there shall be inserted the words "or of relief given to the partnership under Schedule 5 of the Finance Act 1976 ".

(5) This section has effect for the year 1980-81 and subsequent years of assessment.

34 Annuities for former partners

(1) Section 16 of the Finance Act 1974 shall have effect with the amendments specified in subsections (2) and (3) below.

(2) In subsection (1) for the words "and shall not reduce the income which is chargeable as investment income of any other person " there shall be substituted the words "and, to the extent to which they do not exceed that limit, shall not reduce the income which is chargeable as investment income of any other person ".

(3) After subsection (2) there shall be inserted—

"(3) If the retail prices index for the month of December preceding a year of assessment after that in which the former partner ceased to be a member of the partnership is higher than it was for the month of December in the year of assessment in which he ceased to be such a member, the amount which under subsection (2) above is the limit for the first-mentioned year of assessment shall be treated as increased by the same percentage as the percentage increase in the retail prices index.

(4) Where the former partner ceased to be a member of the partnership before the year 1974-75 subsection (3) above shall have effect as if he had ceased to be a member in that year."

(4) In section 457 of the Taxes Act (income under settlement treated as the settlor's income except as respects certain payments made for full consideration etc.) after subsection (4) there shall be inserted—

"(4A) Where for any year of assessment there is made to or for the benefit of a former member, or the widow or a dependant of a deceased former member, of a partnership an annual payment which—

(a) is excluded from the operation of subsection (1) above by virtue of paragraph (a) of that subsection or by virtue of subsection (2) above; and

(b) falls short of the limit applying for that year under section 16 of the Finance Act 1974 (amount of partnership retirement annuity treated as earned income),

any additional annual payment made to or for the benefit of that person shall, notwithstanding that it is not made under a liability incurred for full consideration, be excluded from the operation of subsection (1) above to the extent to which it makes good that shortfall.".

(5) This section has effect in relation to annual payments which are income of the year 1980-81 or a subsequent year of assessment.

35 Pilots' benefit fund

(1) The Board may, if they think fit, and subject to such conditions as they think proper to attach to the approval, approve a pilots' benefit fund for the purposes of Chapter II of Part II of the Finance Act 1970 as if it were a retirement benefits scheme within the meaning of that Chapter and notwithstanding that it does not satisfy one or more of the conditions set out in section 19(2) and (2A) of that Act.

(2) If a fund is approved by virtue of this section—

(a) section 21 of the said Act of 1970, Schedule 5 to that Act and paragraph 9 of Schedule 3 to the Finance Act 1971 shall have effect in relation to the fund with the modifications specified in subsection (3) below;

(b) pensions paid out of the fund and any sums chargeable to tax in connection with the fund under the said paragraph 9 shall be treated for the purposes of the Income Tax Acts as earned income ; and

(c) Chapter III of Part IX of the Taxes Act (retirement annuities) shall have effect as if a member of the fund were the holder of a pensionable office or

employment and his earnings as a pilot (estimated in accordance with the provisions applicable to Case II of Schedule D) were remuneration from such an office or employment.

(3) The modifications referred to in subsection (2)(a) above are as follows—

(a) in section 21, subsection (3) shall be omitted and in subsection (4) for the references to an employee and Schedule E there shall be substituted respectively references to a member of the fund and Schedule D and the words from "incurred " onwards shall be omitted;

(b) in Schedule 5—

(i) for references to an employee there shall be substituted references to a member or former member of the fund ;

(ii) in paragraph 3(1)(i) for the reference to a year of service there shall be substituted a reference to a year as a pilot licensed by a pilotage authority;

(iii) paragraphs 4 and 9(1) and (3) and so much of any other provision as applies to an employer shall be omitted ; and

(c) in paragraph 9 of Schedule 3 for references to an employee and Schedule E there shall be substituted respectively references to a member or former member of the fund and Case VI of Schedule D.

(4) In this section " pilots' benefit fund" means a fund established under section 17(1)(j) of the Pilotage Act 1913 or any scheme supplementing or replacing any such fund.

36 Superannuation funds approved under repealed provisions

(1) This section applies to any fund which immediately before 6th April 1980 was an approved superannuation fund for the purposes of section 208 of the Taxes Act if—

(a) it has not been approved and is not being considered for approval under Chapter II of Part II of the Finance Act 1970; and

(b) no sum has been paid to it by way of contribution since 5th April 1980.

(2) Subject to subsection (4) below, exemption from income tax shall, on a claim being made in that behalf, be allowed to a fund to which this section applies in respect of—

(a) income derived from investments or deposits of the fund;

(b) any underwriting commissions which apart from this subsection would be chargeable to tax under Case VI of Schedule D ; and

(c) any profits or gains which apart from this subsection would be chargeable to tax under Case VI of Schedule D by virtue of section 26 of the Finance Act 1973 (transactions in certificates of deposit),

if, or to such extent as the Board are satisfied that, the income, commissions, profits, or gains are applied for the purposes of the fund.

(3) Subject to subsection (4) below, where a claim is made in that behalf a gain which accrues to a person on the disposal of investments shall not be a chargeable gain for the purposes of capital gains tax if, or to such extent as the Board are satisfied that, those investments were held by him or on his behalf for the purposes of a fund to which this section applies.

(4) No claim under subsection (2) or (3) above shall be allowed unless the Board are satisfied that the terms on which benefits are payable from the fund have not been altered since 5th April 1980.

(5) Where immediately before 6th April 1980 premiums paid under a contract with the trustees or other persons having the management of a fund to which this section applies fell within section 323(4) of the Taxes Act (premiums referable to the pension business of an insurance company) and the terms on which benefits are payable from the fund have not been altered since that time, those premiums shall be treated as continuing to fall within that section.

(6) An annuity paid out of a fund to which this section applies shall be charged to tax under Schedule E and section 204 of the Taxes Act (pay as you earn) shall apply accordingly.

(7) This section shall be deemed to have come into force on 6th April 1980.

37 Relief for losses on unquoted shares in trading companies

(1) Where an individual who has subscribed for shares in a qualifying trading company incurs an allowable loss (for capital gains tax purposes) on the disposal of the shares in any year of assessment he may, by notice in writing given within two years after that year, make a claim for relief from income tax on an amount of his income equal to the amount of the loss ; and where such relief is given in respect of the amount of a loss no deduction shall be made in respect of that amount under the Capital Gains Tax Act 1979.

(2) The following provisions shall have effect as respects relief under this section—

(a) relief may, by notice in writing given within two years after a year of assessment, be claimed for that year in respect of a loss incurred in the preceding year of assessment so far as relief under this section in respect of that loss has not already been given in that year, and relief claimed by virtue of this paragraph shall be given in priority to any relief in respect of a loss incurred in the year for which the relief is claimed;

(b) a claim for relief may require it to be given only by reference to the income of the individual without extending to the income of his spouse;

(c) subject to paragraph (b) above, relief shall be given by treating the loss as reducing first the earned income of the individual, then his other income, then the earned income of his spouse and then his spouse's other income;

(d) the relief shall be given in priority to relief under section 168 of the Taxes Act or section 30 of the Finance Act 1978.

(3) For the purposes of this section an individual subscribes for shares if they are issued to him by the company in consideration of money or money's worth; and where by virtue of subsection (3) of section 19 of the said Act of 1979 that consideration is deemed to be equal to the market value of the shares the amount of any loss on their disposal shall be treated as not exceeding what it would have been if that subsection had not applied to that consideration.

(4) For the purposes of this section an individual shall be treated as having subscribed for shares if his spouse did so and transferred them to him by a transaction inter vivos.

(5) For the purposes of this section a qualifying trading company is a company none of whose shares have at any time in the relevant period been quoted on a recognised stock exchange and which—

(a) either—

(i) is a trading company on the date of the disposal; or

(ii) has ceased to be a trading company at a time which is not more than three years before that date and has not since that time been an excluded company or an investment company; and

(b) either—

(i) has been a trading company for a continuous period of six years ending on that date or at that time; or

(ii) has been a trading company for a shorter continuous period ending on that date or at that time and has not before the beginning of that period been an excluded company or an investment company; and

(c) has been resident in the United Kingdom throughout the period from its incorporation until that date.

(6) This section does not apply unless the disposal is—

(a) by way of a bargain made at arms' length for full consideration; or

(b) by way of a distribution in the course of dissolving or winding up the company ; or

(c) a deemed disposal under section 22(2) of the said Act of 1979 (claim that value of asset has become negligible).

(7) Where an individual disposes of shares (“the new shares ”) which by virtue of section 78 of the said Act of 1979 (reorganisation etc. treated as not involving disposal) are identified with other shares (“the old shares ”) previously held by him, relief shall not be given under this section on the disposal of the new shares unless—

(a) relief under this section could (or if this section had been in force could) have been given on a disposal of the old shares if he had incurred an allowable loss in disposing of them as mentioned in subsection (6)(a) above on the occasion of the disposal that would have occurred but for the said section 78 ; or

(b) he gave new consideration for the new shares ;

but in a case within paragraph (b) above the amount of relief under this section on the disposal of the new shares shall not exceed the amount or value of the new consideration taken into account as a deduction in computing the loss incurred on their disposal.

(8) Where the shares are the subject of an exchange or arrangement of the kind mentioned in section 85 or 86 of the said Act of 1979 (company reconstructions etc.) which by reason of section 87 of that Act involves a disposal of the shares, this section shall not apply to any allowable loss incurred on the disposal.

(9) Where an individual holds shares in a company which constitute a holding and comprise—

(a) shares for which he has subscribed (“qualifying shares ”); and

(b) shares which he has acquired otherwise than by subscription,

any question whether a disposal by him of shares forming part of the holding is of qualifying shares shall be determined by treating that and any previous disposal by him out of the holding as relating to shares acquired later rather than earlier; and if a disposal by him is of qualifying shares forming part of a holding and he makes a claim under this section in respect of a loss incurred on their disposal, the amount of relief under this section on the disposal shall not exceed the sums that would be allowed as deductions in computing the loss if the shares had not been part of the holding.

(10) Where a claim is made under this section in respect of a loss accruing on the disposal of shares section 26 of the said Act of 1979 (value-shifting) shall have effect in relation

to the disposal as if for the references in subsections (1)(b) and (4) to a tax-free benefit there were substituted references to any benefit whether tax-free or not.

(11) There shall be made all such adjustments of capital gains tax, whether by way of assessment or by way of discharge or repayment of tax, as may be required in consequence of relief being given under this section in respect of an allowable loss or in consequence of the whole or part of such a loss in respect of which a claim is made not being relieved under this section.

(12) In this section—

"excluded company " means a company—

(a) which has a trade which consists wholly or mainly of dealing in shares, securities, land, trades or commodity futures or is not carried on on a commercial basis and in such a way that profits in the trade can reasonably be expected to be realised ; or

(b) which is the holding company of a group other than a trading group ;

"group " means a company which has one or more 75 per cent, subsidiaries together with that or those subsidiaries;

"holding " means a holding within the meaning of section 65 of the said Act of 1979 ;

"holding company " means a company whose business consists wholly or mainly in the holding of shares or securities of one or more companies which are its 75 per cent, subsidiaries ;

"investment company " has the meaning given by section 304(5) of the Taxes Act;

"new consideration " means consideration in money or money's worth other than consideration of the kind excluded by the proviso to section 79(1) of the said Act of 1979;

"recognised stock exchange " has the meaning given by section 535 of the Taxes Act;

"relevant period " means the period ending with the date on which the shares in question are disposed of and beginning with the incorporation of the company, or, if later, one year before the date on which the shares were subscribed for;

"shares " includes stock but, except in the definition of "excluded company", does not include shares or stock not forming part of a company's ordinary share capital as defined in section 526(5) of the Taxes Act;

"spouse " refers to one of two spouses who are living together (construed in accordance with section 155(2) of the said Act of 1979);

"trading company" means a company, other than an an excluded company, which is—

(a) a trading company within the meaning of paragraph 11 of Schedule 16 to the Finance Act 1972; or

(b) the holding company of a trading group;

"trading group" means a group the business of whose members, taken together, consists wholly or mainly in the carrying on of a trade or trades but for the purposes of this definition any trade carried on by a subsidiary which is an excluded company or not resident in the United Kingdom shall be treated as not constituting a trade.

(13) This section has effect in relation to disposals on or after 6th April 1980.

38 Incidental costs of obtaining loan finance

(1) In computing the profits or gains to be charged under Case I or Case II of Schedule D there may be deducted the incidental costs of obtaining finance by means of a qualifying loan or the issue of qualifying loan stock ; and the incidental costs of obtaining finance by those means shall be treated for the purposes of section 304 of the Taxes Act (investment companies etc.) as expenses of management.

(2) Subject to subsection (3) below, in this section "a qualifying loan " and "qualifying loan stock " mean a loan or loan stock the interest on which is deductible—

(a) in computing for tax purposes the profits or gains of the person by whom the incidental costs in question are incurred; or

(b) under section 248 of the Taxes Act against his total profits.

(3) A loan or loan stock which carries a right of conversion into, or to the acquisition of—

(a) shares; or

(b) other securities not being a qualifying loan or qualifying loan stock,

is not a qualifying loan or qualifying loan stock if that right is exercisable before the expiration of three years from the date when the loan was obtained or the stock was issued.

(4) In this section "the incidental costs of obtaining finance " means expenditure on fees, commissions, advertising, printing and other incidental matters (but not including stamp duty), being expenditure wholly and exclusively incurred for the purpose of obtaining the finance (whether or not it is in fact obtained), of providing security for it or of repaying it.

(5) This section shall not be construed as affording relief—

(a) for any sums paid in consequence of or for obtaining protection against, losses resulting from changes in the rate of exchange between different currencies; or

(b) for the cost of repaying a loan or loan stock so far as attributable to its being repayable at a premium or to its having been obtained or issued at a discount.

(6) This section has effect in relation to expenditure incurred on or after 1st April 1980.

39 Relief for pre-trading expenditure

(1) Where a person incurs expenditure for the purposes of a trade before the time when he begins to carry it on and the expenditure—

(a) is incurred not more than one year before that time; and

(b) is not allowable as a deduction in computing his profits or gains from the trade for the purposes of Case I of Schedule D but would have been so allowable if incurred after that time,

the expenditure shall be treated for the purposes of corporation tax as incurred on the day on which the trade is first carried on by him and for the purposes of relief under Chapter I of Part VII of the Taxes Act or section 30 of the Finance Act 1978 as if it were the amount of a loss sustained by him in the trade in the year of assessment in which it is set up and commenced.

(2) A claim for relief under the Income Tax Acts in respect of an amount treated as a loss by virtue of subsection (1) above shall be made separately from any claim for relief under those Acts in respect of any other loss.

(3) Section 155 of the Taxes Act (partnerships involving companies) shall have effect as if expenditure to which subsection (1) above applies were one of the matters excluded from the computation under subsection (1) of that section by proviso (b) to that subsection.

(4) This section applies in relation to a profession or vocation as it applies to a trade, taking the reference in subsection (1)(b) above to Case I of Schedule D as a reference to Case II of that Schedule.

(5) This section has effect in relation to expenditure incurred on or after 1st April 1980.

40 Stock relief

Schedule 7 to this Act shall have effect—

(a) for enabling recovery charges under Schedule 5 to the Finance Act 1976 (stock relief) to be deferred to such extent and in such cases as are there specified; and

(b) for excluding certain buildings from the definition of trading stock in the said Schedule 5.

41 Additional payments to redundant employees

(1) Where a payment is made by way of addition to a redundancy payment or to the corresponding amount of any other employer's payment and the additional payment would be—

(a) allowable as a deduction in computing for the purposes of Schedule D the profits or gains or losses of a trade; or

(b) eligible for relief under section 304 or 305 of the Taxes Act as expenses of management of a business,

but for the permanent discontinuance of the trade or business, the additional payment shall, subject to subsection (2) below, be allowable as a deduction or eligible for relief as aforesaid notwithstanding the discontinuance and, if made after the discontinuance, shall be treated as made on the last day on which the trade or business was carried on.

(2) Subsection (1) above applies to an additional payment only so far as it does not exceed three times the amount of the redundancy payment or of the corresponding amount of the other employer's payment.

(3) In this section references to a trade include references to a profession or vocation and references to the permanent discontinuance of a trade include references to any occasion on which it is treated as permanently discontinued by virtue of section 154(1) or 251(1) of the Taxes Act.

(4) In this section references to a redundancy payment or to the corresponding amount of an employer's payment shall be construed as in section 412 of the Taxes Act (relief for redundancy payments etc.).

(5) This section has effect where the additional payment is made on or after 1st April 1980.

42 Grants under Industry Act 1972 etc.

(1) A payment to which this section applies which is made to a person carrying on a trade the profits of which are chargeable under Case I of Schedule D shall be taken into account as a receipt in computing those profits; and any such payment which is made

to an investment company as defined in section 304(5) of the Taxes Act shall be taken into account as a receipt in computing its profits under Case VI of Schedule D.

(2) This section applies to any payment made after 26th March 1980 which would not, apart from this section, be taken into account as mentioned in subsection (1) above, being a payment by way of a grant under—

(a) section 7 or 8 of the Industry Act 1972; or

(b) section 1 of the Industries Development Act (Northern Ireland) 1966 or section 4 of the Industries Development Act (Northern Ireland) 1971,

other than a grant designated as made towards the cost of specified capital expenditure or as made by way of compensation for the loss of capital assets.

43 Sub-contractors in the construction industry

The Finance (No. 2) Act 1975 shall have effect with the amendments specified in Schedule 8 to this Act, being amendments relating to the meaning of "contractor " in section 69 of that Act and to the issue of certificates under section 70 of that Act excepting sub-contractors in the construction industry from the requirements relating to deduction of tax in section 69 of that Act.

44 Close companies: apportionment of income

(1) Schedule 16 to the Finance Act 1972 (apportionment of income of close companies) shall have effect with the amendments specified in Schedule 9 to this Act, being amendments which abolish the power to apportion the trading income of a trading company or of a company which is a member of a trading group.

(2) Paragraph 10(3)(b) of the said Schedule 16 (calculation of distributable investment income) shall have effect in relation to a company which is a trading company or a member of a trading group as if for "£1,000" there were substituted "£3,000 ".

(3) This section has effect in relation to accounting periods ending after 26th March 1980.

45 Close companies: interest paid to directors

(1) The provisions of section 285 of the Taxes Act (interest paid by close companies to directors and directors' associates above a certain limit treated as a distribution) except the words from "a person " onwards in subsection (6) (which contain a definition of a person having a material interest in a company which is applied elsewhere) shall cease to have effect.

(2) In section 233(1) (matters to be treated as distributions) and in the definition of "distribution " in section 527(1) of that Act for the words "sections 284 and 285 " there shall be substituted the words "section 284 ".

(3) This section has effect in relation to interest paid in accounting periods ending after 26th March 1980.

46 Profit sharing schemes

(1) Chapter III of Part III of the Finance Act 1978 and Schedule 9 to that Act (profit sharing schemes) shall have effect with the following amendments.

(2) In section 54 (meaning of certain expressions in connection with approval of profit sharing schemes) after subsection (1) there shall be inserted the following—

"(1A) No obligation placed on the participant by virtue of subsection (1)(c) above shall be construed as binding his personal representatives to pay any sum to the trustees."

(3) In subsection (4) of that section (definition of "the period of retention " as the period beginning on the date on which a participant's shares are appropriated to him and ending on the fifth anniversary of that date or on other dates) for the words "fifth anniversary " there shall be substituted the words "second anniversary ".

(4) In subsection (6) of that section (definition of "the release date" as the tenth anniversary of that date) for the words "tenth anniversary" there shall be substituted the words "seventh anniversary ".

(5) For paragraphs (a), (b) and (c) of subsection (7) of that section (variation of "the appropriate percentage " according to date of event causing charge to tax) there shall be substituted—

"(a) if the event occurs before the fourth anniversary of the date on which the shares were appropriated to the participant and paragraph (c)(i) below does not apply, the appropriate percentage is 100 per cent;

(b) if the event occurs on or after the fourth anniversary and before the fifth anniversary of the date on which the shares were appropriated to the participant and paragraph (c)(i) below does not apply, the appropriate percentage is 75 per cent;

(c) if—

(i) in a case where the participant—

(a) ceases to be an employee or director of a relevant company as mentioned in subsection (4) (a) above, or

(b) reaches pensionable age, as defined in Schedule 20 to the Social Security Act 1975,

the event occurs before the sixth anniversary of the date on which the shares were appropriated to him, or

(ii) in any other case the event occurs on or after the fifth anniversary of that date and before the sixth anniversary of it,

the appropriate percentage is 50 per cent; and

(d) if the event occurs on or after the sixth anniversary and before the seventh anniversary of the date on which the shares were appropriated to the participant, the appropriate percentage is 25 per cent.".

(6) At the end of section 56 (capital receipts in respect of scheme shares) there shall be inserted—

"(6) Subsection (1) above does not apply in relation to any receipt the amount or value of which (after any reduction under subsection (4) above) does not exceed £10."

(7) In section 58 (1) and (2) (shares in excess of initial market value of £500) for "£500 " there shall be substituted " £1,000 '.

(8) In section 59 (P.A.Y.E. deduction of tax) after subsection (1) there shall be inserted—

"(1A) Where a participant disposes of his beneficial interest in any of his shares to the trustees of the scheme and the trustees are deemed by virtue of section 55(7) above to have disposed of the shares in question, this section shall apply as if the consideration payable by the trustees to the participant on the disposal had been received by the trustees as the proceeds of disposal of shares falling within section 55(1) above.".

(9) In paragraph 1(4) of Schedule 9 (profit sharing schemes to provide that total initial market values of shares appropriated to one participant yearly must not exceed £500) for "£500" there shall be substituted " £1,000 '.

(10) In paragraph 6 of that Schedule (conditions as to shares)—

(a) the word "either " shall be omitted ; and

(b) at the end of paragraph (b) there shall be inserted "or

(c) shares in a company which is under the control of a company (other than a company which is or would if resident in the United Kingdom be a close company within the meaning of section 282 of the Taxes Act) whose shares are quoted on a recognised stock exchange."

(11) At the end of paragraph 8 of that Schedule (majority of shares of same class to be held by persons unconnected with the scheme) there shall be inserted the words "and

(c) in a case where the shares fall within sub-paragraph (c) and do not fall within sub-paragraph (a) of paragraph 6 above, companies which have control of the company whose shares are in question or of which that company is an associated company within the meaning of section 302 of the Taxes Act.".

(12) At the end of paragraph 11(3) of that Schedule (individuals ineligible to participate in schemes when they have a material interest in certain companies) there shall be inserted—

"(c) section 303(3) of the Taxes Act (meaning of "associate ") shall have effect—

(i) in a case where the scheme in question is a group scheme, with the substitution of a reference to all the participating companies for the first reference to the company in paragraph (ii) of the proviso to that subsection, and

(ii) with the substitution of a reference to 25 per cent, for the reference in that paragraph to 5 per cent".

(13) In paragraph 13 of that Schedule—

(a) in sub-paragraph (1) (trust instrument must prohibit trustees from disposing of shares except as mentioned in section 54(2)(a) of that Act during the period of retention) after the words "section 54(2)(a)" there shall be inserted the words "(b) or (c) "; and

(b) in sub-paragraph (2) (trust instrument must prohibit trustees from disposing of shares after end of period of retention except in certain circumstances) after the word "retention " there shall be inserted the words "and before the release date ".

(14) Subsections (3), (4) and (5) above apply in relation to shares appropriated on or after 6th April 1979, subsection (7) above applies in relation to shares appropriated on or

after 6th April 1980 and the remaining provisions of this section shall be deemed to have come into force on 6th April 1980.

47 Savings-related share option schemes

(1) Subject to subsection (2) below, where, on or after the appointed day, an individual obtains a right to acquire shares in a body corporate by reason of his office or employment as a director or an employee of that or any other body corporate and in accordance with the provisions of a scheme approved under Schedule 10 to this Act—

(a) tax shall not be chargeable under any provision of the Tax Acts in respect of the receipt of the right; and

(b) if he exercises the right in accordance with the provisions of the scheme at a time when it is so approved—

(i) tax shall not be chargeable under any provision of the Tax Acts in respect of the exercise nor under section 79(4) of the Finance Act 1972 in respect of an increase in the market value of the shares; and

(ii) section 19(3) of the Capital Gains Tax Act 1979 (assets deemed to be acquired at market value) shall not apply in calculating the consideration for the acquisition of the shares.

(2) Subsection (1) above shall not apply in respect of a right which is exercised within three years of its being obtained by virtue of a provision included in a scheme pursuant to paragraph 10 of that Schedule.

(3) In this section "the appointed day " means such day as the Treasury may by order made by statutory instrument appoint for the coming into force of this section and Schedule 10 to this Act.

48 Cars available for private use

(1) For section 62(1) and (2) of the Finance Act 1976 (cars with insubstantial business use) there shall be substituted—

"(1) Where the benefit of a car is taxable under section 64 below, section 61 above does not apply to any benefit in connection with the car other than a benefit in connection with the provision of a driver for the car."

(2) In paragraph 3(1) and (2) of Part II of Schedule 7 to that Act (reduction of cash equivalent where business use of car accounted for at least 25,000 miles in the relevant year) for "25,000 " there shall be substituted "18,000 ".

(3) At the end of Part II of the said Schedule 7 there shall be inserted—

"Cars with insubstantial business use and additional cars

5 (1) The cash equivalent derived from Table A, B or C is to be increased by half if in the relevant year—

(a) the car was not used for the employee's business travel; or

(b) its use for such travel did not amount to more than 1,000 miles.

(2) In relation to a car which for part of the year was unavailable in the sense of paragraph 2 above, the figure of 1,000 miles above mentioned is proportionately reduced.

(3) Without prejudice to sub-paragraph (1) above, if in any year a person is taxable under section 64 of this Act in respect of two or more cars which are made available concurrently, there shall be increased by half the cash equivalent derived from Table A, B or C in respect of each of those cars other than the one which in the period for which they are concurrently available is used to the greatest extent for the employee's business travel.

(4) In paragraphs 2 to 4 above references to the cash equivalent which is to be reduced shall be construed as references to the cash equivalent after any increase under this paragraph".

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

49 Cash equivalent of certain benefits

(1) Section 63 of the Finance Act 1976 (cash equivalent of certain benefits) shall be amended as follows.

(2) After subsection (3) there shall be inserted—

"(3A) Where the asset referred to in subsection (3) above is not a car and before the transfer a person (whether or not the transferee) has been chargeable to tax in respect of the asset in accordance with subsection (4) below, the amount which under subsection (3) above is deemed to be the cost of the benefit shall (if apart from this subsection it would be less) be deemed to be—

(a) the market value of the asset at the time when it was first applied (by those providing the benefit in question) for the provision of any benefit for a person or for members of his family or household, by reason of his employment, less

(b) the aggregate of the amounts taken into account as the cost of the benefit in charging tax in accordance with subsection (4) below in the year or years up to and including that in which the transfer takes place."

(3) In subsection (5)(c) for the words " 10 per cent."there shall be substituted the words " 20 per cent. ".

(4) This section has effect in relation to assets first applied after 5th April 1980 by those providing the benefit in question in the provision of any benefit for a person, or for members of his family or household, by reason of his employment.

50 Beneficial loan arrangements

(1) In section 66(2) of the Finance Act 1976 (exemption from charge to tax in respect of beneficial loan arrangements where cash equivalent of the benefit does not exceed £50) for "£50 " there shall be substituted "£200 ".

(2) Where the amount of interest paid on a loan for the year of assessment in which it is made is not less than interest at the official rate applying for that year for the purposes of section 66 of the said Act of 1976 and the loan is made—

(a) for a fixed and unvariable period ; and

(b) at a fixed and unvariable rate of interest,

subsection (1) of that section shall not apply to the loan in any subsequent year by reason only of an increase in the official rate since the year in which the loan was made.

(3) Where a loan was made at any time before 6th April 1978—

(a) for a fixed and unvariable period ; and

(b) at a fixed and unvariable rate of interest,

subsection (1) of the said section 66 shall not apply to the loan if it is shown that the rate of interest is not less than such rate as could have been expected to apply to a loan on the same terms (other than as to the rate of interest) made at that time between persons not connected with each other (within the meaning of section 533 of the Taxes Act) dealing at arm's length.

(4) This section has effect for the year 1980-81 and subsequent years of assessment.

51 Benefits in kind: minor amendments

(1) In section 63 of the Finance Act 1976 (cash equivalent of certain benefits)—

(a) to the words in brackets in subsection (41(b) there shall be added the words "and excluding also any rent or hire charge payable for the asset by those providing the benefit "; and

(b) in subsection (6) for the words from "the following applies " onwards there shall be substituted the words " the annual amount of which is equal to, or greater than, the annual value of the use of the asset as ascertained under subsection (5) above, that amount is to be substituted for the annual value in subsection (4)(a) above. "

(2) In section 64(4) of that Act (power to alter money sums relating to taxation of cars) after paragraph (b) there shall be inserted—

"(c) increase (or further increase) the money sum specified in paragraph 1(1) of Part II of Schedule 7 to this Act"

(3) In section 72(5)(e) of that Act (market value of car to be retail price inclusive of car tax etc.) for the words "of car tax " there shall be substituted the words "of value added tax and car tax ".

(4) In the proviso to section 284(2) of the Taxes Act (expense in providing certain benefits not to count as distribution to participator in close company) after paragraph (a) there shall be inserted—

"(aa) of living accommodation for any person if the accommodation is (within the meaning of section 33 of the Finance Act 1977) provided by reason of his employment; or".

(5) In section 44(5) and (6) of the Finance Act 1971 (writing-down allowances and balancing adjustments) after the words "Part VIII of the Taxes Act" there shall be inserted the words "or Chapter II of Part III of the Finance Act 1976 ".

52 Maintenance funds: charge of income tax

(1) If in the case of a settlement in respect of which the Treasury have given a direction under section 84 of the Finance Act 1976 (maintenance funds for historic buildings)—

(a) any of the property comprised in the settlement (whether capital or income) is applied otherwise than as mentioned in paragraph (a)(i) or (ii) of subsection (3) of that section; or

(b) any of that property on ceasing to be comprised in the settlement devolves otherwise than on any such body or charity as is mentioned in paragraph (a)(ii) of that subsection,

then, unless subsection (6) below applies, income tax shall be charged under this section in respect of the settlement.

(2) Subject to subsection (3) below, tax chargeable under this section shall be charged at the rate of 30 per cent, on the whole of the income which has arisen in the relevant period from the property comprised in the settlement and has not been applied (or accumulated and then applied) as mentioned in subsection (3)(a)(i) or (ii) of the said section 84.

In this subsection "the relevant period " means, if tax has become chargeable under this section in respect of the settlement on a previous occasion, the period since the last occasion and, in any other case, the period since the settlement took effect.

(3) Tax shall not be chargeable under this section in respect of income which by virtue of Part XVI of the Taxes Act is treated as income of the settlor; but where income arising in any year of assessment is exempted by this subsection any sums applied in that year as mentioned in subsection (3)(a)(i) or (ii) of the said section 84 shall be treated as paid primarily out of that income and only as to the excess, if any, out of income not so exempted.

(4) Tax charged under this section shall be in addition to any tax chargeable apart from this section and—

(a) the persons assessable and chargeable with tax under this section shall be the trustees of the settlement; and

(b) all the provisions of the Income Tax Acts relating to assessments and to the collection and recovery of income tax shall, so far as applicable, apply to the charge, assessment, collection and recovery of tax under this section.

(5) Tax shall also be chargeable in accordance with the foregoing provisions of this section if any of the property comprised in a settlement to which subsection (1) above applies, on ceasing at any time to be comprised in the settlement, devolves on any such body or charity as is referred to in paragraph (b) of that subsection and at or before that time an interest under the settlement is or has been acquired for a consideration in money or money's worth by that or another such body or charity ; but for the purposes of this subsection any acquisition from another such body or charity shall be disregarded.

(6) Tax shall not be chargeable under this section in respect of a settlement on an occasion when the whole of the property comprised in it is transferred tax-free into another settlement; but on the first occasion on which tax becomes chargeable under this section in respect of a settlement ("the current settlement") comprising property which was previously comprised in another settlement or settlements and has become comprised in the current settlement as a result of, or of a series of, tax-free transfers, the relevant period for the purposes of subsection (2) above shall, as respects that property, be treated as having begun—

(a) on the last occasion on which tax became chargeable under this section in respect of the other settlement or any of the other settlements; or

(b) if there has been no such occasion, when the other settlement or the first of the other settlements took effect.

(7) For the purposes of subsection (6) above property is transferred tax-free from one settlement into another if it ceases to be comprised in the first-mentioned settlement

and becomes comprised in the other settlement in circumstances such that by virtue of section 89(4)(d) below there is no charge to capital transfer tax by reference to its value.

53 Maintenance funds: one-estate elections

(1) Where a building or land which is qualifying property for the purposes of subsection (3) of section 84 of the Finance Act 1976 (maintenance funds for historic buildings) forms part of an estate in relation to which an election has effect under section 73 of the Taxes Act (deductions from rents: land managed as one estate)—

(a) the election shall not cease to have effect by reason only of another part of the estate becoming comprised in, and being managed by the trustees of, a settlement in relation to which the Treasury give a direction under the said section 84 ; and

(b) that other part shall be treated as continuing to form part of the estate to which the election relates.

(2) Where a person becomes the owner of any such building or land as is mentioned in subsection (1) above which in the immediately preceding ownership formed part of an estate in relation to which an election under the said section 73 had effect, any other part of that estate which continues to be or becomes comprised in a settlement of the kind mentioned in that subsection shall be treated as part of the estate in relation to which an election may be made by him under that section.

(3) Where by virtue of this section an election has effect in relation to an estate part of which is comprised in a settlement—

(a) there may be treated as deductible from the rents arising from that part—

(i) any payments which are made in respect of the other part of the estate by the trustees of the settlement and which would be so deductible under section 72 of the Taxes Act if that part were also comprised in the settlement; and

(ii) any payments made in respect of the other part of the estate by its owner to the extent to which they cannot be deducted by him under that section in the chargeable period in which they become due because of an insufficiency of the rents arising in that period from that part; and

(b) any relief available to the trustees under section 79 of that Act (agricultural relief) in respect of the part of the estate comprised in the settlement shall instead be available to the owner of the other part of the estate.

(4) Where by virtue of this section an election has effect in relation to an estate part of which is comprised in a settlement, the election shall not cease to have effect in relation to any of that part by reason of its ceasing to be comprised in that settlement if within thirty days it becomes comprised in another settlement in relation to which the Treasury give a direction under the said section 84.

(5) The inclusion by virtue of this section in an estate of property comprised in a settlement shall not be construed as requiring it to be treated as the property of the person who owns the remainder of the estate or as affecting any question as to the person entitled to the income arising from that property.

54 Charitable donations by traders

(1) Section 411(8) of the Taxes Act (which disallows expenditure on certain gifts) shall not preclude the deduction, in computing profits or gains under Case I or Case II of Schedule D, of expenditure incurred in making a gift to a body of persons or trust established for charitable purposes only.

(2) This section has effect in relation to expenditure incurred on or after 1st April 1980.

55 Charitable dispositions for periods which cannot exceed three years

(1) In section 434 of the Taxes Act (income payable to another under a disposition for a period which cannot exceed six years deemed to be the disponor's income)—

(a) in subsection (1) after "(1)" there shall be inserted the words "Subject to subsection (1A) below ";

(b) after that subsection there shall be inserted—

"(1A) Subsection (1) above shall have effect in relation to income which is payable as a covenanted payment to charity as if for the words "six years" there were substituted the words "three years ""; and

(c) at the end of subsection (2) of that section there shall be inserted the words "and " a covenanted payment to charity" means a payment made under a covenant made otherwise than for consideration in money or money's worth in favour of a body of persons or trust established for charitable purposes only whereby the like annual payments (of which the payment in question is one) become payable for a period which may exceed three years and is not capable of earlier termination under any power exercisable without the consent of the persons for the time being entitled to the payments ".

(2) After subsection (1) of section 445 of that Act (sums payable by settlor under revocable settlement treated as settlor's income except where power to revoke cannot be exercised within six years from first payment) there shall be inserted—

"(1A) The proviso to subsection (1) above shall have effect in relation to a payment which is a covenanted payment to charity as if for the words "six years " there were substituted the words "three years " ; and in this subsection "covenanted payment to charity" has the same meaning as in section 434(2) above".

(3) In section 248 of that Act (allowance of charges on income for corporation tax) in subsection (9) (meaning of "covenanted donation to charity ") for the words "six years " there shall be substituted the words "three years ".

(4) This section has effect for the year 1980-81 and subsequent years of assessment in relation to payments made after 5th April 1980.

56 Income under charitable covenant not settlor's for excess tax purposes

(1) In paragraph (b) of subsection (1) of section 457 of the Taxes Act (income under a settlement not treated as the settlor's income for the purposes of his excess liability if excluded by subsection (2) of that section) after the word "subsection" there shall be inserted the words "(1A) or ".

(2) After that subsection there shall be inserted—

"(1A) Subsection (1) above shall not apply to so much of an individual's income as consists of covenanted payments to charity and does not exceed £3,000 in any year of assessment".

(3) At the end of subsection (5) of that subsection (interpretation) there shall be inserted—

"(c) ' covenanted payments to charity ' shall be construed in accordance with section 434 (2) above."

(4) In paragraph 3(1) of Schedule 16 to the Finance Act 1972 (apportionment of amounts which have been deducted by close companies in arriving at their distributable income and which in the case of an individual would have been treated as his income in computing his total income), for the words "would have been treated " there shall be substituted the words "would (apart from section 457(1A) of the Taxes Act) have been treated ".

(5) In paragraph 5 of that Schedule (consequences of apportionment: income tax) after sub-paragraph (5) there shall be inserted:

"(5A) Where as a result of a company or companies making covenanted payments to charity a sum or sums are apportioned by virtue of paragraph 3 above and form part of the total income of an individual for any year of assessment, his total income for that year and the total amount assessable for that year in respect of that sum or those sums shall be reduced by whichever is the lesser of—

(a) the amount of that sum or those sums, and

(b) the amount by which the total amount of all covenanted payments to charity which form part of his income for that year by virtue of section 457 of the Taxes Act, or which would form part of it if subsection (1A) of that section were omitted, falls short of £3,000;

and in this sub-paragraph "covenanted payments to charity " has the same meaning as in the said section 457."

(6) This section has effect for the year 1981-82 and subsequent years of assessment in relation to payments made after 5th April 1981.

57 Registered friendly societies and trade unions

(1) In subsections (4) and (5) of section 332 of the Taxes Act (exemption of income and gains of a registered friendly society whose rules make no provision for it to carry on life or endowment business consisting of the assurance of gross sums exceeding £1,000 or of the granting of annuities of annual amounts exceeding £208) for "£1,000 " and "£208 " there shall be substituted respectively "£2,000 " and "£416 ".

(2) The Friendly Societies Act (Northern Ireland) 1970 and the Friendly Societies Act 1974 shall be amended as follows—

(a) in section 1(3A) of the said Act of 1970 and in section 7(3A) of the said Act of 1974 (registration of societies) for "£1,000 " and "£208 " there shall be substituted respectively "£2,000 " and "£416 " ; and

(b) in section 55(1) of the said Act of 1970 and in section 64(1) of the said Act of 1974 (maximum benefits) in paragraph (a) for "£1,000" there shall be substituted "£2,000 " and in paragraph (b) for "£208 " there shall be substituted "£416 ".

(3) In section 338 of the Taxes Act (income and gains of a trade union precluded by Act or rules from assuring to any person a sum exceeding £1,000 by way of gross sum or £208 a year by way of annuity exempted if applied for purpose of provident benefits) for "£1,000 " and "£208 " there shall be substituted respectively "£2,000 " and "£416 ".

(4) Subsection (1) above has effect in relation to any year of account of a registered friendly society or branch ending on or after 1st June 1980 and subsection (3) above has effect in relation to income or gains which are applicable and applied as mentioned in subsection (1) of the said section 338 on or after that date.

58 Building societies

(1) In determining the reduced rate of tax by reference to which arrangements for any year of assessment are made under subsection (1) of section 343 of the Taxes Act (building societies) the Board shall, notwithstanding anything in the proviso to that subsection, leave out of account any information which is obtained by them after the beginning of that year other than information relating to changes in the rates of tax or personal reliefs for that year or to changes in the general level of incomes.

(2) This section has effect for the year 1980-81 and subsequent years of assessment.

59 Trustee savings banks

(1) Section 414(1) of the Taxes Act (relief from tax on certain savings bank interest) shall not apply to any sums paid or credited in respect of interest for any period after 20th November 1979 on ordinary deposits with a trustee savings bank.

(2) Schedule 11 to this Act shall have effect in relation to the taxation of trustee savings banks in respect of accounting periods beginning after the said 20th November.

60 Authorised unit trusts

(1) Section 354 of the Taxes Act (Tax Acts to have effect in relation to income arising to the trustees of an authorised unit trust as if they were an investment company and the unit holders were shareholders) shall not apply in relation to an authorised unit trust under the terms of which the funds of the trust cannot be invested in such a way that income can arise to the trustees which will be chargeable to tax in the hands of the trustees otherwise than—

(a) under Schedule C as profits arising from United Kingdom public revenue dividends, or

(b) under Case III of Schedule D ;

and in this subsection "United Kingdom public revenue dividends " means public revenue dividends payable in the United Kingdom (whether they are also payable outside the United Kingdom or not) out of the public revenue of the United Kingdom.

(2) This section has effect in relation to income arising after 31st March 1980.

61 Dates for payment of tax

(1) In section 4(3) of the Taxes Act (income tax charged at rates other than the basic rate to be payable on or before 6th July following the end of the year for which it is assessed) for the words "6th July" there shall be substituted the words "1st December ".

(2) In section 7 of the Capital Gains Tax Act 1979 (capital gains tax payable at or before expiration of the three months following the year in which the gains accrued) for the words “at or before the expiration of the three months following that year ” there shall be substituted the words “on or before 1st December following the end of that year ”.

(3) In paragraph 3 in the second column of the Table in section 86(4) of the Taxes Management Act 1970 (reckonable date for interest on unpaid tax) for the words “The 1st January following the end of the year of assessment” there shall be substituted the words “The 1st June following the 1st December mentioned in section 4(3) of the principal Act ” and in paragraph 4 in the second column of that Table for the words “The 1st January following the end of the year of assessment” there shall be substituted the words " The 1st June following the 1st December mentioned in section 7 of the Capital Gains Tax Act 1979. "

(4) In section 88 (5)(c) and (d) of the Taxes Management Act 1970 (interest on tax recovered to make good loss due to taxpayer's fault) and paragraph 6(2) of Schedule 16 to the Finance Act 1972 (liability for tax on apportioned income) for the words “6th July ” there shall be substituted the words “1st December ”.

(5) This section has effect in relation to tax for the year 1980-81 and subsequent years of assessment.

62 Interest on unpaid tax

(1) In the provisions mentioned in subsection (2) below (remission of interest on unpaid tax where the amount of interest does not exceed £10) for “£10” there shall be substituted “£30 ”.

(2) The provisions referred to above are—
   (a) section 86(6) of the Taxes Management Act 1970 (income tax, corporation tax and capital gains tax);
   (b) section 87(4) of that Act (advance corporation tax and income tax on company payments); and
   (c) section 87(3) of that Act as originally enacted (income tax on company distributions).

(3) This section has effect in relation to interest on tax charged by assessments notice of which is issued after the passing of this Act.

63 International Maritime Satellite Organisation

(1) An overseas signatory to the Operating Agreement made pursuant to the Convention on the International Maritime Satellite Organisation which came into force on 16th July 1979 shall be exempt from income tax, corporation tax and capital gains tax in respect of any payment received by that signatory from the Organisation in accordance with the Agreement.

(2) In this section an “overseas signatory ” means a signatory other than one designated for the purposes of the Agreement by the United Kingdom in accordance with the Convention.

CHAPTER II

CAPITAL ALLOWANCES

Machinery and plant

64 Exclusion of first-year allowances for certain leased assets

(1) No first-year allowance shall be made in respect of expenditure on the provision of machinery or plant for leasing, whether in the course of a trade or otherwise, unless it appears that the machinery or plant will be used for a qualifying purpose in the requisite period and will not at any time in that period be used for any other purpose.

(2) Machinery or plant is used for a qualifying purpose at any time when—

(a) it is leased to a lessee who uses it for the purposes of a trade, otherwise than for leasing, and the circumstances are such that a first-year allowance could have been made to the lessee if he had bought the machinery or plant at that time and had incurred capital expenditure in doing so; or

(b) the person who incurred the expenditure uses it for short term leasing; or

(c) it is leased to a lessee who uses it for short-term leasing and either is resident in the United Kingdom or so uses it in the course of a trade carried on by him there; or

(d) the person who incurred the expenditure uses it for the purposes of a trade otherwise than for leasing.

(3) In subsection (2)(b) and (c) above "short-term leasing " means leasing the machinery or plant in such a manner—

(a) that—

(i) the number of consecutive days for which it is leased to the same person will normally be less than thirty; and

(ii) the total number of days for which it is leased to the same person in any period of twelve months will normally be less than ninety; or

(b) that—

(i) the number of consecutive days for which it is leased to the same person will not normally exceed three hundred and sixty-five ; and

(ii) the aggregate of the periods for which it is leased in the requisite period to lessees not falling within subsection (2)(a) above will not exceed two years.

(4) For the purposes of subsection (3) above persons who are connected with each other shall be treated as the same person and where any machinery or plant is leased as one of a number of items which form part of a pool of items of the same or a similar description and are not separately identifiable all the items in the pool may be treated as used for short-term leasing within the meaning of that subsection if substantially the whole of the items in the pool are so used.

(5) Without prejudice to subsection (2) above, a ship is also used for a qualifying purpose at any time when it is let on charter in the course of a trade which consists of or includes operating ships if—

(a) the person carrying on the trade is resident in the United Kingdom or carries on the trade there ; and

(b) that person is responsible as principal (or appoints another person to be responsible in his stead) for navigating and managing the ship throughout the period of the charter and for defraying all expenses in connection with the ship throughout that period or substantially all such expenses other than those directly incidental to a particular voyage or to the employment of the ship during that period.

(6) Subsection (5) above shall with the necessary modifications apply also in relation to aircraft.

(7) Without prejudice to subsection (2) above, a transport container is also used for a qualifying purpose at any time when it is leased in the course of a trade which is carried on by a person who is resident in the United Kingdom or who carries on the trade there if—

(a) the trade consists of or includes the operation of ships or aircraft and the container is at other times used by that person in connection with the operation of ships or aircraft; or

(b) the container is leased under a succession of leases to different persons who, or most of whom, are not connected with each other.

(8) The requisite period is the period of four years beginning with the date on which the machinery or plant is first brought into use by the person who incurred the expenditure, except that where the machinery or plant ceases at any time before the end of those four years to belong to that person the requisite period shall end at that time.

(9) For the purposes of subsection (8) above machinery or plant shall be treated as continuing to belong to the person who incurred the expenditure so long as it belongs to—

(a) a person who is connected with him ; or

(b) a person who acquired it from him as a result of one or more disposals on the occasion of which, or each of which, the trade carried on by the person making the disposal was treated as continuing by virtue of section 154(2) or 155(1) of the Taxes Act;

and for any part of the requisite period for which the machinery or plant belongs to a person falling within paragraph (a) or (b) above that person shall be treated for the purposes of subsection (2)(b) and (d) above as the person who incurred the expenditure.

(10) For the purposes of subsection (2)(a) above there shall be disregarded paragraph 2(1) of Schedule 8 to the Finance Act 1971 and section 50 of the Capital Allowances Act 1968 as applied by paragraph 2(2) of that Schedule (which preclude the making of a first-year allowance where certain other allowances are available).

(11) This section does not preclude the making of a first-year allowance in respect of expenditure on the provision of machinery or plant if it is fixed to a building or land of which the person who incurs the expenditure is the lessor and the circumstances are such that a transfer of his interest in the building or land would operate to transfer his interest in the machinery or plant; and so much of the proviso to section 48(4) of the said Act of 1971 as relates to section 74(3) of the said Act of 1968 (restriction of relief for leased asset not used for trade) shall not apply to any allowance in respect of such expenditure.

(12) Nothing in this section affects expenditure on the provision of vehicles if they are provided wholly or mainly for the use of persons in receipt of mobility allowance under the Social Security Act 1975 or the Social Security (Northern Ireland) Act 1975.

65 Writing-down allowances etc. in case of leased assets

(1) Where section 64 above precludes the making of a first-year allowance in respect of expenditure incurred by a person on the provision of machinery or plant for leasing in the course of a trade, the following provisions shall have effect with respect to the allowances and charges to be made in the case of the trade ("the actual trade ") under section 44 of the Finance Act 1971 (writing-down allowances and balancing adjustments).

(2) It shall be assumed for the purposes of the said section 44—

(a) that, immediately after the beginning of the chargeable period or its basis period in which the machinery or plant is brought into use, the person carrying on the trade brings the machinery or plant into use for the purposes of a trade carried on by him separately from the actual trade and any other trade carried on by him;

(b) that the machinery or plant is used for the purposes of the separate trade from then until it ceases altogether to be used for the purposes of the actual trade; and

(c) that the separate trade is permanently discontinued when the machinery or plant ceases altogether to be used for the purposes of the actual trade,

and the allowance or charge under that section which, on those assumptions and having regard to subsections (3) and (4) below, would fall to be made for any chargeable period in the case of the separate trade shall be made for that period in the case of the actual trade.

(3) If an allowance under the said section 44 falling by virtue of this section to be made for any chargeable period in the case of the actual trade is not claimed, or is reduced in amount in accordance with a requirement under the proviso to subsection (2) of that section, then, in determining the allowance or charge under that section which would fall to be made for any subsequent chargeable period in the case of the separate trade, any allowance falling to be made in the case of that trade for the first-mentioned chargeable period shall be treated as not claimed or, as the case may be, proportionately reduced.

(4) Where in the case of any person the said section 44 applies in accordance with this section to different items of machinery or plant it shall apply as if the separate trade for which each item is treated as used were the same trade, and accordingly that trade shall not by virtue of subsection (2)(c) above be treated as permanently discontinued until all those items cease altogether to be used for the purposes of the actual trade.

(5) Where the said section 44 has effect in accordance with this section in respect of expenditure incurred by a person providing machinery or plant for the purposes of a trade, then, if the machinery or plant is disposed of by him to a person who is connected with him and the disposal is not on an occasion on which the trade is treated as continuing by virtue of section 154(2), 155(1) or 252 of the Taxes Act or paragraph 13 of Schedule 8 to the said Act of 1971—

(a) the disposal value to be brought into account under the said section 44 in the case of the separate trade shall be of an amount equal to the price which the

machinery or plant would have fetched on a sale at the same time in the open market or, if less, the capital expenditure incurred or treated as incurred on the provision of the machinery or plant by the person disposing of it; and

(b) the person acquiring it shall be treated for the purposes of Chapter I of Part III of the said Act of 1971 as having incurred on its provision expenditure equal to that disposal value.

(6) This section applies also where section 64 above would have precluded the making of a first-year allowance in respect of any expenditure if the making of such an allowance in respect of the expenditure were not already precluded by paragraph 3 of Schedule 8 to the said Act of 1971 ; but this section does not apply to machinery or plant in relation to which the said section 44 applies in accordance with paragraph 5, 6 or 10 of that Schedule.

66 Recovery of excess relief

(1) Where a first-year allowance has been made in respect of expenditure incurred in providing machinery or plant and the machinery or plant is at any time in the requisite period used otherwise than for a qualifying purpose—

(a) an amount equal to the excess relief shall, in relation to the person to whom the machinery or plant then belongs, be treated as if it were a balancing charge to be made on him for the chargeable period in which, or in the basis period for which, the machinery or plant is first so used ; and

(b) section 44 of the Finance Act 1971 (as it has effect in accordance with section 65 above) shall apply as if that amount were qualifying expenditure of that person for the next chargeable period and, for the purpose of bringing any disposal value into account, as if the machinery or plant had always been used for the purposes of the separate trade.

(2) The excess relief is the excess, if any, of—

(a) the first-year allowance made in respect of the expenditure and any writing-down allowance or allowances made in respect of it for the chargeable period related to the incurring of the expenditure and any subsequent chargeable period up to and including that mentioned in subsection (1)(a) above, over

(b) the maximum writing-down allowance or allowances that could have been made in respect of it for those chargeable periods if the first-year allowance had not and could not have been made.

(3) Where as a result of a requirement under section 41(3) of the said Act of 1971 (reduction of first-year allowances) an aggregate amount of first-year allowances in respect of different items of machinery or plant is reduced there shall be treated for the purposes of subsection (2) above as having been made in respect of each item a reduction proportionate to the capital expenditure on the provision of that item.

(4) For the purposes of subsection (2) above the writing-down allowance or allowances that were made or would have been made in respect of any item of machinery or plant shall be determined as if that item were the only item of machinery or plant in relation to which the said section 44 had effect.

(5) Where the person to whom any machinery or plant belongs at a time when it is first used otherwise than for a qualifying purpose has acquired it as a result of a transaction which was, or a series of transactions each of which was, between connected persons

and a first-year allowance in respect of expenditure on the provision of the machinery or plant has been made to any of those persons—

(a) subsection (2) above shall have effect as if it referred to that first-year allowance and to the expenditure in respect of which it was made ;

(b) for the purposes of that subsection any consideration paid or received on a disposal of the machinery or plant between connected persons shall be disregarded; and

(c) if a balancing allowance or balancing charge is made in respect of the machinery or plant there shall be made such adjustments of the total relief falling to be taken into account under paragraph (a) of that subsection as are just and reasonable in the circumstances ;

but this subsection does not apply where section 154(2), 155(1) or 252(2) of the Taxes Act or paragraph 13(a) and (b) of Schedule 8 to the said Act of 1971 (succession to trades) applied on the occasion of the transaction or transactions in question.

(6) Where the person to whom any machinery or plant belongs at such a time as is mentioned in subsection (5) above acquired it as there mentioned and—

(a) a first-year allowance in respect of expenditure on the provision of the machinery or plant could have been made to any of the connected persons but was not claimed or was disclaimed ; and

(b) a balancing allowance is made to any of those persons in respect of that expenditure,

this section shall with the necessary modifications apply as it applies where a first-year allowance has been made.

(7) If at any time in the requisite period a new ship is used otherwise than for a qualifying purpose, then, without prejudice to the other provisions of this section—

(a) no allowance shall be made in respect of it under subparagraph (2)(c) of paragraph 8 of Schedule 8 to the said Act of 1971 for the chargeable period in which it is first so used or for any subsequent chargeable period; and

(b) section 44 of that Act (as it has effect in accordance with section 65 above) shall apply as if the amount of any allowance in respect of the ship which has been postponed under that paragraph and not made were qualifying expenditure for the next chargeable period after that in which the ship is first so used.

67 Information

(1) A claim by a person other than a company for a first-year allowance in respect of expenditure to which section 64 above applies, and a return by a company of profits in the computation of which a deduction is made on account of such an allowance, shall be accompanied by a certificate—

(a) stating that the machinery or plant in question will be used for a qualifying purpose in the requisite period, will not be used for any other purpose in that period and has not been used for any other purpose in any part of that period which has already elapsed ; and

(b) containing a description of the machinery or plant in question or, if the claim or deduction relates to more than one item of machinery or plant and those items are of different kinds, a description of the different kinds and the amount claimed or deducted in respect of each of them.

(2) Where a person other than a company has claimed a first-year allowance in respect of any expenditure, or a deduction on account of such an allowance has been made in computing profits in respect of which a return has been made by a company, and the machinery or plant in question is at any time in the requisite period used otherwise than for a qualifying purpose, the person to whom it then belongs shall give written notice of that fact to the inspector, specifying the use to which the machinery or plant has been put; and, subject to subsection (3) below, any such notice shall—

(a) be given within three months after the end of the chargeable period or its basis period in which the machinery or plant is first used as aforesaid ; and

(b) relate to all the items of machinery or plant (if more than one) in respect of which that person is required to give a notice under this subsection in respect of that period.

(3) If at the end of the three months mentioned in paragraph (a) of subsection (2) above the person concerned does not know and cannot reasonably be expected to know that any item of machinery or plant in respect of which he is required to give a notice under that subsection has been used otherwise than for a qualifying purpose he shall in respect of that item give the notice within thirty days of his coming to know that it has been so used.

(4) Where a first-year allowance has been made in respect of any expenditure, the inspector may by notice in writing require—

(a) any person to whom the machinery or plant belongs or has belonged, or who is or has been in possession of it under a lease, during the requisite period; and

(b) the personal representatives of any such person,

to furnish him, within such period (not being less than thirty days) as may be specified in the notice, with such information as he may require and the person to whom the notice is addressed has or can reasonably obtain about the leasing of the machinery or plant or the use to which it is being or has been put.

68 Joint lessees

(1) The foregoing provisions of this Chapter shall have effect in accordance with this section where machinery or plant is leased to two or more persons jointly.

(2) Subsection (2)(a) of section 64 above shall not apply at any time when the machinery or plant is leased as aforesaid but if the lessees use the machinery or plant for the purposes of a trade or trades, otherwise than for leasing, it shall be regarded as used for a qualifying purpose if and to the extent to which it appears that the profits or gains of the trade or trades arising throughout the requisite period (or the period of the lease, if shorter) will be chargeable to income tax or corporation tax.

(3) Where by virtue of subsection (2) above a first-year allowance may be made in respect of part only of the expenditure on the provision of any machinery or plant, then, whether or not the machinery or plant continues to be leased as aforesaid, section 44 of the Finance Act 1971 (writing-down allowances and balancing adjustments) and sections 65 and 66 above shall have effect as if—

(a) that part were expenditure on the provision of a separate item of machinery or plant; and

(b) the remainder were expenditure on the provision of another item of machinery or plant;

and there shall be made all such apportionments as are necessary in consequence of this subsection.

(4) Where by virtue of subsection (2) above a first-year allowance has been made in respect of the whole or part of the expenditure on the provision of any machinery or plant and at any time in the requisite period while it is leased as aforesaid no lessee uses it for the purpose of a trade or trades the profits or gains of which are chargeable to income tax or corporation tax, section 66 above shall have effect as if the machinery or plant or, as the case may be, the separate item referred to in subsection (3) (a) above had at that time been used otherwise than for a qualifying purpose.

(5) Where by virtue of subsection (2) above a first-year allowance has been made in respect of the whole or part of the expenditure on the provision of any machinery or plant and at the end of the requisite period the machinery or plant is leased as aforesaid but subsection (4) above has not had effect, then, if it appears that the extent to which the machinery or plant has been used for the purposes of such trade or trades as aforesaid is less than that by reference to which the amount of the first-year allowance was determined—

(a) section 66 above shall have effect as if a part of the expenditure corresponding to the reduction in the extent of such use were expenditure on the provision of a separate item of machinery or plant used otherwise than for a qualifying purpose on the last day of that period; and

(b) any disposal value subsequently brought into account in respect of the machinery or plant under section 44 of the said Act of 1971 shall, instead of being apportioned in accordance with subsection (3) above, be apportioned by reference to the extent of such use as determined at the end of that period.

(6) Where the claim or deduction referred to in subsection (1) of section 67 above relates to a first-year allowance which by virtue of subsection (2) above is in respect of part only of any expenditure, the certificate required by the said subsection (1) shall include a statement of the extent to which the profits or gains referred to in subsection (2) above will be chargeable to tax as there mentioned.

(7) In subsection (2) of section 67 above the reference to machinery or plant being used otherwise than for a qualifying purpose shall include a reference to machinery or plant being treated as so used by virtue of subsection (4) above.

(8) Where a first-year allowance has been made in respect of expenditure on the provision of machinery or plant otherwise than by virtue of subsection (2) above and the machinery or plant is subsequently leased in the requisite period to two or more persons jointly, subsections (4), (5) and (7) above shall apply as if the first-year allowance had been made by virtue of subsection (2) above and had been so made in respect of the whole of the expenditure.

69 Writing-down allowances etc. for cars

The machinery or plant in relation to which section 44 of the Finance Act 1971 (writing-down allowances and balancing adjustments) has effect in accordance with section 65 above shall include any vehicle in respect of which the making of a first year allowance is precluded by section 43 of that Act other than a vehicle to which paragraph 10 of Schedule 8 to that Act applies.

70 Leasing by individuals

(1) There shall be disregarded for the purposes of section 169 of the Taxes Act (set-off against general income) any allowances made to an individual under Chapter I of Part III of the Finance Act 1971 in respect of expenditure incurred on the provision of machinery or plant for leasing in the course of a trade unless—

(a) the trade is carried on by him for a continuous period of at least six months in, or beginning or ending in, the year of loss as defined in that section ; and

(b) he devotes substantially the whole of his time to carrying it on throughout that year or if it is set up or permanently discontinued (or both) in that year, for a continuous period of at least six months beginning or ending in that year.

(2) Subsection (1) above shall apply also to expenditure incurred by an individual on the provision for the purposes of a trade carried on by him of an asset which is not to be leased if payments in the nature of royalties or licence fees are to accrue from rights granted by him in connection with that asset.

(3) In the proviso to section 48(4) of the said Act of 1971 (allowances in respect of expenditure on machinery or plant let otherwise than in the course of a trade)—

(a) after the words "Provided that" there shall be inserted the words "the proviso to subsection (1) of the said section 71 shall not apply to an allowance made by virtue of section 46(1) above and "; and

(b) for the words "the proviso to subsection (1) of the said section 71 or, as the case may be, subsection (4) of the said section 74 " there shall be substituted the words "subsection (3) of the said section 74 ".

(4) Where relief has been given in a case to which this section applies it shall be withdrawn by the making of an assessment under Case VI of Schedule D.

(5) References in this section to the carrying on of a trade by an individual are to his carrying it on either alone or in partnership.

(6) This section is without prejudice to section 41 of the Finance Act 1976.

71 Quarantine premises

(1) If a person carrying on a trade has on or after 1st September 1972 incurred expenditure for the purposes of the trade in altering or replacing premises which immediately before that date were in use as authorised quarantine premises and—

(a) the expenditure was incurred in order to comply with requirements imposed by law for the use of premises on or after that date as authorised quarantine premises ; and

(b) an allowance or deduction in respect of the expenditure could not, apart from this section, be made in taxing the trade or computing the profits or gains arising from it,

Chapter I of Part III of the Finance Act 1971 shall apply as if the expenditure were capital expenditure incurred on the provision of machinery or plant for the purposes of the trade, as if the machinery or plant had in consequence of his incurring the expenditure belonged to him and had been in use for the purposes of the trade and as if the disposal value of the machinery or plant were nil.

(2) In subsection (1) above "authorised quarantine premises " means premises authorised under the Diseases of Animals Act 1950 to be used for the detention and isolation of animals in quarantine.

(3) All such adjustments shall be made by discharge or repayment of tax as may be required for giving effect to the relief available under this section.

(4) Any disclaimer or claim under section 41(3) of the said Act of 1971 in respect of relief available under this section, and any claim for relief (or additional relief) under any other provision of the Tax Acts which is made in consequence of the relief available under this section, shall not be out of time if made within twelve months after the passing of this Act.

72 Commencement and transitional provisions

(1) Subject to subsection (5) below, sections 64 to 69 above apply to expenditure incurred on or after 1st June 1980 except that those sections do not affect expenditure incurred by a person on the provision of machinery or plant if the expenditure consists of the payment of sums payable under a contract entered into by him before 27th March 1980 and the machinery or plant is brought into use not later than 27th March 1982.

(2) Those sections apply also to expenditure incurred by a person before 1st June 1980 if the expenditure—

(a) is on the provision of machinery or plant which does not belong to him before that date ; and

(b) consists of the payment of sums payable under a contract entered into by him on or after 27th March 1980 with a connected person.

(3) Section 70 above applies to expenditure incurred on or after 27th March 1980 except that that section does not affect expenditure incurred by a person on the provision of machinery or plant if the expenditure consists of the payment of sums payable under a contract entered into by him before that date and the machinery or plant is brought into use not later than 27th March 1982.

(4) Part I of Schedule 12 to this Act shall have effect for restricting first-year allowances in respect of certain expenditure incurred on or after 24th October 1979 and before 1st June 1980 but that Part does not affect expenditure incurred by a person on the provision of machinery or plant if the expenditure consists of the payment of sums payable under a contract entered into by him before the said 24th October and the machinery or plant is brought into use not later than 24th October 1981.

(5) Part II of Schedule 12 to this Act shall have effect for excluding from section 64 above certain expenditure incurred before 1st June 1986 and for restricting first-year allowances in respect of that expenditure.

73 Interpretation

(1) The Tax Acts shall have effect as if the foregoing provisions of this Chapter and the provisions of Schedule 12 to this Act were contained in Chapter I of Part III of the Finance Act 1971 except that expenditure shall not be treated for the purposes of section 72 above as having been incurred after the date on which it was in fact incurred by reason only of so much of section 50(4) of that Act as relates to expenditure incurred before a trade begins.

(2) References in those provisions to a lease include references to a sub-lease and references to a lessor or lessee shall be construed accordingly.

(3) For the purposes of those provisions letting a ship on charter or any other asset on hire shall be regarded as leasing it if, apart from this subsection, it would not be so regarded.

(4) In those provisions "qualifying purpose " and "requisite period " have the meanings given in section 64 above.

(5) Without prejudice to section 47 of the said Act of 1971 (application to activities other than trades) references in those provisions to the use of machinery or plant for the purposes of a trade include references to its use for any purpose in connection with which a first-year allowance can be given by virtue of that section.

(6) Section 533 of the Taxes Act (connected persons) applies for the purposes of those provisions.

Industrial and commercial buildings

74 Enterprise zones

(1) Chapter I of Part I of the Capital Allowances Act 1968 (industrial buildings allowances)—

(a) shall apply with the modifications specified in Schedule 13 to this Act in relation to capital expenditure on the construction of an industrial building or structure.; and

(b) shall, as so modified, apply in relation to capital expenditure on the construction of a qualifying hotel or of a commercial building or structure as if it were an industrial building or structure,

in any case where the expenditure is incurred, or is incurred under a contract entered into, at a time when the site of the industrial building or structure, the qualifying hotel or the commercial building or structure is in an enterprise zone, being a time not more than ten years after the site was first included in the zone.

(2) In this section "enterprise zone " means an area designated as such by an order made by the Secretary of State under powers in that behalf conferred by any Act passed in the same Session as this Act or, in Northern Ireland, by an order made by the Department of the Environment for Northern Ireland under powers in that behalf conferred by an Order in Council under the Northern Ireland Act 1974.

(3) In this section "qualifying hotel" has the same meaning as for the purposes of section 38 of the Finance Act 1978; and Chapter I of Part I of the said Act of 1968 shall not by virtue of that section apply to expenditure to which that Chapter applies by virtue of this section.

(4) In this section "commercial building or structure " means a building or structure, other than an industrial building or structure or a qualifying hotel, which is used for the purposes of a trade, profession or vocation or, whether or not for such a purpose, as an office or offices but does not include any building or structure in use as, or as part of, a dwelling-house.

(5) For the purposes of subsection (1) above expenditure shall not by reason only of section 1(6) or 5(1) of the said Act of 1968 be treated as having been incurred after the date on which it was in fact incurred.

(6) Section 14 of the Finance Act 1975 (expenditure on thermal insulations) shall not apply to expenditure to which this section applies ; and section 64 above shall not apply to expenditure incurred at any time on the provision of machinery or plant which is to be an integral part of a building or structure if this section would apply to expenditure incurred at that time on the construction of that building or structure.

(7) The Tax Acts shall have effect as if this section and Schedule 13 to this Act were contained in Chapter I of Part I of the said Act of 1968.

75 Small workshops

(1) Chapter I of Part I of the Capital Allowances Act 1968 (industrial buildings allowances) shall apply with the modifications specified in paragraphs 1 to 3 of Schedule 13 to this Act in relation to capital expenditure on the construction of an industrial building to which this section applies if the expenditure is incurred after 26th March 1980 and before 27th March 1983.

(2) This section applies to an industrial building if the gross internal floor space of the whole building will not exceed 2,500 square feet.

(3) Where the industrial building is part of a larger building the reference in subsection (2) above to the gross internal floor space of the whole of the building shall be construed as a reference to the gross internal floor space of the whole of that part and this section shall not apply unless that part is permanently separated from the remainder of the building, is intended for occupation separately from the remainder of the building and is suitable for being so occupied.

(4) The reference in subsection (1) above to capital expenditure on the construction of a building includes a reference to capital expenditure on the construction of any ancillary works.

(5) For the purposes of subsection (1) above expenditure shall not by reason only of section 1(6) or 5(1) of the said Act of 1968 be treated as having been incurred after the date on which it was in fact incurred.

(6) Section 14 of the Finance Act 1975 (expenditure on thermal insulation) shall not apply to expenditure to which this section applies; and section 64 above shall not apply to expenditure incurred at any time on the provision of machinery or plant which is to be an integral part of a building if this section would apply to expenditure incurred at that time on the construction of the building.

(7) The Tax Acts shall have effect as if this section were contained in Chapter I of Part I of the said Act of 1968.

76 Tenancies

(1) The proviso to section 1(4) of the Capital Allowances Act 1968 (which defers the making of an initial allowance where the building or structure is first used by a tenant) shall cease to have effect.

(2) This section applies in relation to—
   (a) expenditure incurred on or after 27th March 1980; and
   (b) expenditure which was incurred before that date but by reason of the said proviso has not before that date become eligible for an initial allowance;

but expenditure to which this section applies by virtue of paragraph (b) above shall be treated for the purposes of the said section 1(4) as if it had been incurred on that date.

CHAPTER III

CAPITAL GAINS

77 Exemption for first Ã³,000 of gains of individuals

(1) Section 5 of the Capital Gains Tax Act 1979 and Schedule 1 to that Act (relief for gains less than £9,500) shall have effect with the following amendments, being amendments which substitute an exemption from tax in respect of the first £3,000 of the net gains accruing to an individual in a year of assessment.

(2) For subsections (1) to (3) of section 5 there shall be substituted—

"**5 Exemption for first £3,000 of gains.**

(1) An individual shall not be chargeable to capital gains tax in respect of so much of his taxable amount for any year of assessment as does not exceed £3,000."

(3) In subsections (4) and (5)(a) of section 5 for "£1,000 wherever it occurs, there shall be substituted " £3,000 ".

(4) In Schedule 1—

(a) the heading shall be changed to "EXEMPTION FOR FIRST £3,000 OF GAINS " ;

(b) in paragraphs 2(1) and (2)(b) for the words "subsections (1) to (4)" there shall be substituted the words "subsections (1) and (4) ";

(c) in paragraphs 4 and 5(1) for the words "subsections (1) to (5)" there shall be substituted the words "subsections (1), (4) and (5) ";

(d) in paragraph 2(1) for the words "the amounts of £1,000, £5,000 and £600 " there shall be substituted the words "the amount of £3,000 " and in paragraph 2(1)(b) for "£1,000 " there shall be substituted "£3,000 ".

(5) This section has effect for the year 1980-81 and subsequent years of assessment.

78 Exemption for first Ã±,500 of gains of trusts

(1) Paragraph 6 of Schedule 1 to the Capital Gains Tax Act 1979 (relief for small gains by trustees) shall have effect with the following amendments, being amendments which extend to trustees, with modifications, the exemption conferred by section 5 of that Act as amended by section 77 above.

(2) In sub-paragraph (1) for the words "subsections (1) to (5)" there shall be substituted the words "subsections (1), (4) and (5) ".

(3) For sub-paragraphs (2) to (5) there shall be substituted—

"(2) In subsections (1) and (4) for ' £3,000' there shall be substituted '£1,500'.

(3) Subsection (5) shall apply only to the trustees of a settlement made before 7th June 1978 and, in relation to such trustees, shall have effect with the substitution for £3,000' and ' £5,000 ' of ' £500 ' and ' £2,500' respectively.

(4) In relation to a settlement which is one of two or more qualifying settlements comprised in a group, sub-paragraph (2) above shall have effect as if for the reference to £1,500 there were substituted a reference to £300 or, if it is more, to such amount as results from dividing £1,500 by the number of settlements in the group.

(5) For the purposes of sub-paragraph (4) above—

(a) a qualifying settlement is any settlement (other than an excluded settlement) which is made after 6th June 1978 and to the trustees of which this paragraph applies for the year of assessment; and

(b) all qualifying settlements in relation to which the same person is the settlor constitute a group.

(6) If, in consequence of two or more persons being settlors in relation to it, a settlement is comprised in two or more groups comprising different numbers of settlements, sub-paragraph (4) above shall apply to it as if the number by which the amount of £1,500 is to be divided were the number of settlements in the largest group.

(7) In this paragraph ' settlor' has the meaning given by section 454(3) of the Taxes Act and includes, in the case of a settlement arising under a will or intestacy, the testator or intestate and ' excluded settlement' means—

(a) any settlement the trustees of which are not for the whole or any part of the year of assessment treated under section 52(1) of this Act as resident and ordinarily resident in the United Kingdom; and

(b) any settlement the property comprised in which—

(i) is held for charitable purposes only and cannot become applicable for other purposes ; or

(ii) is held for the purposes of any such scheme or fund as is mentioned in sub-paragraph (8) below (retirement benefits and compensation funds).

(8) The schemes and funds referred to in sub-paragraph (7)(b)(ii) above are funds to which section 218 of the Taxes Act applies, schemes and funds approved under section 226 or 226A of that Act, sponsored superannuation schemes as defined in section 226(11) of that Act, exempt approved schemes and statutory schemes as defined in Chapter II of Part II of the Finance Act 1970 and any such fund as is mentioned in paragraph 21 of Schedule 5 to the Finance Act 1975.

(9) An inspector may by notice in writing require any person, being a party to a settlement, to furnish him within such time as he may direct (not being less than twenty-eight days) with such particulars as he thinks necessary for the purposes of this paragraph. " (4) This section has effect for the year 1980-81 and subsequent years of assessment.”

79 General relief for gifts

(1) If after 5th April 1980 an individual (in this section referred to as "the transferor ") makes a disposal, otherwise than under a bargain at arm's length, to an individual resident or ordinarily resident in the United Kingdom (in this section referred to as "the transferee ") and the transferor and transferee make a claim for relief under this section—

(a) the amount of any chargeable gain which, apart from this section, would accrue to the transferor on the disposal ; and

(b) the amount of the consideration for which, apart from this section, the transferee would be regarded for the purposes of capital gains tax as having acquired the asset in question,

shall each be reduced by an amount equal to the held-over gain on the disposal.

(2) Subject to subsection (3) below, the reference in subsection (1) above to the held-over gain on a disposal is a reference to the chargeable gain which would have accrued on that disposal apart from this section.

(3) In any case where—

(a) there is actual consideration (as opposed to the consideration equal to the market value which is deemed to be given by virtue of section 19(3) of the Capital Gains Tax Act 1979) for a disposal in respect of which a claim for relief is made under this section ; and

(b) that actual consideration exceeds the sums allowable as a deduction under section 32 of that Act,

the held-over gain on the disposal shall be reduced by the excess referred to in paragraph (b) above or, if part of the gain on the disposal is relieved under section 124 of the said Act of 1979 (retirement relief), by so much, if any, of that excess as exceeds the part so relieved.

(4) Section 126 of the said Act of 1979 (relief for gifts of business assets) shall not apply to a disposal to an individual; but this subsection shall not be construed as affecting the operation of that section in a case where by virtue of section 46(1) of that Act an individual is treated as acquiring an asset on a disposal under section 54(1) of that Act.

(5) Where a disposal in respect of which a claim is made under this section is a chargeable transfer (for capital transfer tax purposes) there shall be allowed as a deduction in computing (for capital gains tax purposes) the chargeable gain accruing to the transferee on the disposal of the asset in question an amount equal to whichever is the lesser of—

(a) the capital transfer tax chargeable on the value transferred which is attributable to the value of the asset as ascertained for capital transfer tax purposes; and

(b) the amount of the chargeable gain as computed apart from this subsection;

and where the capital transfer tax chargeable on the value transferred which is attributable to the value of the asset is paid by the transferor the reference in paragraph (a) above to the value transferred which is so attributable includes a reference to the value transferred which is attributable to that tax.

(6) Where an amount of capital transfer tax—

(a) falls to be re-determined in consequence of the transferor's death within three years of making the chargeable transfer in question ; or

(b) is otherwise varied,

after it has been taken into account under subsection (5) above, all necessary adjustments shall be made, whether by the making of an assessment to capital gains tax or by the discharge or repayment of such tax.

80 Exemption for private residences

(1) Where a gain to which section 101 of the Capital Gains Tax Act 1979 (disposals of private residences) applies accrues to any individual and the dwelling-house in question or any part of it is or has at any time in his period of ownership been wholly or partly let by him as residential accommodation the part of the gain, if any, which, apart from this section, would be a chargeable gain by reason of the letting, shall be such a gain only to the extent, if any, to which it exceeds whichever is the lesser of—

(a) the part of the gain which is not a chargeable gain by virtue of the provisions of section 102 of that Act or that section as applied by section 104 of that Act; and

(b) £10,000.

(2) In section 102(1) and (2)(a) of that Act (exemption for gain on disposal of dwelling-house which has been an individual's only or main residence throughout the period of ownership or throughout that period except for the last twelve months) for the words “twelve months ” there shall be substituted the words “twenty-four months ”.

(3) This section has effect in relation to disposals after 5th April 1980.

81 Exemption for authorised unit trusts etc.

(1) Gains accruing to an authorised unit trust, an investment trust or a court investment fund shall not be chargeable gains.

(2) In section 267(3) of the Taxes Act (transfer of assets on company reconstruction etc.), the words “or 97” shall be omitted and at the end there shall be inserted the words " or which is an authorised unit trust within the meaning of Chapter VI of Part XII of this Act or to an investment trust within the meaning of that Chapter. "

(3) In subsection (1) of section 98 of the Capital Gains Tax Act 1979 (which refers to the said section 267) for the words from “to which at the time of the transfer” to “shall be treated ” there shall be substituted the words " or a company which at the time of the transfer was not such a unit trust scheme or investment trust as is mentioned in subsection (3) of that section, then if—

(a) at any time after the transfer—

(i) the unit trust scheme becomes in a year of assessment one which is such as is mentioned in that subsection; or

(ii) the company becomes for an accounting period an investment trust such as is there mentioned, and

(b) at the beginning of that year of assessment or accounting period the unit trust scheme or company still owns any of the assets of the business transferred,

the unit trust scheme or company shall be treated "; and in subsection (2) of that section after the words “year of assessment ” and “unit trust scheme ” there shall be inserted respectively the words “or accounting period ” and “or company ”.

(4) In section 273(2) of the Taxes Act (transfers within a group) after paragraph (b) there shall be inserted the words “or

(c) a disposal by or to an investment trust within the meaning of Chapter VI of Part XII of this Act;".

(5) After section 275(2) of the Taxes Act (disposals outside a group) there shall be inserted—

"(3) Subsection (2) above does not apply where the asset was acquired on a disposal within section 273(2)(c) above."

(6) Section 94 of the said Act of 1979 (reduction of tax on disposal of shares in unit trust etc.) shall cease to have effect.

(7) Subsections (1), (4) and (5) above have effect in relation to disposals after 31st March 1980, subsections (2) and (3) above have effect where the transfer referred to in section 267(3) is after that date and subsection (6) above has effect in relation to disposals after 5th April 1980.

82 Maintenance funds for historic buildings

In section 148 of the Capital Gains Tax Act 1979 (maintenance funds for historic buildings) after subsection (1) there shall be inserted—

"(1A) This section applies also where a trustee is deemed by virtue of section 54(1) above to dispose of an asset comprised in a settlement and, as a result of the asset or part of it becoming comprised in another settlement, there is by virtue of section 89(4)(d) or 90(1) of the Finance Act 1980 no charge to capital transfer tax by reference to the value of the asset deemed to be disposed of or a reduced charge to that tax by virtue of section 90(3) of that Act; but—

(a) if part only of the asset becomes comprised in the other settlement this subsection applies only to the deemed disposal of that part; and

(b) if the trustees of the other settlement give any consideration for the asset or part that becomes comprised in it this subsection applies only if the consideration does not exceed the sums that would be allowable as a deduction in computing the gain accruing on the deemed disposal."

83 Consideration on disposal of assets

(1) In section 31(2) of the Capital Gains Tax Act 1979 (consideration on disposal of an asset to include money or money's worth which is taken into account in the making of a balancing charge under the Capital Allowances Act 1968) there shall be inserted at the end the words "or which is brought into account as the disposal value of machinery or plant under section 44 of the Finance Act 1971 ".

(2) This section has effect in relation to disposals after 25th March 1980.

84 Traded options

(1) Sections 137 and 138 of the Capital Gains Tax Act 1979 (options) shall have effect with the following amendments, being amendments which exempt traded options to buy or sell shares in a company from the rule that the abandonment of an option is not a disposal and from the restriction of allowable expenditure which applies to wasting assets.

(2) In subsection (4) of section 137 after paragraph (a) there shall be inserted—

"(aa) a traded option to buy or sell shares in a company, or".

(3) At the end of subsection (9) of section 137 there shall be inserted the words " and in subsection (4)(aa) above, and in section 138 below, 'traded option' means an option which, at the time of the abandonment or other disposal, is quoted on a recognised stock exchange within the meaning of the said section 535. "

(4) In subsection (1) of section 138 after paragraph (a) there shall be inserted—

"(aa) to a traded option to buy or sell shares in a company, or".

(5) In subsection (2) of section 138 for the words in brackets there shall be substituted the words "(other than an option falling within subsection (1)(a) or (aa) above) ".

(6) For subsection (4)(a) of section 138 there shall be substituted—

"(a) ' quoted option ' and ' traded option' have the meanings given by section 137(9) above,".

(7) This section has effect in relation to any abandonment or other disposal on or after 6th April 1980.

PART IV

CAPITAL TRANSFER TAX

85 Reduction of tax

(1) For the Tables in section 37(3) of the Finance Act 1975 (rates of tax) there shall be substituted the Tables in Schedule 14 to this Act.

(2) Subsection (1) above applies to any chargeable transfer made on or after 26th March 1980.

(3) The transitional provisions in Schedule 15 to this Act shall have effect in relation to this section and also in relation to any subsequent enactment which reduces tax by substituting new Tables in the said section 37(3).

86 Exemptions

(1) Schedule 6 to the Finance Act 1975 (exempt transfers) shall be amended as follows.

(2) In paragraph 1(2) and (3) (exemption limit for transfers to non-domiciled spouse) for "£25,000" there shall be substituted "£50,000 ".

(3) In paragraph 4(1) (small gifts to same person) for "£100 " there shall be substituted "£250 ".

(4) In paragraph 10(1)(b) and (4) (limit on exempt gifts to charities) for "£100,000 " there shall be substituted "£200,000 ".

(5) Subsections (2) and (4) above apply to any transfer of value made on or after 26th March 1980 and subsection (3) above applies to any transfer of value made on or after 6th April 1980.

87 Mutual transfers

(1) Sections 86 and 87 of the Finance Act 1976 (mutual transfers) shall be amended as follows.

(2) After section 86(5) there shall be inserted—

"(6) The extent to which the donee's transfer is an exempt transfer by virtue of subsection (2) above shall be determined without regard to Schedule 10 to this Act, and that Schedule shall not apply to that transfer to the extent to which it is an exempt transfer by virtue of that subsection.

(7) Paragraph 11(1) of Schedule 10 to the said Act of 1975 (valuation of life policies etc.) shall not apply in determining the amount mentioned in subsection (2)(a) above."

(3) For paragraph (a) of subsection (5) of section 87 there shall be substituted—

"(a) whichever is the smaller of—

(i) the amount by which the donee's estate was increased by the donor's transfer; or

(ii) the amount by which the donor's estate was increased by the donee's transfer; or";

and in paragraph (b) of that subsection for the words "that amount" there shall be substituted the words "the amount applying under paragraph (a) above ".

(4) After section 87(5) there shall be inserted—

"(5A) Where the value transferred by the donor's transfer fell to be calculated in accordance with the provisions of Schedule 8 to the Finance Act 1975 (agricultural relief) or Schedule 10 to this Act, the value restored by the donee's transfer as determined under subsection (5) above shall be treated as reduced to such part of it as bears to the whole the same proportion as the value transferred by the donor's transfer after applying those provisions bears to the value transferred by it before applying those provisions.

(5B) Paragraph 11(1) of Schedule 10 to the said Act of 1975 (valuation of life policies etc.) shall not apply in determining the amount mentioned in subsection (5)(a)(ii) above."

(5) This section shall be deemed to have come into force on 27th March 1980.

88 Maintenance funds: requirements and eligible property

(1) Section 84 of the Finance Act 1976 (maintenance funds for historic buildings) shall have effect with the amendments in subsections (2) to (6) below which—

(a) relax the requirements with which a settlement must comply in order to benefit from the provisions of that section;

(b) add land of outstanding scenic, historic or scientific interest and objects historically associated with certain buildings to the kinds of property that can be maintained by means of a settlement benefiting from those provisions; and

(c) alter the extent to which that section is subject to the exceptions specified in paragraph 15 of Schedule 6 to the Finance Act 1975.

(2) For subsection (3)(a) and (b) (requirements to be complied with by settlement) there shall be substituted—

"(a) that none of the property comprised in the settlement can at any time in the period of six years beginning with the date on which it became comprised in the settlement be applied otherwise than—

(i) for the maintenance, repair or preservation of, or making provision for public access to, property which is for the time being qualifying property as defined in subsection (5) below, for the maintenance, repair or preservation of property comprised in the settlement or for defraying the expenses of the trustees ; or

(ii) as respects income not so applied and not accumulated, for the benefit of a body mentioned in paragraph 12 of Schedule 6 to the said Act of 1975 (museums etc.) or of a qualifying charity as defined in subsection (7) below ; and

(b) that none of the property can, on ceasing at any time in that period to be comprised in the settlement, devolve otherwise than on any such body or charity as aforesaid; and

(c) that income arising from property comprised in the settlement cannot at any time after the end of that period be applied except as mentioned in paragraph (a) (i) or (ii) above."

(3) After subsection (3) there shall be inserted—

"(3A) Paragraphs (a) and (b) of subsection (3) above do not apply to property which—

(a) was previously comprised in another settlement; and

(b) ceased to be comprised in that settlement and became comprised in the current settlement in circumstances such that by virtue of section 89(4)(d) of the Finance Act 1980 there was no charge to tax by reference to its value ;

and in relation to any such property paragraph (c) of that subsection shall apply with the omission of the words ' at any time after the end of that period '"

(4) In subsection (5) for the words from the beginning to the end of paragraph (a) there shall be substituted—

"(5) Property is qualifying property for the purposes of subsection (3) above if—

(a) it has been designated under section 34(1) of the Finance Act 1975 or section 77(1)(b), (c), (d) or (e) above; and".

(5) In subsection (6) for the words "subsection (1)(c) or (d)" there shall be substituted the words "subsection (1)(b), (c), (d) or (e), ".

(6) For subsection (8) there shall be substituted—

"(8) Sub-paragraphs (1), (2), (3)(a), (b) and (ba) and (4B) of paragraph 15 of Schedule 6 to the said Act of 1975 shall apply to this section as they apply to paragraphs 10 to 13 of that Schedule and for the purposes of the said sub-paragraph (4B) the trustees of a settlement in relation to which the Treasury have given a direction under this section shall be treated as a body within paragraph 13 of that Schedule.".

(7) In section 38(2)(b) of the Finance Act 1977 (which refers to the provisions amended by subsections (2) and (4) above) for the words "a building or land " and "the building or

land in question" there shall be substituted respectively the words "qualifying property " and "the qualifying property in question ".

89 Maintenance funds: charge of tax

(1) If in the case of a settlement in respect of which the Treasury have given a direction under section 84 of the Finance Act 1976 (maintenance funds for historic buildings)—

(a) any of the property comprised in the settlement (whether capital or income) is applied otherwise than as mentioned in paragraph (a)(i) or (ii) of subsection (3) of that section; or

(b) any of that property on ceasing to be comprised in the settlement devolves otherwise than on any such body or charity as is mentioned in paragraph (a)(ii) of that subsection,

tax shall be charged in accordance with subsection (2) below.

(2) Tax chargeable under this section shall be charged—

(a) on such an amount as, after deduction of the tax charged on it, is equal to the value of the property which is applied or which devolves as mentioned in subsection (1) above exclusive of so much, if any, of that value as is attributable to property falling within subsection (4) below; and

(b) at a rate or rates determined in accordance with Part I of Schedule 16 to this Act;

and Part II of that Schedule shall have effect with respect to the rate or rates at which tax is chargeable on subsequent occasions where tax has been previously charged under this section.

(3) The tax mentioned in paragraph (a) of subsection (2) above does not include any tax which is payable by a person for whose benefit the property is applied or on whom it devolves or which is payable out of that property; and where tax is chargeable on any occasion in accordance with that subsection the provisions of section 73 of the Finance Act 1976 and Schedule 10 to that Act (relief for business property) shall apply as if the trustees had made a transfer of value and the amount on which tax is chargeable were the value transferred by that transfer.

(4) Subject to subsections (5) and (6) below, the property the value of which is excluded from subsection (2)(a) above is—

(a) property to which the settlor or his spouse becomes beneficially entitled on the occasion on which tax would be chargeable under this section;

(b) property to which the settlor's widow or widower becomes beneficially entitled on that occasion if the settlor has died in the previous two years ;

(c) if the settlor has died after the settlement has taken effect but not more than four years later, property to which the settlor's widow or widower becomes beneficially entitled within thirty days of the expiration of six years from the date on which the settlement took effect;

(d) property which, within thirty days after the occasion on which tax would be chargeable under this section, becomes comprised in another settlement as a result of a transfer of value which is exempt under the said section 84.

(5) Subsection (4) above does not apply to any property if the person who becomes beneficially entitled to it or (in a case within paragraph (d)) makes the transfer of value has acquired it for a consideration in money or money's worth; and for the purposes of this subsection a person shall be treated as acquiring any property for a consideration

in money or money's worth if he becomes entitled to it as a result of transactions which include a disposition for such consideration (whether to him or another) of that or other property.

(6) Paragraphs (a), (b) and (c) of subsection (4) above do not apply unless the person who becomes beneficially entitled to the property is domiciled in the United Kingdom at the time when he becomes so entitled; and where tax is chargeable under this section in the case of a settlement ("the current settlement") those paragraphs do not apply if the property—

(a) was previously comprised in another settlement; and

(b) ceased to be comprised in that settlement and became comprised in the current settlement in circumstances such that by virtue of paragraph (d) of that subsection or by virtue of the said section 84 or of section 90(1) below there was no charge to tax by reference to its value or there was a reduced charge to tax by virtue of section 90(3) below.

(7) The value to be excluded under subsection (2) (a) above as attributable to property falling within subsection (4)(d) above shall be—

(a) its value at the time when tax would be chargeable under this section; or

(b) its value at the time when it becomes comprised in the other settlement,

whichever is the less reduced, where the trustees of the other settlement give consideration for the property in money or money's worth, by the amount or value of that consideration.

(8) The persons liable for tax charged under subsection (2) above shall be each of the following, that is to say, the trustees of the settlement and, as respects tax on the value of property which devolves on any person or to which a person becomes beneficially entitled on the occasion on which the tax is chargeable, the person on whom it devolves or who becomes beneficially entitled to it; and in paragraphs 2(7), 12(4) and 19(1)(c) of Schedule 4 to the Finance Act 1975 (duty to deliver accounts and provisions as to payment of tax) after the words "section 78 of the Finance Act 1976 " there shall be inserted the words "or section 89 of the Finance Act 1980 ".

(9) Tax shall also be chargeable in accordance with the foregoing provisions of this section if any of the property comprised in a settlement to which subsection (1) above applies, on ceasing at any time to be comprised in the settlement, devolves on any such body or charity as is referred to in paragraph (b) of that subsection and at or before that time an interest under the settlement is or has been acquired for a consideration in money or money's worth by that or another such body or charity; but for the purposes of this subsection any acquisition from another such body or charity shall be disregarded.

90 Maintenance funds: other amendments

(1) Subject to subsections (2) and (3) below, a transfer of property or other event shall not constitute or give rise to a distribution payment or capital distribution under any provision of Schedule 5 to the Finance Act 1975 (settled property) if not later than thirty days after the date of the transfer or event an individual makes a transfer of value—

(a) which is exempt under section 84 of the Finance Act 1976 (maintenance funds for historic buildings); and

(b) the value transferred by which is attributable to the property by reference to which the amount of the distribution payment or capital distribution would have fallen to be determined.

(2) Subsection (1) above does not apply if the individual has acquired the property referred to in paragraph (b) for a consideration in money or money's worth; and for the purposes of this subsection an individual shall be treated as acquiring any property for such consideration if he becomes entitled to it as a result of transactions which include a disposition for such consideration (whether to him or another) of that or other property.

(3) Subsection (1) above does not apply if—

(a) the amount of the distribution payment or capital distribution exceeds the value of the property which by virtue of the exempt transfer becomes comprised in the settlement referred to in the said section 84; or

(b) the individual receives any consideration in money or money's worth for that property;

but in a case where that subsection would apply but for the foregoing provisions of this subsection the amount of the distribution payment or capital distribution shall be treated as equal to the excess referred to in paragraph (a) above or, as the case may be, to the consideration referred to in paragraph (b) above or, where both paragraphs apply, to the aggregate of the excess and the consideration.

(4) Where the Treasury have given a direction in respect of a settlement under the said section 84 the trusts of the settlement shall be enforceable at the suit of the Treasury and the Treasury shall, as respects the appointment, removal and retirement of trustees, have the rights and powers of a beneficiary.

91 Discretionary trusts: credit for annual charge

(1) At the end of paragraph 12(3) of Schedule 5 to the Finance Act 1975 (under which tax charged under paragraph 12(2) is allowed as a credit against the tax chargeable on the next capital distribution out of the settlement) there shall be inserted the words " and if the tax charged exceeds the tax so chargeable the excess shall be allowed as a credit against the tax chargeable on the next subsequent such capital distribution and so on. "

(2) This section shall be deemed always to have had effect.

92 Provision for dependants of deceased persons

In section 122 of the Finance Act 1976 (Inheritance (Provision for Family and Dependants) Act 1975) after subsection (7) there shall be inserted—

"(7A) Where an order is made staying or dismissing proceedings under the said Act of 1975 on terms set out in or scheduled to the order this section shall have effect as if any of those terms which could have been included in an order under section 2 or 10 of that Act were provisions of such an order."

93 Proper liferent and fee

(1) In section 51(1) of the Finance Act 1975 there shall be inserted at the end of the definition of "reversionary interest " the words "and in relation to Scotland includes an interest in the fee of property subject to a proper liferent".

(2) Paragraph 1 of Schedule 5 to that Act shall be amended as follows—

(a) at the end of sub-paragraph (4) (b) there shall be added—

"(c) any deed creating or reserving a proper liferent of any property whether heritable or moveable (the property from time to time subject to the proper liferent being treated as the property comprised in the settlement).”; and

(b) in sub-paragraph (9) after the words “capable of enjoyment ” there shall be inserted the words “including an interest of an assignee under an assignation of an interest of any kind (other than a reversionary interest) in property subject to a proper liferent ”.

(3) At the end of section 68(4) of the Finance Act 1978 there shall be added—

“In the application of this subsection to Scotland, property which is subject to a proper liferent shall be deemed to be held in trust for the liferenter.”

(4) This section applies—

(a) to any transfer of value made after 17th April 1980 ;

(b) if any person liable for capital transfer tax on the transfer so elects, to any transfer of value made on or before 17th April 1980 in respect of which payment of capital transfer tax has not been made and accepted in full satisfaction of the hability.

94 Delivery of accounts

(1) The Board may make regulations—

(a) dispensing with the delivery of accounts under paragraph 2 of Schedule 4 to the Finance Act 1975 in such cases as may be specified in the regulations ;

(b) discharging, subject to such restrictions as may be so specified, property from an Inland Revenue charge under that Schedule and persons from further claims for tax in cases other than those mentioned in paragraph 25 of that Schedule;

(c) requiring information to be furnished to the Board, in such circumstances as may be so specified, by persons who have not delivered accounts under the said paragraph 2 or who have produced documents other than an account or inventory in pursuance of arrangements made under the enactments mentioned in subsection (2) below ;

(d) modifying section 114(6) of the Finance Act 1976 (transfers reported late) in cases where the delivery of an account has been dispensed with under the regulations.

(2) The enactments referred to in subsection (1)(c) above are section 156A(2) of the Supreme Court of Judicature (Consolidation) Act 1925, the proviso to section 42 of the Probate and Legacy Duties Act 1808 and Article 20 of the Administration of Estates (Northern Ireland) Order 1979.

(3) Regulations under this section may contain such supplementary or incidental provisions as the Board think fit.

(4) In paragraph 2 of the said Schedule 4 after sub-paragraph (2) there shall be inserted—

"(2A) Where in the case of the estate of a deceased person no grant of representation or confirmation has been obtained in the United Kingdom before the expiration of the period of twelve months from the end of the month in which the death occurred—

(a) every person in whom any of the property forming part of the estate vests (whether beneficially or otherwise) on or at any time after the deceased's death or who at any such time is beneficially entitled to an interest in possession in any such property; and

(b) where any of the property is at any such time comprised in a settlement and there is no person beneficially entitled to an interest in possession in that property, every person for whose benefit any of that property (or income from it) is applied at any such time,

shall deliver to the Board an account specifying to the best of his knowledge and belief the relevant property vested in him, in which he has an interest or which (or income from which) is applicable for his benefit and the value of that property.".

(5) In sub-paragraph (4) of the said paragraph 2 after the word "if " there shall be inserted ", in the case of an account to be delivered by a person falling within sub-paragraph (2A) above, a person falling within that sub-paragraph has satisfied the Board that an account will in due course be delivered by the personal representatives or if, in that or any other case, ".

(6) After sub-paragraph (5)(a) of the said paragraph 2 there shall be inserted—

"(aa) in the case of an account to be delivered by a person falling within sub-paragraph (2A) above, before the expiration of the period of three months from the time when he first has reason to believe that he is required to deliver an account under that sub-paragraph ; and".

(7) In section 12 of the Customs, Inland Revenue, and Savings Banks Act 1877 (transmission and custody of inventories in Scotland)—

(a) for the word "All ", where first occurring, there shall be substituted the words "To the extent that the Registrar, Capital Taxes Office at Edinburgh may require, "; and

(b) the words "as often as required " shall cease to have effect.

(8) The provisions of subsections (4), (5) and (6) above shall come into force on the coming into force of the first regulations made under paragraph (a) of subsection (1) above; and if regulations under that paragraph come into force on different dates in respect of different parts of the United Kingdom those provisions shall come into force in each part on the coming into force of the first regulations that come into force in respect of that part.

(9) The power to make regulations under this section shall be exercisable by statutory instrument; and a statutory instrument containing regulations under this section shall be subject to annulment in pursuance of a resolution of the House of Commons.

PART V

STAMP DUTY

95 Reduction of stamp duty on conveyances and leases

(1) In subsection (1) of section 55 of the Finance Act 1963 and in the Table in Part I of Schedule 11 to that Act (under which stamp duty is not chargeable on conveyances and transfers certified at £15.000 and is chargeable at reduced rates on those certified

at £20.000, £25,000 and £30,000) and in subsection (1) of section 4 of the Finance Act (Northern Ireland) 1963 and in the Table in Part I of Schedule 1 to that Act (which make similar provision for Northern Ireland) for "£15,000", "£20,000", "£25,000", and "£30,000", wherever occurring, there shall be substituted respectively "£20,000 " , "£25,000 ", "£30,000 " and "£35,000 ".

(2) In subsection (2) of the said section 55 and of the said section 4 (under which the relief afforded by subsection (1) of those sections is not available as respects the duty chargeable in respect of the premium for a lease if the consideration includes rent exceeding £150 a year) for "£150 " there shall be substituted "£250 ".

(3) In the heading "Lease or Tack" in Schedule 1 to the Stamp Act 1891 as it applies throughout the United Kingdom—

(a) in paragraph (2)(a) (duty where definite term less than a year of furnished dwelling-house and rent exceeds £250) for "£250 " there shall be substituted "£400 " , and

(b) in the Table in paragraph (3) (which provides for duty on rent in the case of any other term and the first column of which indicates the rent, the second column the duty where the term does not exceed 7 years or is indefinite, the third column the duty where the term exceeds 7 years but not 35 years, the fourth column the duty where the term exceeds 35 years but not 100 years and the fifth column the duty where the term exceeds 100 years) for the last entry there shall be substituted—

"Exceeding £250 and not exceeding £300.	Nil	6.00	36.00	72.00
Exceeding £300 and not exceeding £350.	Nil	7.00	42.00	84.00
Exceeding £350 and not exceeding £400.	Nil	8.00	48.00	96.00
Exceeding £400 for any full sum of £50 and also for any fractional part thereof.	0.50	1.00	6.00	12.00"

(4) This section applies to instruments executed on or after 6th April 1980 and shall be deemed to have come into force on that date.

96 Loan capital denominated in sterling

(1) Section 126 of the Finance Act 1976 (exemption for transfers of loan capital) shall be amended as follows.

(2) In subsection (5)—

(a) after "(5)" there shall be inserted the words "Subject to subsection (5A) below, ";
(b) in paragraph (a) after the words "the United Kingdom " there shall be inserted the words "or elsewhere ";
(c) in paragraph (b) the words "within the commonwealth " shall be omitted.

(3) After subsection (5) there shall be inserted—

"(5A) Subsection (5) above does not apply to loan capital issued or raised by a body formed or established outside the United Kingdom or by the government of any country or territory outside the commonwealth unless it is denominated in sterling."

(4) This section does not affect any instrument executed before the commencement of this Act.

97 Shared ownership transactions

(1) A lease to which this section applies shall, instead of being chargeable with stamp duty under the heading "Lease or Tack " in Schedule 1 to the Stamp Act 1891, be chargeable with stamp duty under the heading "Conveyance or Transfer on Sale " in that Schedule as if it were a conveyance for a consideration equal to the value stated in the lease in accordance with subsection (2) id) below; and where stamp duty has been paid on a lease in accordance with this section stamp duty shall not be chargeable under that Act on any instrument executed in pursuance of the lease whereby the reversion is transferred to the lessee.

(2) This section applies to any lease granted by a body mentioned in subsection (3) below, being a lease which—
(a) is of a dwelling for the exclusive use of the lessee or, if there are joint lessees, of those lessees ;
(b) is granted partly in consideration of a premium calculated by reference to the market value of the dwelling at the time of the grant and partly in consideration of rent;
(c) provides for the lessee to acquire the reversion ; and
(d) contains a statement of the market value referred to in paragraph (b) above and a statement to the effect that the parties intend duty to be charged in accordance with this section by reference to that value.

(3) The bodies referred to in subsection (2) above are—
(a) a local authority within the meaning of Part V of the Housing Act 1957;
(b) a housing association registered under section 13 of the Housing Act 1974 or Article 13 of the Housing (Northern Ireland) Order 1976 ;
(c) a development corporation established by an order made, or having effect as if made, under the New Towns Act 1965 ;
(d) the Commission for the New Towns ;
(e) the Development Board for Rural Wales;
(f) the Northern Ireland Housing Executive ;
(g) the Council of the Isles of Scilly.

(4) For the purposes of subsection (1) above an instrument transferring a reversion shall not be regarded as executed in pursuance of a lease in respect of which duty has been

paid in accordance with this section unless it contains a statement to the effect that it has been so executed.

98 Maintenance funds for historic buildings

(1) No stamp duty shall be chargeable on any instrument whereby property ceases to be comprised in a settlement if as a result of the property or part of it becoming comprised in another settlement (otherwise than by virtue of the instrument itself) there is by virtue of section 89(4)(d) or 90(1) above no charge to capital transfer tax by reference to the value of the property ceasing to be comprised in the settlement or a reduced charge to tax by virtue of section 90(3) above; but where only part of the property becomes comprised in the other settlement this subsection shall not affect the stamp duty chargeable on the instrument by reference to the other part.

(2) An instrument in respect of which stamp duty is not chargeable by virtue only of this section or in respect of which the duty chargeable is reduced by virtue of this section shall not be treated as duly stamped unless it is stamped in accordance with section 12 of the Stamp Act 1891 with a stamp denoting that it is not chargeable with any duty or that it is duly stamped.

99 Charitable covenants for variable amounts

(1) No stamp duty shall be chargeable by virtue of the heading in Schedule 1 of the Stamp Act 1891 “Deed of any kind whatsoever, not described in this Schedule” on any covenant made otherwise than for consideration in money or money's worth in favour of a body of persons or trust established for charitable purposes only whereby annual payments become payable for a period which may exceed three years and is not capable of earlier termination under any power exercisable without the consent of the persons for the time being entitled to the payments.

(2) This section applies to covenants executed on or after 6th April 1980 and shall be deemed to have come into force on that date.

100 Dealers in unlisted securities

(1) Section 42 of the Finance Act 1920 (reduction of stamp duty on transfers of stocks to jobbers when jobbers transfer stock to bona fide purchasers within two months) shall have effect with the following amendments.

(2) In subsection (1) after the words “jobber or his nominee ” there shall be inserted the words “or to a qualified dealer ”,

and in the proviso to that subsection after the word “jobber ” in each place where it occurs there shall be inserted the words “or qualified dealer ”.

(3) In subsection (2) of that section after the words “the jobber to whom or to whose nominee the transfer was made ” there shall be inserted the words “or, as the case may be, the qualified dealer to whom the transfer was made ”.

(4) At the end of the definition of “stock ” in subsection (3) there shall be added the words " but, in the case of a transfer to a qualified dealer, does not include—

(a) stock issued by any body corporate or other body of persons formed or established outside the United Kingdom, or

(b) stock which is listed in the Official List of The Stock Exchange;

The expression "qualified dealer " means a person who—

(a) holds a principal's licence within the meaning of the Prevention of Fraud (Investments) Act 1958 or the Prevention of Fraud (Investments) Act (Northern Ireland 1940, or

(b) is an exempted dealer within the meaning of either of those Acts, or

(c) is a member of a body which is a recognised association of dealers in securities for the purposes of either of those Acts, or

(d) is a Stock Exchange broker, that is to say a member of The Stock Exchange who is recognised by the Council thereof as carrying on the business of a broker and carries on that business in the United Kingdom ".

101 Unit trusts

No stamp duty shall be chargeable on any transfer of any unit in an authorised unit trust to which section 60 above applies and under the terms of which the funds of the trust cannot be invested in any investment on the transfer of which ad valorem stamp duty would be chargeable.

102 Conveyance in consideration of debt

(1) Where—

(a) any property is conveyed to any person wholly or in part in consideration of a debt due to him; and

(b) apart from this section the consideration in respect of which the conveyance would be chargeable with ad valorem duty by virtue of section 57 of the Stamp Act 1891 (which deems the debt to be the consideration) would exceed the value of the property conveyed,

that consideration shall be treated as reduced to that value.

(2) Where subsection (1) above applies in relation to any conveyance, it shall not be treated as duly stamped unless it is stamped in accordance with section 12 of the said Act of 1891 with a stamp denoting that it is not chargeable with any duty or that it is duly stamped.

103 Admission of Northern Ireland barristers etc.

Section 2 of the Finance (Stamp Duty) Act (Northern Ireland) 1926 (stamp duty on admission to degree of barrister-at-law or as student of the Inn of Court of Northern Ireland) and section 3 of that Act (payments to the Inn of Court of Northern Ireland out of the proceeds of stamp duty) shall cease to have effect.

PART VI

OIL TAXATION

104 Increase of petroleum revenue tax

(1) In section 1(2) of the Oil Taxation Act 1975 (rate of petroleum revenue tax) for the words " 60 per cent."there shall be substituted the words " 70 per cent ".

(2) This section has effect in relation to chargeable periods ending after 31st December 1979.

105 Advance payments of tax

(1) Every participator in an oil field shall when he delivers to the Board the statement which section 1(1)(a) of the Petroleum Revenue Tax Act 1980 requires him to deliver with his return for a chargeable period—

(a) deliver to the Board a statement showing whether any, and if so what, amount is payable by him under this section as an advance payment of tax in respect of the field for the next chargeable period; and

(b) if any amount is so payable, pay to the Board a sum equal to that amount.

(2) The statement under subsection (1)(a) above shall be in such form as the Board may prescribe.

(3) The amount payable by a participator as an advance payment of tax in respect of a field for a chargeable period shall be equal to 15 per cent, of whichever is the greater of—

(a) the amount of tax, if any, shown in the statement delivered by him under the said section 1(1)(a) as payable by him in respect of the field for the last chargeable period; and

(b) the amount of tax, if any, assessed on him in respect of the field for the last chargeable period but one, less any part of it withheld under paragraph 14 of Schedule 2 to the Oil Taxation Act 1975 (appeals).

(4) The Treasury may by an order made by statutory instrument alter the percentage for the time being specified in subsection (3) above, but no order increasing that percentage shall be made unless a draft of the order has been laid before, and approved by a resolution of, the House of Commons.

(5) The sum paid by a participator as an advance payment of tax in respect of a field for a chargeable period—

(a) shall, to the extent to which it does not exceed the sum which subsection (1)(b) of section 1 of the said Act of 1980 requires him to pay when delivering his return for that period in respect of the field—

(i) discharge his liability to pay the whole or a corresponding part of that sum ; and

(ii) be treated for the purposes of subsection (3) of that section as if it were, or were part of, a sum paid by him under subsection (1)(b) of that section ; and

(b) shall, to the extent to which it exceeds the sum required to be paid by him as aforesaid, be repaid to him.

(6) Any amount payable by a participator as an advance payment of tax in respect of a field for a chargeable period and not paid by him shall carry interest at the rate applying under paragraph 15 of Schedule 2 to the said Act of 1975 from two months after the beginning of that period until—

(a) two months after the end of that period ; or

(b) payment of the sum referred to in subsection (5)(a) above,

whichever is the earlier.

(7) Where the sum paid by a participator as an advance payment of tax in respect of a field for a chargeable period (including any part of it repaid under subsection (5)(b) above) exceeds the amount of the tax assessed on him in respect of the field for that period (less any part of it withheld under paragraph 14 of the said Schedule 2) he shall be entitled to receive from the Board interest at the rate applying under paragraph 16 of that Schedule—

(a) on the excess, from—

(i) two months after the beginning of that period; or

(ii) the date on which that sum was paid,

whichever is the later, until two months after the end of that period ; and

(b) if any of that sum falls to be repaid under subsection (5)(b) above, on the amount repayable (or, if less, the excess mentioned in paragraph (a) above) from—

(i) two months after the end of that period ; or

(ii) the date on which he delivers the statement which section 1(1)(a) of the said Act of 1980 requires him to deliver with his return for that period, whichever is the later, until repayment.

(8) Certificates of tax deposit issued by the Treasury under section 12 of the National Loans Act 1968 on terms published on or before 14th May 1979 may be used for making advance payments under this section; and for that purpose those terms shall have effect with the necessary modifications and as if the tax in or towards the payment of which a certificate is used were due two months after the beginning of the chargeable period to which it relates.

(9) This section shall be construed as one with Part I of the said Act of 1975 and has effect where the chargeable period referred to in subsection (1)(a) above ends on or after 30th June 1981.

106 Transfers of interests in oil fields

Schedule 17 to this Act shall have effect for supplementing and modifying Part I of the Oil Taxation Act 1975 where after the passing of this Act a participator in an oil field transfers the whole or part of his interest in the field.

107 Transmedian fields

(1) The Oil Taxation Acts shall have effect in accordance with this section where provision is made by an agreement between the government of the United Kingdom and the government of another country for—

(a) the exploitation as a single unit of oil in strata in the sea bed and subsoil of an area consisting of—

(i) an oil field within the meaning of Part I of the Oil Taxation Act 1975 ; and

(ii) a sector under the jurisdiction of the other country; and

(b) the apportionment of the oil between—

(i) the participators in that field ; and

(ii) the persons who are, or have rights, interests or obligations of, licensees in respect of that sector under the law of the other country.

(2) The share of a participator in the oil won from the oil field shall be determined as if the oil won from the field consisted of so much of the oil won from the area as a whole as is apportioned to the participators in accordance with the agreement; and in section 10(3)(b) of the said Act of 1975 (restriction of allowable expenditure) and paragraphs 5(2)(a) and 7 of Schedule 2 to that Act (returns and information as to oil won from the field) references to oil won from the field shall be construed as references to so much of the oil won from the area as a whole as is so apportioned.

(3) Subject to subsection (2) above—

(a) the oil field shall be deemed to include the sector mentioned in subsection (1)(a)(ii) above ;

(b) that sector shall be deemed to be a designated area; and

(c) references to oil shall include references to any substance that would be oil within the meaning of the Said Act of 1975 if the enactments mentioned in section 1(1) extended to that sector;

but paragraph (a) above does not affect section 10(3)(a) of that Act or paragraph 4 of Schedule 2 to that Act (appointment of responsible person), and paragraph (b) above does not affect section 5(1)(b) of that Act (abortive exploration expenditure) or operate so as to apply section 38(4) of the Finance Act 1973 (taxation of non-residents engaged in activities in designated areas) to the persons referred to in subsection (1)(b)(ii) above.

(4) Where under the agreement there is a re-determination of the apportionment mentioned in subsection (1)(b) above and in consequence thereof the participators in the field receive a repayment in respect of expenditure which has been allowed for the field under section 3 of the said Act of 1975, the total amount of expenditure allowable under that section and section 4 of that Act for the field in the claim period in which the repayment is received shall be reduced by the amount of the repayment; and paragraph 6 of Schedule 4 to that Act (recovery of deductions from allowable expenditure) shall have effect as if the foregoing provisions of this subsection were relevant provisions within the meaning of that paragraph.

(5) Where there is such a re-determination as is mentioned in subsection (4) above and in consequence thereof the participators in the field receive a repayment in respect of expenditure which—

(a) was incurred in acquiring, bringing into existence or enhancing the value of an asset or an interest in an asset; and

(b) falls to be taken into account for the purposes of a computation under section 4(7) of the said Act of 1975,

then, for the purposes of any such computation for the claim period in which the repayment is received and every subsequent claim period, the amount of that expenditure shall be treated as reduced by the amount of the repayment.

(6) In subsections (4) and (5) above references to a repayment include references to a credit or set-off.

(7) In this section "the Oil Taxation Acts " means the Oil Taxation Act 1975, any other enactment relating to petroleum revenue tax and the provisions of the Income Tax Acts and Corporation Tax Acts in their application to oil extraction activities and oil rights within the meaning of Part II of the said Act of 1975.

(8) This section has effect whether the agreement mentioned in subsection (1) above is made before or after the passing of this Act and applies in relation to a chargeable

period ending before the coming into force of this Act as well as to a chargeable period ending later.

108 Gas banking schemes

(1) Subject to the provisions of this section, the Board may by regulations made by statutory instrument modify the operation of the Oil Taxation Acts in their application to cases where—

(a) a gas banking scheme is in force between the participators in two or more oil fields; and

(b) the participators in those fields elect that the modifications prescribed by the regulations shall apply.

(2) Subject to subsection (3)(a) below, a gas banking scheme for the purposes of this section is any scheme which provides for the transfer of oil consisting of gas won from one of the oil fields to which the scheme applies to or to the order of the participators in another of those fields in consideration wholly or mainly of the subsequent transfer of oil consisting of gas won from the other field to or to the order of the participators in the first-mentioned field.

(3) Regulations under tins section may—

(a) prescribe additional conditions required to be satisfied for a scheme to constitute a gas banking scheme, including conditions requiring the gas to be of a description specified in the regulations;

(b) prescribe conditions subject to which, and the manner in which, an election may be made under this section and the time for which any such election is to continue in force; and

(c) contain such incidental, supplementary or transitional provisions as appear to the Board to be necessary or expedient.

(4) The foregoing provisions of this section shall apply to an international gas banking scheme as they apply to a gas banking scheme within the meaning of those provisions except that only the participators in the oil field or oil fields to which the scheme applies need make the election referred to in subsection (1)(b) above; and for the purposes of this section an international gas banking scheme is any scheme which—

(a) applies to areas that include both one or more oil fields and one or more areas under the jurisdiction of a country other than the United Kingdom; and

(b) would be a gas banking scheme within the meaning of the foregoing provisions if all the areas were oil fields and all the persons who are, or have rights, interests or obligations of, licensees in respect of those areas were participators.

(5) Regulations under this section may be made so as to apply only to gas banking schemes other than international gas banking schemes or so as to apply only to the latter; and regulations applying to a scheme of either description may differ from those applying to the other.

(6) No regulations shall be made under this section unless a draft of the regulations has been laid before, and approved by a resolution of, the House of Commons.

(7) In this section “the Board”, “oil”, “oil field” and “participator ” have the same meaning as in Part I of the Oil Taxation Act 1975 and “the Oil Taxation Acts ” has the same meaning as in section 107 above.

109 Fractionation

(1) The Oil Taxation Act 1975 shall be amended as follows.

(2) In the definition of "initial treatment" in section 12(1) for paragraph (b) there shall be substituted—

"(b) separating oil so won and consisting of gas from other oil so won; or

(c) separating oil so won and consisting of gas of a kind that is transported and sold in normal commercial practice from other oil so won and consisting of gas; or

(d) liquifying oil so won and consisting of gas of such a kind as aforesaid for the purpose of transporting it; or

(e) subjecting oil so won to any process of which the purpose is to secure that oil disposed of crude has the quality that is normal for oil so disposed of from the field,".

(3) In paragraph (i) of that definition for the words "paragraph (a) or (b) of this definition " there shall be substituted the words "any of paragraphs (a) to (e) of this definition ".

(4) For paragraph (ii) of that definition there shall be substituted—

"(ii) any activity carried on as part of, or in association with, the refining of oil not consisting of gas or any activity the sole or main purpose of which is to achieve a chemical reaction in respect of oil consisting of gas; or".

(5) After the definition of "production purposes " in section 12(1) there shall be inserted—

"refining ", in relation to oil, does not include subjecting it to initial treatment and " refined "and " refinery " shall be construed accordingly;".

(6) In paragraph 2 of Schedule 3 (definition of market value of oil) after sub-paragraph (3) there shall be inserted—

"(3A) Where all or any of the oil whose market value falls to be ascertained in accordance with sub-paragraphs (1) and (2) above has been subjected to initial treatment before being disposed of or relevantly appropriated, the appropriate initial treatment referred to in sub-paragraph (2)(a) above shall, as respects that oil, include the whole of that treatment."

(7) After the said paragraph 2 there shall be inserted—

"2A (1) Paragraph 2 above shall have effect in accordance with this paragraph where the oil whose market value falls to be ascertained at any time in accordance with subparagraphs (1) and (2) of that paragraph, or in accordance with those sub-paragraphs as modified by sub-paragraph (3) of that paragraph, consists of or includes gas.

(2) Sub-paragraph (2)(a) of paragraph 2 above shall not apply to so much of the oil as consists of gas unless—

(a) it has been subjected to initial treatment before being disposed of or relevantly appropriated; or

(b) it has, after being disposed of or relevantly appropriated, been subjected to initial treatment by or on behalf of the participator in question or by or on behalf of a person who is connected with him within the meaning of section 533 of the Taxes Act;

and where oil consisting of gas has, whether before or after being disposed of or relevantly appropriated, been subjected to initial treatment by or on behalf of the participator in question or by or on behalf of a person who is connected with him as aforesaid the appropriate initial treatment referred to in sub-paragraph (2 (a) of paragraph 2 above shall include the treatment to which it has been so subjected.

(3) Where the initial treatment mentioned in sub-paragraph (2) above includes treatment in order to separate gas of one or more kinds which are transported and sold in normal commercial practice, the market value of the gas of each such kind which is separated shall be ascertained in accordance with sub-paragraphs (1) and (2) of paragraph 2 as if that were the only oil whose market value fell to be ascertained at the time in question (with sub-paragraph (2)(b) of paragraph 2 applying accordingly.)

(4) Where the oil consists of or includes natural gas within the meaning of the Energy Act 1976, it shall be assumed for the purposes of paragraph 2—

(a) that any consent given under section 8 or 9 of that Act for the supply or use of the gas applies to the supply of the gas under the contract mentioned in sub-paragraph (2) of that paragraph and to the use of the gas supplied under it; and

(b) that no consent is required under those sections for that supply or use if no such consent would be required if that contract were in fact made by the participator in question."

(8) Subject to the following provisions of this section, this section has effect—

(a) as respects Part I of the Oil Taxation Act 1975, in relation to chargeable periods (within the meaning of that Part) ending after 31st December 1979 ; and

(b) as respects Part II of that Act, in relation to chargeable periods (within the meaning of that Part) ending after that date.

(9) Expenditure shall not by virtue of this section be allowable under section 3 of the said Act of 1975 unless it was incurred after the said 31st December or would have been allowable under section 4 of that Act but for the proviso to subsection (1) of that section.

(10) For the purposes of section 4 of the said Act of 1975 expenditure incurred in acquiring, bringing into existence or enhancing the value of an asset which before the passing of this Act was used for the purpose of any process which, if this Act had been in force, would by virtue of this section have constituted initial treatment of oil won from an oil field shall be treated as having been incurred on the date when the asset was first so used; and for the purposes of that section (but not of the foregoing provisions of this subsection) the use of the asset in connection with the field shall be treated as having begun—

(a) on 1st January 1980; or

(b) the date on which the asset was first used for that purpose,

whichever is the later.

Subsection (13) of the said section 4 shall apply for the purposes of this subsection.

(11) For the purpose of attributing capital allowances and balancing charges to the part of a trade which by virtue of section 13(1) of the said Act of 1975 is treated as a separate trade the definition of "oil extraction activities " in section 19(1) of that Act shall be

deemed always to have had effect as if the reference in it to initial treatment were a reference to initial treatment within the meaning of Part I of that Act as amended by this section.

PART VII

DEVELOPMENT LAND TAX

110 Enterprise zones

(1) Subject to subsection (2) below, development land tax shall not be chargeable on any realised development value accruing on the disposal of an interest in land if and to the extent that the land is in an enterprise zone.

(2) Subsection (1) above does not apply to a disposal made more than ten years after the date on which the land was first included in the zone.

(3) In this section "enterprise zone " means an area designated as such by an order made by the Secretary of State under powers in that behalf conferred by any Act passed in the same Session as this Act or, in Northern Ireland, by an order made by the Department of the Environment for Northern Ireland under powers in that behalf conferred by an Order in Council under the Northern Ireland Act 1974.

111 Charities

(1) For sections 24 and 25 of the Development Land Tax Act 1976 (exemption for charities) there shall be substituted—

"**24 Charities.**

(1) Development land tax shall not be chargeable on any realised development value accruing to a charity on the disposal of an interest in land.

(2) If, at any time after the disposal of an interest in land, the body which made the disposal ceases to be a charity, then, immediately after it so ceases, an amount of realised development value equal, subject to subsection (3) below, to that in respect of which the exemption in subsection (1) above applied on the disposal shall be treated for the purposes of this Act as accruing to that body, as on the disposal of an interest in land.

(3) The amount of realised development value which is treated as accruing to a body under subsection (2) above shall not exceed the market value of the property (if any) which—

(a) is held by that body immediately before the time at which it ceases to be a charity, and

(b) is not immediately after that time held for charitable purposes by another body,

and for the purposes of this subsection section 7(1) above shall apply in relation to the market value of any property other than an interest in land as it applies in relation to the market value of an interest in land."

(2) This section has effect in relation to any disposal after 25th March 1980.

112 Disposals to exempt bodies

Section 39 of the Development Land Tax Act 1976 (deduction of tax from consideration in case of disposals to exempt bodies) shall not have effect in relation to any disposal after 5th August 1980.

113 Payment by instalments

(1) Paragraph 45 of Schedule 8 to the Development Land Tax Act 1976 (payment by instalments) shall be amended as follows.

(2) After sub-paragraph (2) there shall be inserted—

"(2A) In any case where the liability referred to in subparagraph (1) above arises on the deemed disposal of an interest in land or on the occurrence of an event to which paragraph 44(1) above applies, sub-paragraph (2)(a) above shall have effect with the substitution for the reference to twelve months of a reference to two years.".

(3) In sub-paragraph (3)(c) for the words "eight years " there shall be substituted the words "nine years ".

(4) This section has effect where the liability in question arises on a deemed disposal after 25th March 1980 or on the occurrence after that date of an event to which paragraph 44(1) of the said Schedule 8 applies.

114 Advance assessment of tax on deemed disposals

(1) Subject to the provisions of this section, a person who has a major interest in any land and intends to begin a project of material development on that land or any part of it may give a notice to the Board—

(a) specifying the project; and

(b) electing to be assessed and charged with development land tax in accordance with this section in respect of the deemed disposal which will be occasioned by the beginning of that project.

(2) Any notice under this section shall contain such information as the Board may reasonably require for the purposes of this section and shall be in such form as they may prescribe.

(3) Where a person has given a notice under this section in respect of a project—

(a) he may be assessed and charged with development land tax in respect of the deemed disposal referred to in subsection (1)(b) above before the project is begun; and

(b) the tax shall be so assessed and charged by reference to the market value of his interest at the date of the notice; and

(c) section 5 of the Development Land Tax Act 1976 and paragraph 8 of Schedule 1 to that Act shall apply as if the project had been begun on that date.

(4) If a person who has given a notice in respect of a project under this section begins that project within the period of two years beginning with the date of the notice the tax with which he is chargeable in respect of the deemed disposal referred to in subsection (1)(b) above shall be that assessed and charged on him in accordance with subsection (3) above; but if he does not begin that project within that period the notice shall be void.

(5) A notice under this section shall also be void if any information contained in it is not such as to make full and accurate disclosure of all facts and considerations which are material for tax to be assessed and charged in pursuance of the notice ; and a notice under this section may be withdrawn at any time before the project in question is begun.

(6) A notice under this section shall not affect the time when any tax is payable except that where the tax has been assessed and charged in pursuance of such a notice paragraph 45 of Schedule 8 to the said Act of 1976 shall have effect as if—

(a) sub-paragraph (2A) were omitted, and

(b) in sub-paragraph (3)(c) for the words "nine years" there were substituted the words "eight years ".

(7) A person who has given a notice under this section (including a notice which has become void or which has been withdrawn) in respect of a project on any land shall not be entitled to give another notice in respect of that or any other project on that land or any part of it.

(8) Where a notice under this section becomes void or is withdrawn any assessment made in pursuance of it shall be of no effect and where a person has paid any tax as a result of a notice under this section which has become void or which has been withdrawn, the tax shall be repaid to him with interest at the rate for the time being prescribed for the purposes of section 86A of the Taxes Management Act 1970; and any such interest shall not be income of that person for any tax purposes.

(9) Where a person who has a major interest in land gives a notice under subsection (1) above in respect of a project in respect of which a person having a different interest has given a notice in the previous two years (whether or not the previous notice has become void or been withdrawn), the first-mentioned notice shall be treated for the purposes of subsection (4) above as if given on the date of the previous notice or if there has been more than one previous notice the date of the first of them.

(10) For the purposes of subsections (4) and (7) of this section companies which are members of the same group shall be treated as the same person; and references in this section to a person beginning a project include references to his causing or permitting another person to do so.

(11) Nothing in this section affects the value for which a person is deemed to have reacquired an interest on a deemed disposal of it.

(12) This section shall be construed as one with the said Act of 1976.

115 Administration

(1) In section 70(2) of the Taxes Management Act 1970 (evidence of payment of interest under section 86 or 87 of that Act) for the words "or 87 " there shall be substituted the words ", 86A or 87 ".

(2) In section 86A of that Act (interest on unpaid tax)—

(a) in subsection (1) the words "then, except as provided by paragraph 12 of Schedule 7 to the Development Land Tax Act 1976" shall be omitted and for the words "that Act " there shall be substituted the words "the Development Land Tax Act 1976 "; and

(b) in subsection (5) for "£10 " there shall be substituted "£30 ".

(3) In paragraph 39(4) of Schedule 8 to the Development Land Tax Act 1976 (notice of disposals) for the words "section 24(6) of this Act" there shall be substituted the words "section 24(2) of this Act ".

(4) Paragraph (a) of subsection (2) above has effect in relation to tax on disposals after 5th August 1980, paragraph (b) of that subsection has effect in relation to interest on tax charged by assessments notice of which is issued after the passing of this Act and subsection (3) above has effect in relation to disposals after 25th March 1980.

116 Miscellaneous amendments

(1) in section 5(1)(b) and (c) and (6)(ii) of the Development Land Tax Act 1976 (relevant base value calculated by reference to 110 per cent, of current use value or of cost of acquisition) for the words " 110 per cent."there shall be substituted the words " 115 per cent. ".

(2) In section 12(5) of that Act (exclusion of exemption where chargeable person acquired interest from connected person for a consideration less than market value)—

(a) in paragraph (b) before the words "for a consideration " there shall be inserted the words " for no consideration or; " and

(b) in paragraph (c) there shall be inserted at the end the words "being either a part disposal or a disposal of an interest resulting from a part disposal made after the date and within the period mentioned in paragraph (a) above by a person who at the time of the part disposal was connected for the purposes of that Act with the person to whom the part disposal was made ".

(3) In section 19(1)(iii) and (7) and section 23(1)(iii) of that Act (deferment of tax on deemed disposal of industrial land or land of statutory undertakers not terminated by subsequent disposal forming part of a sale and lease-back transaction) for the words "a sale and lease-back transaction " there shall be substituted the words "a lease-back transaction ";

and in section 19(7)(a) of that Act (which defines such a transaction by reference to part disposals falling within paragraph (b) of subsection (1) of section 3 of that Act) for the words "paragraph (b) of subsection (1) of section 3 " there shall be substituted the words "section 3(1) ".

(4) In section 23(1)(ii) of that Act (deferment of tax for statutory undertakers until disposal of relevant interest) after the words "a disposal " there shall be inserted the words "which is to other statutory undertakers and ".

(5) In paragraph 5 of Schedule 4 to that Act (development excluded from material development)—

(a) in sub-paragraph (3) (a) for the words "where any development extends to two or more buildings within the same curtilage, those buildings" there shall be substituted the words "two or more buildings within the same curtilage ";

(b) after sub-paragraph (3) there shall be inserted—

"(4) The rebuilding referred to in paragraph (b) of sub-paragraph (1) above may be on a different site within the same curtilage."

(6) Subsections (1) and (5) above have effect in relation to disposals after 25th March 1980, subsection (2) above has effect where the acquisition referred to in section 12(5)

is after that date and subsections (3) and (4) above have effect where the subsequent disposal referred to in section 19(1) or 23(1) is after that date.

PART VIII

MISCELLANEOUS AND SUPPLEMENTARY

117 Demergers

Schedule 18 to this Act shall have effect for facilitating certain transactions whereby trading activities carried on by a single company or group are divided so as to be carried on by two or more companies not belonging to the same group or by two or more independent groups.

118 National Heritage Memorial Fund

(1) There shall on a claim in that behalf to the Board be allowed in the case of the Trustees of the National Heritage Memorial Fund (in this section referred to as "the Trustees ") such exemption from tax as falls to be allowed under section 360 of the Taxes Act in the case of a charity the whole income of which is applied to charitable purposes.

(2) The Trustees shall be exempt from tax in respect of all chargeable gains.

(3) The Trustees shall be treated for the purposes of section 434(2) of the Taxes Act (covenanted payments to charities), section 49(2) of the Finance Act 1974 (relief from stamp duty) and sections 54 and 99 above as a body of persons established for charitable purposes only.

(4) Section 24 of the Development Land Tax Act 1976 (exemption of charities) and section 57 of the Finance Act 1977 (exemption of charities from national insurance surcharge) shall have effect as if the Trustees were a charity within the meaning of section 360 of the Taxes Act.

(5) In paragraph 12(1) of Schedule 6 to the Finance Act 1975 (capital transfer tax exemptions) after the entry relating to the National Art Collections Fund there shall be inserted—

"The Trustees of the National Heritage Memorial Fund".

(6) This section shall be deemed to have come into force on 1st April 1980.

119 Transfer of assets of public corporations

(1) Subject to subsection (2) below, the successor company in which the property, rights, liabilities and obligations of the British Airways Board are vested by any Act passed in the same Session as this Act shall be treated for all purposes of corporation tax and development land tax as if it were the same person as the British Airways Board; and the successor company to which the undertaking of the National Freight Corporation is transferred by any such Act shall be treated for those purposes as if it were the same person as the National Freight Corporation.

(2) A successor company shall not by virtue of subsection (1) above be regarded as a body falling within section 272(5) of the Taxes Act (bodies established for carrying on industries or undertakings under national ownership or control) or subsection (10)

of section 23 of the Development Land Tax Act 1976 (statutory undertakers); and subsection (1) above shall not be regarded as preventing the vesting in a successor company of an interest of the British Airways Board or the National Freight Corporation constituting a disposal for the purposes of the said section 23.

(3) The transfer by any such Act as is mentioned in subsection (1) above from the British Airways Board to the successor company of liability for any loan made to the Board shall not affect any direction in respect of the loan which has been given by the Treasury under section 416 of the Taxes Act (income tax exemption for interest on foreign currency securities).

(4) The fact that the Secretary of State has power to give directions to the National Enterprise Board, the Scottish Development Agency or the Welsh Development Agency as to the making of a transfer of securities or other property held by them shall not be regarded as constituting an arrangement within the meaning of section 92(9) of the Finance Act 1972 or section 29 of the Finance Act 1973 (which deny relief for advance corporation tax and losses within a group where certain arrangements exist).

120 National Savings Bank

(1) Subject to subsection (2) below, all sums received by the Director of Savings as investment deposits with the National Savings Bank shall from time to time be paid by him into the National Loans Fund in accordance with directions given by the Treasury ; and the sums required for repaying, or paying interest on, investment deposits with the Bank shall be charged on that Fund with recourse to the Consolidated Fund.

(2) There may be retained by the Director of Savings out of the sums received by him as mentioned in subsection (1) above such amounts as may be required by him as a working balance; and there shall be paid to him from time to time out of the National Loans Fund (or, as the case may be, the Consolidated Fund) the sums required for repaying, or paying interest on, investment deposits or for increasing his working balance.

(3) The amounts to be retained by or paid to the Director of Savings under subsection (2) above shall be determined by agreement between him and the Treasury.

(4) The Director of Savings shall keep an account of all sums—
   (a) received and paid by him in respect of investment deposits;
   (b) paid by him into or received by him out of the National Loans Fund; or
   (c) received by him out of the Consolidated Fund,

   and shall prepare a statement of that account as respects each year ending with 31st December.

(5) The statement prepared for each year under subsection (4) above shall, before the end of May next following the expiration of the year, be transmitted to the Comptroller and Auditor General who shall examine, certify and report on it and lay copies of it, together with copies of his report, before Parliament.

(6) The expenses of the Director of Savings in connection with investment deposits shall be defrayed out of moneys provided by Parliament.

(7) Sections 21 to 23 of the National Savings Bank Act 1971 and so much of section 25 of that Act as relates to investment deposits shall cease to have effect; and Schedule 19 to tins Act shall have effect as respects the transition from those provisions to the foregoing provisions of this section.

(8) The rate of interest on investment deposits shall be determined by the Treasury instead of by the Director of Savings with the consent of the Treasury ; and in the case of an alteration in a rate of interest not affecting deposits received before it is made, the notice of the alteration required by section 6 of the said Act of 1971 may be given after the making of the alteration.

(9) Subsections (1) to (7) above have effect from 1st January 1981 and subsection (8) above from the passing of this Act.

(10) This section and Schedule 19 to this Act shall be construed as one with the said Act of 1971.

121 Penalties

(1) The Table in section 98 of the Taxes Management Act 1970 shall be amended as follows.

(2) At the end of the first column there shall be inserted—

"Paragraph 6(9) of Schedule 1 of the Capital Gains Tax Act 1979; Sections 30(5) and 67(4) of the Finance Act 1980 and paragraph 25 of Schedule 10, paragraph 4(3) of Schedule 12 and paragraphs 21 and 22 of Schedule 18 to that Act."

(3) At the end of the second column there shall be inserted—

"Sections 30(4) and 67(2) of the Finance Act 1980 and paragraph 4(1) of Schedule 12 and paragraphs 19 and 20 of Schedule 18 to that Act."

122 Short title, interpretation, construction and repeals

(1) This Act may be cited as the Finance Act 1980.

(2) In this Act "the Taxes Act " means the Income and Corporation Taxes Act 1970.

(3) In this Act—

(a) Part III, so far as it relates to income tax, shall be construed as one with the Income Tax Acts, so far as it relates to corporation tax, shall be construed as one with the Corporation Tax Acts and, so far as it relates to capital gains tax, shall be construed as one with the Capital Gains Tax Act 1979 ; and

(b) Part IV shall be construed as one with Part III of the Finance Act 1975.

(4) The enactments mentioned in Schedule 20 to this Act (which include spent enactments) are hereby repealed to the extent specified in the third column of that Schedule, but subject to any provision at the end of any Part of that Schedule.

SCHEDULES

SCHEDULE 1

Section 1(3).

WINE: RATES OF DUTY

Description of wine	Rates of duty per hectolitre
Wine of a strength—	£
not exceeding 15 per cent.	81.42
exceeding 15 but not exceeding 18 per cent.	93.93
exceeding 18 but not exceeding 22 per cent.	110.59
exceeding 22 per cent.	110.59 plus £11.87 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 £17.90 per hectolitre.

SCHEDULE 2

Section 1(4).

MADE-WINE: RATES OF DUTY

Description of made-wine	Rates of duty per hectolitre
Made-wine of a strength—	£
not exceeding 10 per cent.	52.85
exceeding 10 but not exceeding 15 per cent.	79.16
exceeding 15 but not exceeding 18 per cent.	87.04
exceeding 18 per cent.	87.04 plus £11.87 for every 1 per cent, or part of 1 per cent, in excess of 18 per cent.; each of the above rates of duty being, in the case of sparkling made-wine, increased by £8.25 per hectolitre.

SCHEDULE 3

Section 4(2).

PROVISIONS SUBSTITUTED IN VEHICLES (EXCISE) ACT 1971

I

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 1

Description of vehicle	Rate of duty
	£
1. Bicycles and tricycles of which the cylinder capacity of the engine does not exceed 150 cubic centimetres	6.00
2. Bicycles of which the cylinder capacity of the engine exceeds 150 cubic centimetres but does not exceed 250 cubic centimetres; tricycles (other than those in the foregoing paragraph) and vehicles (other than mowing machines) with more than three wheels, being tricycles and vehicles neither constructed nor adapted for use nor used for the carriage of a driver or passenger	12.00
3. Bicycles and tricycles not in the foregoing paragraphs	24.00

II

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 2

Description of vehicle	Rate of duty
	£
Hackney carriages	30.00 with an additional 60p for each person above 20 (excluding the driver) for which the vehicle has seating capacity.

III

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 3

	Weight unladen of vehicle		Rate of duty	
1.	2.	3.	4.	5.
Description of vehicle	Exceeding	Not exceeding	Initial	Additional for each ton or part of a ton in excess of the weight in column 2
			£	£
1. Agricultural machines; digging machines; mobile cranes; works trucks; mowing machines; fishermen's tractors.	—	—	10.50	—
2. Haulage vehicles, being showmen's vehicles.	—	7 ¼ tons	101.00	—
	7 ¼ tons	8 tons	121.00	—
	8 tons	10 tons	142.00	—
	10 tons	—	142.00	22.00
3. Haulage vehicles, not being showmen's vehicles.	—	2 tons	120.00	—
	2 tons	4 tons	216.00	—
	4 tons	6 tons	312.00	—
	6 tons	7 ¼ tons	408.00	—
	7 ¾ tons	8 tons	498.00	—
	8 tons	10 tons	498.00	84.00
	10 tons	—	666.00	96.00

IV

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 4

TABLES SHOWING ANNUAL RATES OF DUTY ON GOODS VEHICLES

TABLE A

GENERAL RATES OF DUTY

	Weight unladen of vehicle		Rate of duty	
1.	2.	3.	4.	5.
Description of vehicle	Exceeding	Not exceeding	Initial	Additional for each ¼ ton or part of a ¼ ton in excess of the weight in column 2
			£	£
1. Farmers' goods vehicles	—	12 cwt.	36 00	
	12 cwt.	16 cwt.	38 00	—
	16 cwt.	1 ton	42 00	—
	1 ton	3 tons	42.00	5
	3 tons	5 tons	80 00	4
	5 tons	7 tons	111.00	3
	7 tons	9 tons	135.00	2
	9 tons	—	163.00	4
2. Showmen's goods vehicles ...	—	12 cwt.	36.00	—
	12 cwt.	16 cwt.	38.00	—
	16 cwt.	1 ton	42.00	—
	1 ton	3 tons	42.00	5
	3 tons	5 tons	80.00	4
	5 tons	6 tons	111.00	3
	6 tons	9 tons	123.00	5
	9 tons	—	193.00	7
3. Tower wagons	—	12 cwt.	48.00	—
	12 cwt.	16 cwt.	53.00	—
	16 cwt.	1 ton	60 00	—
	1 ton	4 tons	60 00	6
	4 tons	6 tons	133.00	7

	Weight unladen of vehicle		Rate of duty	
1.	2.	3.	4.	5.
Description of vehicle	Exceeding	Not exceeding	Initial	Additional for each ¼ ton or part of a ¼ ton in excess of the weight in column 2
4. Goods vehicles not included in any of the foregoing provisions of this Part of this Schedule.	6 tons	9 tons	190.00	6
	9 tons	—	275.00	10
	—	16 cwt.	60.00	—
	16 cwt.	1 ton	67 00	—
	1 ton	4 tons	67.00	17
	4 tons	9 tons	269 00	30
	9 tons	10 tons	940.00	33
	10 tons	—	1,071.00	39

TABLE B

RATES OF DUTY ON GOODS VEHICLES USED FOR DRAWING TRAILERS

	Weight unladen of vehicle		
1.	2.	3.	4.
Description of vehicle	Exceeding	Not exceeding	Rate of duty
			£
1. Showmen's goods vehicles	—	—	36 00
2. Other goods vehicles	—	1 ½ tons	36.00
	1 ½ tons	3 tons	48.00
	3 tons	4 tons	80.00
	4 tons	6 tons	108.00
	6 tons	9 tons	134.00
	9 tons	—	146.00

V

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 5

Description of vehicle	Rate of duty
	£
1. Vehicles not exceeding seven horsepower, if registered under the Roads Act 1920 for the first time before 1st January 1947.	43.00
2. Vehicles not included above.	60.00

SCHEDULE 4

Section 5(2).

PROVISIONS SUBSTITUTED IN VEHICLES (EXCISE) ACT (NORTHERN IRELAND) 1972

I

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 1

Description of vehicle	Rate of duty
	£
1. Bicycles and tricycles of which the cylinder capacity of the engine does not exceed 150 cubic centimetres.	6.00
2. Bicycles of which the cylinder capacity of the engine exceeds 150 cubic centimetres but does not exceed 250 cubic centimetres; tricycles (other than those in the foregoing paragraph) and vehicles (other than mowing machines) with more than three wheels, being tricycles and vehicles neither constructed nor adapted for use nor used for the carriage of a driver or passenger.	12.00
3. Bicycles and tricycles not in the foregoing paragraphs	24.00

II

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 2

Description of vehicle	Rate of duty
	£

Description of vehicle	Rate of duty
Hackney carriages.	30.00 with an additional 60p for each person above 20 (excluding the driver) for which the vehicle has seating capacity.

III

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 3

	Weight unladen of vehicle		Rate of duty	
1.	2.	3.	4.	5.
Description of vehicle	Exceeding	Not exceeding	Initial	Additional for each ton or part of a ton in excess of the weight in column 2
			£	£
1. Agricultural machines; digging machines; mobile cranes; works trucks; mowing machines; fishermen's tractors.	—	—	10.50	—
2. Haulage vehicles, being showmen's vehicles.	—	7 ¼ tons	101.00	—
	7 ¼ tons	8 tons	121 00	—
	8 tons	10 tons	142.00	—
	10 tons	—	142.00	22 00
3. Haulage vehicles, not being showmen's vehicles.	—	2 tons	108 00	—
	2 tons	4 tons	192.00	—
	4 tons	6 tons	276.00	—
	6 tons	7 ¼ tons	360.00	—
	7 ¼ tons	8 tons	444.00	—
	8 tons	—	444.00	96 00

IV

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 4 TABLES SHOWING ANNUAL RATES OF DUTY ON GOODS VEHICLES

TABLE A

GENERAL RATES OF DUTY

	Weight unladen of vehicle		Rate of duty	
1.	2.	3.	4.	5.
Description of vehicle	Exceeding	Not exceeding	Initial	Additional for each ¼ ton or part of a ¼ ton in excess of the weight in column 2
			£	£
1. Farmers' goods vehicles	—	12 cwt.	36.00	—
	12 cwt.	16 cwt.	38 00	—
	16 cwt.	1 ton	42.00	—
	1 ton	3 tons	42.00	5
	3 tons	6 tons	83.00	2
	6 tons	8 tons	110.00	1
	8 tons	9 tons	121.00	2
	9 tons	—	138.00	3
2. Showmen's goods vehicles; tower wagons.	—	12 cwt.	46.00	—
	12 cwt.	16 cwt.	48.00	—
	16 cwt.	1 ton	54.00	—
	1 ton	3 tons	54.00	3
	3 tons	6 tons	78.00	4
	6 tons	9 tons	122.00	5
	9 tons	—	193 00	7
3. Goods vehicles not included in any of the foregoing provisions of this Part.	—	16 cwt.	60.00	—
	16 cwt.	1 ton	67.00	—
	1 ton	3 tons	67.00	12
	3 tons	4 tons	163.00	19
	4 tons	6 tons	241.00	25
	6 tons	9 tons	440.00	29
	9 tons	—	845.00	35

TABLE B

RATES OF DUTY ON GOODS VEHICLES USED FOR DRAWING TRAILERS

1.	2.	3.	4.
	Weight unladen of vehicle		
Description of vehicle	Exceeding	Not exceeding	Rate of duty
		£	£
1. Showmen's goods vehicles	—	—	36.00
2. Other goods vehicles	—	1 ½ tons	36.00
	1 ½ tons	3 tons	48.00
	3 tons	4 tons	80.00
	4 tons	6 tons	108.00
	6 tons	9 tons	134.00
	9 tons	—	146.00

V

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 5

Description of vehicle	Rate of duty
	£
1. Vehicles first registered under the Roads Act 1920 before 1st January 1947, or which, if their first registration for taxation purposes had been effected in Northern Ireland would have been so first registered as aforesaid under the Act as in force in Northern Ireland:	
(i) not exceeding 6 horse power	36.00
(ii) exceeding 6 horse power but not exceeding 9 horse power—for each unit or part of a unit of horse power	6.00
2. Other vehicles	60.00

SCHEDULE 5

Section 6(4).

GAMING LICENCE DUTY

Gross gaming yield

1 (1) Subject to sub-paragraph (2) below, the gross gaming yield from any premises in any period shall consist of—

(a) the receipts in that period from charges made in connection with gaming on the premises by way of games to which section 13 of the Betting and Gaming Duties Act 1972 for the time being applies, being charges authorised by regulations under section 14(2) of the Gaming Act 1968 but exclusive of value added tax and of any charge the payment of which does no more than entitle a person to admission to the premises ; and

(b) where a provider of the premises (or a person acting on his behalf) is banker in relation to any such gaming as aforesaid, the difference between—

(i) the value in money or money's worth of the stakes staked with the banker in such gaming ; and

(ii) the value in money or money's worth of the winnings paid by the banker to those taking part in such gaming otherwise than on behalf of a provider of the premises.

(2) The Treasury may by order made by statutory instrument amend sub-paragraph (1) above ; and subsection (3) of section 15 of the said Act of 1972 (affirmative procedure for orders amending list of chargeable games) shall apply in relation to an order under this sub-paragraph as it applies to an order under subsection (1) of that section.

Returns and payment

2 (1) The Commissioners may make regulations—

(a) requiring returns to be made of the gross gaming yield from any premises in any period, being returns certified in such manner as may be specified in the regulations;

(b) requiring returns to be made of expenses incurred in providing facilities for, or in providing anything in connection with, gaming on premises in respect of which a gaming licence is or has been in force and of bad debts incurred in the provision of such gaming ;

(c) requiring gaming licence duty chargeable by reference to gross gaming yield to be paid at such time and in such manner as may be specified in the regulations.

(2) Sub-paragraph (1) above is without prejudice to paragraph 8 of Schedule 2 to the said Act of 1972 (general power to make regulations in connection with gaming licence duty) and paragraph 13(1) of that Schedule (penalties) shall apply to regulations under this paragraph as it applies to regulations under the said paragraph 8.

(3) Regulations under sub-paragraph (1) above or under the said paragraph 8 may be framed by reference to requirements for the time being in force under the Gaming Act 1968.

Power to estimate duty

3 (1) Where an amount is due on account of gaming licence duty chargeable by reference to gross gaming yield but the Commissioners are unable to ascertain the amount of the duty properly due because—

(a) returns, accounts, records or other documents have not been made, kept, preserved or produced as required by regulations made under this Schedule or the said Schedule 2 ; or

(b) it appears to the Commissioners that any returns, accounts, records or other documents are incomplete or incorrect,

they may estimate the amount due.

(2) Without prejudice to the recovery of the full amount due or to the making of a further estimate, the amount estimated shall be recoverable as duty properly due unless in any action relating thereto the person liable proves the amount properly due and that amount is less than the amount estimated.

Recovery of duty

4 (1) The duty payable in accordance with paragraph (b) of section 6 (1) or (2) of this Act on a gaming licence in respect of any premises for any period shall be payable by the person who was the holder of the licence but, if not paid by him as required by regulations under paragraph 2(1) (c) above, shall be recoverable from each of the persons mentioned in sub-paragraph (2) below.

(2) The persons referred to above are—

(a) the person who was the holder of the licence ;

(b) any other person who was a provider of the premises in the period;

(c) any other person concerned in the organisation or management of the gaming on the premises in the period ; and

(d) any director of a company which falls within paragraphs (a), (b) or (c) above.

(3) In paragraphs 10(1) and 11 of the said Schedule 2 (recovery by distress and priority in bankruptcy etc.) after the words “by virtue of paragraph 1 or 12(2)(b) of this Schedule ” there shall be inserted the words “or of section 6 of the Finance Act 1980 or Schedule 5 to that Act ”.

(4) Where under paragraph 10 of the said Schedule 2 distress is levied for any amount estimated under paragraph 3 above and it is afterwards proved that the amount properly due was less than the amount estimated, that shall not affect the legality of the distress or anything done under paragraph 10 in connection therewith, but the proceeds of sale shall be applied under sub-paragraph (3) of that paragraph in accordance with the amount properly due and not in accordance with the amount estimated. Enforcement

5 (1) At the end of paragraph 12(1)(b) of the said Schedule 2 (under which there is a contravention of section 13(3) of the said Act of 1972 unless a provider of the premises in question is the holder of an appropriate licence) there shall be added the words “and has paid all amounts of gaming licence duty which are payable (or which he reasonably believes are payable) by him before that time ”.

(2) In paragraph 12(2)(a) of the said Schedule 2 (penalties) for the words from “be liable ” onwards there shall be substituted the words " be liable—

(i) on summary conviction, to a penalty of the prescribed sum (as defined in section 171(2) of the Customs and Excise Management Act 1979) or to imprisonment for a term not exceeding six months or to both ;

(ii) on conviction on indictment, to a penalty of any amount or to imprisonment for a term not exceeding two years or to both."

(3) Sub-paragraph (2) above has effect from 1st October 1981.

6 In paragraph 15(1) of the said Schedule 2 (search of premises) after the words "any premises " there shall be inserted the words "or that evidence of any such contravention is to be found there ".

Changes of ownership

7 (1) Paragraph 4 of Schedule 2 to the said Act of 1972 (transfer of licences) shall cease to have effect and section 13(2) of that Act and paragraph 3 of Schedule 2 to that Act (under which gaming licences expire on 31st March and 30th September) shall have effect subject to the following provisions.

(2) A gaming licence in respect of any premises shall expire if the holder ceases to be a provider of the premises.

(3) Where a licence in respect of any premises expires by virtue of sub-paragraph (2) above another gaming licence may be granted in respect of the premises, and any such licence—

(a) shall be expressed to take effect on the day following that on which the previous licence expired ; and

(b) subject to that sub-paragraph, shall expire when the previous licence would have expired apart from the provisions of this paragraph.

(4) The Commissioners may allow an application for a licence under sub-paragraph (3) above to be made later than required by paragraph 3(1) of the said Schedule 2.

Charge of duty in respect of short licence periods

8 (1) The parts of gross gaming yield which in accordance with the Table in section 6(1)(b) of this Act are chargeable at rates other than the highest shall, in the case of a licence to which this paragraph applies, be reduced in accordance with regulations made by the Commissioners.

(2) This paragraph applies to a licence if it is one of two or more licences which by virtue of paragraph 7 above are in force in respect of the same premises for consecutive periods all of which expire in the six months ending with 31st March or 30th September in any year.

(3) This paragraph also applies to a licence in respect of any premises if—

(a) the licence is not for the whole of the period of six months ending with 31st March or 30th September in any year; and

(b) a club has in the course of those six months transferred gaming from those premises to other premises or from other premises to those premises.

9 (1) Where a licence is one of two or more licences which by virtue of paragraph 7 above are in force in respect of the same premises for consecutive periods all of which expire in the six months ending with 31st March 1981 or 30th September 1981—

(a) the amount referred to in paragraph (a) of subsection (2) of section 6 of this Act shall be payable only when applying for the first of those licences ; but

(b) paragraph (b) of that subsection shall have effect in relation to each of the licences as if there had been paid when applying for it a part of that amount (after any increase or reduction under subsection (3) of that section) proportionate to the duration of the licence.

(2) If the holder of any of the licences referred to in sub-paragraph (1) above other than the first makes an application under paragraph 5 of the said Schedule 2—

(a) the amount of additional duty shall be calculated under subparagraph (3) of that paragraph as if the amount referred to in section 6(2)(a) of this Act had been payable on the licence; and

(b) any additional duty paid shall for the purposes of subparagraph (1)(b) above be added to the part apportioned to the licence.

Alteration and surrender of licences etc.

10 (1) In relation to a licence for a period beginning on or after 1st October 1980 any reference to the duty paid or payable on a licence in paragraph 5 or 6 of the said Schedule 2 shall be construed as a reference to the duty paid or payable without reference to gross gaming yield.

(2) The said paragraph 6 shall not apply to any licence for a period beginning on or after 1st October 1981.

Co-operation with Gaming Board

11 (1) No obligation as to secrecy or other restriction on the disclosure of information imposed by statute or otherwise shall prevent—

(a) the Commissioners or an authorised officer of the Commissioners from disclosing to the Gaming Board for Great Britain or to an authorised officer of that Board, or

(b) that Board or an authorised officer of that Board from disclosing to the Commissioners or to an authorised officer of the Commissioners,

information for the purpose of assisting the Commissioners in the performance of their duties with respect to gaming licence duty or, as the case may be, the Board in the performance of their duties under the said Act of 1968.

(2) Information obtained in pursuance of this paragraph shall not be disclosed except—

(a) to the Commissioners or the Board or an authorised officer of the Commissioners or the Board ; or

(b) for the purpose of any proceedings connected with a matter in relation to which the Commissioners or the Board perform such duties as aforesaid.

Modification of agreements

12 Paragraph 17 of the said Schedule 2 (modification of agreements made before 1st October 1970 where additional duty is payable under the Finance Act 1970 as compared with section 13 of the Finance Act 1966) shall have effect in relation to section 6 of this Act as if for references to 1st October 1970, the Finance Act 1970 and section 13 of the Finance Act 1966 there were substituted respectively

references to 1st October 1980, the said section 6 and section 14 of the said Act of 1972.

Regulations

13 Regulations under this Schedule shall be made by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

Interpretation

14 In this Schedule—

"the Commissioners " means the Commissioners of Customs and Excise ;

"gaming " has the same meaning as in the said Act of 1968 ;

"provider ", in relation to any premises used for gaming, means any person having a right to control the admission of persons to those premises, whether or not he also has a right to control the admission of persons to the gaming.

SCHEDULE 6

Section 7.

GAMING MACHINE LICENCE DUTY

PART I

THE BETTING AND GAMING DUTIES ACT 1972

1 In section 21(2) there shall be omitted—

(a) the words "(a) an ordinary licence, being " ;

(b) paragraph (b) together with the word "or" immediately preceding it; and

(c) the words from "and where a licence " onwards.

2 (1) In subsection (1) of section 22 for the words "an ordinary " there shall be substituted the word "a "and in paragraph (b) for the words "or the higher " and "either " there shall be substituted the words "the higher or the peak " and "each " respectively.

(2) For subsection (5) of that section there shall be substituted the following—

"(5) Subject to subsection (6) below, for the purposes of a licence—

(a) a machine is chargeable at the lower rate if it can only be played by the insertion into the machine of a coin or coins of a denomination, or aggregate denomination, not exceeding 2p ;

(b) a machine is chargeable at the higher rate—

(i) if it is on premises which have local authority approval under the Gaming Acts and is not within paragraph (a) above, or

(ii) if it is not on such premises and it can only be played by the insertion into it of a coin or coins of a denomination, or aggregate denomination, exceeding 2p but not exceeding 5p ; and

(c) a machine is chargeable at the peak rate in any other case.

(6) Where the game playable by means of a machine can be played more than once for the insertion of a coin or coins of a denomination, or aggregate denomination, exceeding a sum mentioned in subsection (5) above, the machine is to be treated for the purposes of that subsection as if it can only be played by the insertion into it of a coin of a denomination not exceeding that sum if in effect the amount payable to play the game once does not exceed that sum.”.

3 In section 23—

(a) for the words “an ordinary”, wherever they occur, there shall be substituted the word “a ”;

(b) for the Tables in subsection (1) there shall be substituted the following—

“TABLE A

PREMISES WITH LOCAL AUTHORITY APPROVAL

Description of machines authorised by the licence	Number of machines of that desciption so authorised	Duty on whole-year licence
Chargeable at the lower rate.	One or more machines	£20 per machine.
Chargeable at the higher rate.	One machine	£25.
	Two or more machines	£25 plus £100 per machine in excess of one.

TABLE B

PREMISES WITHOUT LOCAL AUTHORITY APPROVAL

Description of machines authorised by the licence	Number of machines of that desciption so authorised	Duty on whole-year licence
Chargeable at the lower rate.	One or more machines	£50 per machine.
Chargeable at the higher rate.	One machine	£100.
	Two or more machines	£100 plus £200 per machine in excess of one.
Chargeable at the peak rate.	One or more machines	£300 per machine.”

4 Section 24 shall be omitted.

5 (1) In subsection (1) of section 25 after the words “no gaming machine ” there shall be inserted the words “other than a penny machine ”.

(2) In subsection (2) of that section—

(a) the word “ordinary ”, in both places, shall be omitted; and

(b) there shall be substituted for the words “the lower ” the word “one ” and for the words “the higher” the word “another ”.

(3) In subsection (3) of that section there shall be substituted—

(a) for the words “an ordinary ”. the word “a ” ;

(b) for the words “the lower ” the word “one ” ; and

(c) for the words “the higher ” the word “another ”.

(4) In subsection (4) of that section there shall be substituted—

(a) for the words “an ordinary ” the word “a ” ;

(b) for the words “one only of the two rates ” the words “at one rate only ” ;

(c) for the words “at the other rate ” in paragraph (b) the words “at any other rate ”;

and in paragraph (b) the word “ordinary ” shall be omitted.

(5) Subsection (5) of that section shall be omitted.

6 In section 26(4)—

(a) paragraph (a) shall be omitted;

(b) in paragraph (b) the words “penny machine or any other ” shall be omitted and for “l-25p ” there shall be substituted “2p ”; and for the words “an ordinary ” there shall be substituted the word “a ”;

(c) for paragraph (c) there shall be substituted the following—

“(c) in the case of a machine which is on premises which have local authority approval under the Gaming Acts and is not within paragraph (b) above or which is not on such premises and which no player can play except by the insertion into the machine of a coin or coins of a denomination, or aggregate denomination, exceeding 2p but not exceeding 5p, be treated for the purposes of a licence as a number of machines, all chargeable at the higher rate, equal to that number of persons ; and

(d) in a case not falling within paragraph (b) or (c) above, be treated for the purposes of a licence as a number of machines, all chargeable at the peak rate, equal to that number of persons ;”.

7 After paragraph 2A of Schedule 4 there shall be inserted the following—

“Months preceding and following half-year summer licences

2B A gaming machine licence shall not be required in order to authorise the provision of a gaming machine on any premises during March or October of any year if the premises have local authority approval under the Gaming Acts and the provision of the machine on the premises has been authorised by a gaming machine licence for the period from 1st April to 30th September in that year.”.

8 In sub-paragraph (1) of paragraph 4 of that Schedule for the words “an ordinary ”, in both places, there shall be substituted the word “a ” and sub-paragraph (2) of that paragraph shall be omitted.

9 In sub-paragraph (2) of paragraph 5 of that Schedule for the words “An ordinary ” and “an ordinary ” there shall be substituted respectively the words “A ” and “a ” and sub-paragraphs (3) to (5) of that paragraph shall be omitted.

10 In paragraph 7(b) of that Schedule the words “in the case of an ordinary licence ” shall be omitted and there shall be substituted for the words “the lower rate or the higher rate ” the words “one rate ” and for the words “the other rate ” the words “another rate ”.

11 In paragraph 8 of that Schedule—

(a) in sub-paragraph (2) there shall be substituted—

(i) for the words “An ordinary ” the word “A ”,

(ii) in paragraph (a) for the words “one or other, or at each, of the two rates ” the words “one or more of the rates ”, and

(iii) in paragraph (b) and (c) for the words “the other ” the word “another ” ;

(b) sub-paragraph (3) shall be omitted ; and

(c) in sub-paragraph (4) for the words from “except” to the end there shall be substituted " except that where a whole-year licence falls to be amended in pursuance of a late application, that is to say an application made after 31st March immediately preceding 30th September on which it is due to expire—

(i) in the case of a licence which has not previously been amended in pursuance of a late application, the additional duty shall be eleven-twentieths of that difference, and

(ii) in any other case, the additional duty shall be the difference between the additional duty that would be payable if no previous late applications had been made and the additional duty paid on any such applications.".

12 In paragraph 9 of that Schedule—

(a) in sub-paragraph (1) for the words “an ordinary ” there shall be substituted the word “a ” , and

(b) in sub-paragraph (2), the word “either ”, sub-paragraph (b), and the word “or ” immediately preceding that sub-paragraph, shall be omitted.

13 In paragraph 12 of that Schedule for the words “or at the higher rate or, as the case may be, as penny machines ” there shall be substituted the words “the higher rate, the peak rate or, as the case may be, as being penny machines ”.

PART II

THE MISCELLANEOUS TRANSFERRED EXCISE DUTIES ACT (NORTHERN IRELAND) 1972

14 In section 43(3) there shall be omitted—

(a) the words “(a) in the case of a licence chargeable under section 44 or 45 ” ; and

(b) paragraph (b) together with the word “or” immediately preceding it.

15 (1) In subsection (1) of section 44 the words “other than gaming machine licences to which section 45 applies ” shall be omitted.

(2) In subsection (2) of that section for the words “or the higher ” there shall be substituted the words “the higher or the peak ”.

(3) For subsection (3) of that section there shall be substituted the following—

“(3) Subject to subsection (3A) below, a machine is chargeable—

(a) at the lower rate, if it can only be played by the insertion into the machine of a coin or coins of a denomination, or aggregate denomination, not exceeding £0.02 ;

(b) at the higher rate if it can only be played by the insertion into the machine of a coin or coins of a denomination, or aggregate denomination, exceeding £0.02 but not exceeding £0.05 ; and

(c) at the peak rate, in any other case.

(3A) Where the game playable by means of a machine can be played more than once for the insertion of a coin or coins of a denomination, or aggregate denomination, exceeding a sum mentioned in subsection (3) above, the machine is to be treated for the purposes of that subsection, as if it can only be played by the insertion into it of a coin of a denomination not exceeding that sum if in effect the amount payable to play the game once does not exceed that sum.”

(4) For the Table in subsection (4) there shall be substituted the following—

“TABLE

Description of machines authorised by the licence	Number of machines of that desciption so authorised	Duty on whole-year licence
Chargeable at the lower rate.	One or more machines	£50 per machine.
Chargeable at the higher rate.	One machine	£100.
	Two or more machines	£100 plus £200 per machine in excess of one.
Chargeable at the peak rate.	One or more machines	£300 per machine.”

(5) In subsection (6)—

(a) in paragraph (a) for " £0.01 ½ “there shall be substituted ” £0.02 "; and

(b) after paragraph (a) there shall be inserted the following—

“(aa) in the case of a machine which a player cannot play except by the insertion into the machine of a coin or coins of a denomination, or aggregate denomination, exceeding £0.02 but not exceeding £0.05, shall be treated as a number of machines, all chargeable at the higher rate, equal to that number of persons ; and ""

and in paragraph (b) for the word “higher” there shall be substituted the word “peak ”.

16 Section 45 shall be omitted.

17 (1) In subsection (1) of section 46 mere shall be omitted the words from the beginning to “applies ” and there shall be inserted at the end the words " or the value or aggregate value of the benefits in money or money's worth which any player who is successful in a single game played by means of the machine may receive cannot exceed £0.10 ".

(2) In subsection (2) of that section the words “in the case of a gaming machine licence to which section 44 applies ” shall be omitted and for the words “one of the two rates ” there shall be substituted the words “one rate ” and for the words “the other rate ” the words “another rate ”.

18 (1) In subsection (1) of section 47 there shall be substituted for the words “the lower rate ” the words “one rate ” and for the words “the higher rate ” the words “another rate ”.

(2) For subsection (2) of that section there shall be substituted the following—

“(2) In accordance with subsection (1), in ascertaining whether there has been a contravention of section 46 in respect of any premises, two or more gaming machine licences may be taken into account only if each relates to machines chargeable at the same rate and is the only licence relating to machines chargeable at that rate.”

(3) In subsection (3) of that section there shall be substituted for the words “the lower rate or the higher rate ” the words “one rate” and for the words “the other rate ” the words “another rate ”.

(4) Subsection (4) of that section shall be omitted.

19 Part II of Schedule 3 shall be omitted.

20 In paragraph 9(2) of that Schedule the words " an eight-month licence shall expire at die end of 31st October next after that date ; " shall be omitted.

21 (1) For sub-paragraph (2) of paragraph 11 of that Schedule there shall be substituted the following—

“(2) A licence may be amended under this paragraph

(a) so as to increase the number of machines which are authorised by the licence for the premises in question (whether chargeable at one or more of the rates) ; or

(b) so as to increase the number of machines chargeable at any rate and reduce the number chargeable at another rate; or

(c) in the case of a licence which authorises only machines chargeable at one rate, so as to authorise a specified number of machines chargeable at another rate.”.

(2) In sub-paragraph (3) of that paragraph for the words from “except ” to the end there shall be substituted " except that where a whole-year licence falls to be amended in pursuance of a late application, that is to say an application made after 31st March immediately preceding 30th September on which it is due to expire—

(i) in the case of a licence which has not previously been amended in pursuance of a late application, the additional duty shall be eleven-twentieths of that difference, and

(ii) in any other case, the additional duty shall be the difference between the additional duty that would be payable if no previous late applications had been made and the additional duty paid on any such applications. ".

22 In paragraph 13 of that Schedule for sub-paragraphs (a) and (b) there shall be substituted the words “at the lower rate, the higher rate, the peak rate or as being machines for the provision of which such a licence is not required ”.

SCHEDULE 7

Section 40.

STOCK RELIEF PART I

PART I

DEFERMENT OF RECOVERY CHARGES

Right of deferment

1 (1) Where a person is liable to a charge under paragraph 2(1) or 10(1) of Schedule 5 to the Finance Act 1976 (charges by way of recovery of stock relief) in respect of any period of account (hereafter referred to as "the period of charge ") he may, subject to the provisions of this Part of this Schedule, elect that so much (if any) of the charge as is eligible for deferment under those provisions shall be deferred to the next period of account.

(2) Subject to sub-paragraph (3) below, the amount of a charge eligible for deferment is so much of it as exceeds 5 per cent, of the opening stock value in the period of charge.

(3) Where the amount that would be eligible for deferment under sub-paragraph (2) above exceeds £100,000 and at the relevant time the person in question was a net debtor in respect of trading stock—

(a) none of the excess shall be eligible for deferment unless the value of his trading stock at that time exceeded his net indebtedness; and

(b) the amount of the excess eligible for deferment shall be reduced by the proportion which his net indebtedness bore to that value.

(4) The relevant time referred to in sub-paragraph (3) above is—

(a) the beginning of the period or earliest period of account ending in the financial year 1979 (in the case of a company) or the year 1979-80 (in other cases); or

(b) if there is no such period of account, the beginning of the period of account current at the end of that financial year or year of assessment, as the case may be.

(5) For the purposes of sub-paragraph (3) above a person was at the time there mentioned a net debtor in respect of trading stock if—

(a) the amount owed by him at that time (whether or not payment had become due) in respect of the trading stock which he then held or had previously sold in the course of the trade or otherwise disposed of, exceeded

(b) the amount then owed to him (whether or not payment had become due) in respect of trading stock sold by him in the course of the trade or otherwise disposed of;

and references to his net indebtedness are to that excess.

(6) For the purposes of sub-paragraph (5) above there shall be left out of account—

(a) any amounts owed to the person in question which are allowable as deductions in respect of bad or doubtful debts in computing his profits or gains for the purposes of Case I of Schedule D ; and

(b) any amounts of value added tax owed by him to the Commissioners of Customs and Excise or by those Commissioners to him.

(7) Subject to sub-paragraph (8) below, no election shall be made by any person in respect of a charge for any period of account (and any election already made shall be treated as of no effect) if—

(a) he was liable to a charge under the said paragraph 2(1) or 10(1) in respect of the period of account preceding the period of charge; or

(b) the period of charge or the next period of account is longer or shorter than twelve months ; or

(c) during or at the end of the period of charge or of the preceding or the next period of account—

(i) the whole or part of the trade is transferred to or from another person ; or

(ii) there is a change in the persons engaged in carrying on the trade.

(8) Sub-paragraph (7)(b) above applies only where the period of charge or the next period of account ends in or after the financial year 1980 (in the case of a company) or the year 1980-81 (in other cases).

Elections

2 Any election under this Part of this Schedule shall be by notice in writing sent to the inspector, in the case of a company, within two years after the end of the period of charge and, in any other case within two years after the end of the year of assessment in which the period of charge ends; and paragraph 19(1) of the said Schedule 5 (partnerships) shall apply to any such election as it applies to a claim under that Schedule.

Effect of deferment

3 Where a charge under the provisions of paragraph 2(1) or 10(1) of the said Schedule 5 is deferred under this Part of this Schedule from one period to another, the other provisions of Schedule 5 shall have effect as if it were a charge under paragraph 2(1) or 10(1) in respect of the second period instead of the first but—

(a) the liability to the deferred charge in the second period shall not be excluded by paragraph 2(2) or 10(2) of that Schedule (final charge on cessation);

(b) the amount of unrecovered past relief in any period shall be determined under that Schedule as if the charge had been made in respect of the period from which it is deferred; and

(c) references in paragraph 1 above to a charge to which a person is liable in respect of a period of account do not include references to a charge which has been deferred to that period under this Part of this Schedule.

Revocation of election

4 (1) Where the profits or gains on which a person has been assessed to income tax for any year of assessment are adjusted under section 115, 117 or 118 of the Taxes Act, then, if the adjustment relates to a year of assessment—

(a) for which he has become liable to be assessed in respect of a charge deferred pursuant to an election under this Part of this Schedule ; or

(b) for which he would have been liable to be assessed in respect of the charge if it had not been so deferred,

he (or if he has died, his personal representatives) may revoke the election by notice in writing sent to the inspector within one year after the end of the year of assessment in which the adjustment is made.

(2) Where an election is revoked under this paragraph the said Schedule 5 shall have effect as if the election had not been made and all such assessments or alterations of assessments or repayments of tax may be made as are required to restore the position to what it would have been but for the election.

Interpretation

5 Paragraph 27(1) of the said Schedule 5 (application to professions etc.) has effect in relation to any reference in this Part of this Schedule to a trade; and any expression used in this Part of this Schedule which is also used in the said Schedule 5 has the same meaning as in that Schedule.

Commencement

6 This Part of this Schedule applies where the period of charge ends in or after the financial year 1979 (in the case of a company) or the year 1979-80 (in other cases).

PART II

DEFINITION OF TRADING STOCK

Exclusion of certain buildings

7 In relation to any period of account beginning after 26th March 1980 paragraph 29 of the said Schedule 5 (definition of "trading stock") shall have effect with the substitution in subparagraph (3) for the words "references to development are references to the contraction or substantial reconstruction of buildings on the land in question " of the words "references to development are, in relation to land other than a building, references to the construction or substantial reconstruction of buildings on the land and, in relation to a building, references to its construction or substantial reconstruction ".

Recovery charges

8 (1) Where at the relevant time, that is to say, the beginning of the first period of account in relation to which paragraph 7 above applies there is unrecovered past relief attributable to assets which by virtue of that paragraph are disqualified from being trading stock (hereafter referred to as "disqualified stock"), charges by way of recovery of relief shall be made—

(a) on the first occasion when at the end of that or a subsequent period of account the value of disqualified stock is less than at the relevant time; and

(b) on any subsequent occasion when at the end of a period of account the value of disqualified stock is less than on the last occasion on which a charge fell to be made under this sub-paragraph;

and the amount of any charge under paragraph (a) or (b) above shall be equal to whichever is the lesser of the reduction in question or the amount of unrecovered

past relief attributable to disqualified stock at the beginning of the period of account in which the reduction took place.

(2) In relation to unrecovered past relief attributable to disqualified stock—

(a) the charges under sub-paragraph (1) above shall be instead of those under sub-paragraph (1) of paragraph 2 and subparagraph (1) of paragraph 10 of the said Schedule 5 but shall be treated for the purposes of the other provisions of that Schedule (but not for the purposes of Part I of this Schedule) as if they were charges under those sub-paragraphs;

(b) paragraphs 20 and 21 of that Schedule shall not displace the operation of any charge under paragraph 2(2) or 10(2) of that Schedule ; and

(c) references in paragraphs 2(3) and 10(3) of the said Schedule 5 to unrecovered past relief shall apply as in the case of other unrecovered past relief.

(3) Where the unrecovered past relief at the relevant time is attributable partly to disqualified stock and partly to other stock, the part attributable to disqualified stock shall be arrived at by apportioning the unrecovered past relief between the disqualified stock and the other stock in accordance with the respective values of the stock of each kind held at that time.

Interpretation

9 Any expression used in this Part of this Schedule which is also used in the said Schedule 5 has the same meaning as in that Schedule.

SCHEDULE 8

Section 43.

SUB-CONTRACTORS IN THE CONSTRUCTION INDUSTRY

1 In section 69 of the Finance (No. 2) Act 1975 (deductions on account of tax etc. from payments to certain sub-contractors in construction industry) after subsection (3) there shall be inserted—

"(3A) Paragraph (b) of subsection (1) above also applies to a person carrying on a business at any time if—

(a) his average annual expenditure on construction operations in the period of three years ending with the end of the last period of account before that time exceeds £250,000, or

(b) where he was not carrying on the business at the beginning of that period of three years, one-third of his total expenditure on construction operations for the part of that period during which he has been carrying on the business exceeds £250,000 ;

and in this section "period of account" means a period for which an account is made up in relation to the business in question.

(3B) Where paragraph (b) of subsection (1) above begins to apply to any person in any period of account by virtue of his falling within subsection (3A) above, it shall continue to apply to him until he satisfies the Board that his expenditure on construction operations has been less than £250,000 in each of three successive years beginning in or after that period of account.

(3C) Where the whole or part of a trade is transferred by a company ("the transferor ") to another company ("the transferee ") and section 252 of the Taxes Act (company reconstructions) has effect in relation to the transfer, then in determining for the purposes of this section the amount of expenditure incurred by the transferee, the whole or, as the case may be, a proportionate part of any expenditure incurred by the transferor at a time before the transfer shall be treated as if it had been incurred at that time by the transferee and where only a part of the trade is transferred the expenditure shall be apportioned in such manner as appears to the Board, or on appeal to the Commissioners, to be just and reasonable.".

2 In subsection (6) of section 70 of the said Act of 1975 (issue of certificates excepting persons from section 69 of that Act) the words from "other than " onwards (which exclude certain matters from the right of appeal conferred by that subsection) shall be omitted.

3 In subsection (8) of that section (regulations) after the words "subsection (7) above" there shall be inserted the words "or Schedule 12 to this Act ".

4 (1) Paragraph 2 of Part I of Schedule 12 to the said Act of 1975 (condition that for three years ending with his application for a certificate under section 70 the applicant must have been employed in the United Kingdom as the holder of an office or employment or as a person carrying on a trade profession or vocation) shall be amended in accordance with sub-paragraphs (2) and (3) below.

(2) The existing provisions of that paragraph shall become subparagraph (1) and the words in parenthesis shall be omitted.

(3) At the end of that sub-paragraph there shall be inserted tho following—

"(2) An applicant who has not fulfilled the condition in sub-paragraph (1) above shall nevertheless be treated as satisfying this condition if—

(a) he satisfies the Board that he has been employed as mentioned in that sub-paragraph throughout a period of three years beginning not more than six years before the date of his application and ending on a date before that date ;

(b) he satisfies the Board either—

(i) that he has not been so employed throughout the whole of the period between those dates, or

(ii) that he has not been so employed during any part of that period other than a part for which he specifies he has been so employed; and

(c) where the applicant states that he has been outside the United Kingdom for the whole or part of the period mentioned in paragraph (b) above, he satisfies the Board of that fact by such evidence as may be prescribed in regulations made by the Board.

(3) The Board may for the purposes of this paragraph treat a person as having been employed as mentioned in sub-paragraph (1) above throughout a period of three years if during a period of three years he has been so employed except for a period or periods not exceeding six months or six months in aggregate.

(4) In this Part of this Schedule "the qualifying period " means—

(a) in relation to a person who is within sub-paragraph (2) above, the period starting at the beginning of the last period of three years before his application throughout which he has been employed as mentioned in subparagraph (1) above (or is by virtue of sub-paragraph (3) above treated as having been so employed) and ending on the date of his application, and

(b) in the case of any other person, the period of three years ending with the date of his application."

5 Sub-paragraphs (2) and (3) of paragraph 4 above shall apply to paragraph 1 of Part II of that Schedule as they apply to paragraph 2 of Part I substituting in the words inserted by sub-paragraph (3) the word "partner " for the word "applicant" wherever it occurs.

6 (1) At the end of paragraph 3 of Part I of that Schedule there shall be inserted the following—

"(3) An applicant who must satisfy the Board under paragraph 2(2) above that he has been outside the United Kingdom for the whole or part of the period mentioned in paragraph 2(2)(b) must also satisfy them by such evidence as may be prescribed in regulations made by the Board that he has complied with any obligations imposed under the tax laws of any country in which he was living during that period which are comparable to the obligations mentioned in sub-paragraph (1) above.".

(2) The same words shall be inserted at the end of paragraph 2 of Part II of that Schedule substituting "paragraph 1(2) " for "paragraph 2(2)" and "partner " for "applicant".

7 In paragraph 3(2) of Part I of that Schedule (power of Board to disregard failure to comply with tax obligations if of opinion that the failure ought to be disregarded for the purposes of an application for a certificate) for the words from "of the opinion that" onwards there shall be substituted the words "of the opinion that the failure is minor and technical and does not give reason to doubt that the conditions mentioned in paragraph 7 below will be satisfied "; and the same amendment shall be made in paragraph 2(2) of Parts II, III and IV of that Schedule, substituting for "paragraph 7 " in the words to be inserted in Part II and Part III, the words "paragraph 4 " and "paragraph 5 " respectively.

8 Paragraph 6 of Part I, paragraph 4 of Part III and paragraph 5 of Part IV of that Schedule (insurance cover as a condition of obtaining a certificate) shall be omitted.

SCHEDULE 9

Section 44.

AMENDMENTS OF SCHEDULE 16 TO THE FINANCE ACT 1972

1 In paragraph 8(1)(a) after the words "its distributable income " there shall be inserted the words ", other than trading income, ".

2 For paragraph 9(2) there shall be substituted—

"(2) In the application of sub-paragraph (1) above to a company which is a trading company or a member of a trading group the trading income shall be disregarded ; and in the application of that sub-paragraph to a trading company the estate income—

(a) if it is less than the appropriate fraction of the relevant maximum amount, shall be treated as reduced by one-half of the amount required to make it up to that fraction of the relevant maximum amount; or

(b) if it is less than the appropriate fraction of the relevant minimum amount, shall be disregarded ;

and the appropriate fraction referred to above shall be that of which the numerator is the amount of the estate income and the denominator is the aggregate of that amount and of the amount of the trading income.”

3 In paragraph 10(2) there shall be inserted at the end the words " and for the purposes of sub-paragraph (ii) above relief under section 254 or 255 shall be treated as having been given first against franked investment income which is not trading income and secondly, so far as it cannot be given as aforesaid, against franked investment income which is trading income. ".

4 For paragraph 10(4) there shall be substituted—

“(4) For the purposes of this Schedule, the “estate or trading income ” of a company means income (in this Schedule referred to as “estate income ”) which falls within sub-paragraph (4A) and not within sub-paragraph (5) below and income (in this Schedule referred to as “trading income”) which falls within sub-paragraph (5) below.

(4A) The income falling within this sub-paragraph is income which is chargeable to tax under Schedule A or Schedule B, and income (other than yearly or other interest) which is chargeable to tax under Schedule D, and which arises from the ownership or occupation of land (including any interest in or right over land) or from the letting furnished of any building or part of a building.”.

5 In paragraph 10(5) after “(5) ” there shall be inserted the words " The income falling within this sub-paragraph is income which is not investment income for the purposes of paragraph 11(1) below; and " ; and for the words following paragraph (b) there shall be substituted the words " its income incidental to that trade shall also fall within this sub-paragraph. ".

6 After paragraph 10(8) there shall be inserted—

“(9) In the application of sub-paragraph (8) above to a company which is a trading company or a member of a trading group there shall be substituted for paragraphs (b) and (c)—

“(b) secondly, so far as it cannot be made under (a) above, from the company's estate income so charged ;

(c) thirdly, so far as it cannot be made under (a) or (b) above, from the company's trading income so charged:””

7 In paragraph 13 (1)(a) after the words “distributable income ” there shall be inserted the words “other than trading income ”.

SCHEDULE 10

Section 47.

SAVINGS-RELATED SHARE OPTION SCHEMES

PART I

APPROVAL OF SCHEMES

1 (1) On the application of a body corporate (in this Schedule referred to as "the company concerned") which has established a savings-related share option scheme, the Board shall approve the scheme—

(a) if they are satisfied that the scheme fulfils the conditions specified in Part II of this Schedule; and

(b) unless it appears to them that there are features of the scheme which are neither essential nor reasonably incidental to the purpose of providing for employees and directors benefits in the nature of rights to acquire shares.

(2) An application under sub-paragraph (1) above shall be made in writing and contain such particulars and be supported by such evidence as the Board may require.

(3) Where the company concerned has control of another company or companies, the scheme may be expressed to extend to all or any of the companies of which it has control and in this Schedule a scheme which is expressed so to extend is referred to as a "group scheme " and in relation to a group scheme, the expression "participating company " means the company concerned or a company of which the company concerned has control and to which for the time being the scheme is expressed to extend.

2 If, at the time the application is pending, the Board have no evidence that the condition set out in paragraph 14 of Part II of this Schedule is satisfied, then, if the other conditions are satisfied, the Board may approve the scheme subject to the remaining condition being satisfied ; and if that condition is not satisfied the approval shall be of no effect.

3 (1) If, at any time after the Board have approved a scheme, any of the conditions mentioned in paragraph 1 above ceases to be satisfied or the company concerned fails to provide information requested by the Board under paragraph 25 below the Board may withdraw the approval with effect from that time or from such later time as the Board may specify but where rights obtained under a scheme before the withdrawal of approval from the scheme under this paragraph are exercised after the withdrawal, section 47(1)(b) above shall apply in respect of the exercise as if the scheme were still approved.

(2) If an alteration is made in the scheme at any time after the Board have approved it, the approval shall not have effect after the date of the alteration unless the Board have approved the alteration.

4 If the company concerned is aggrieved by—

(a) the failure of the Board—

(i) to approve the scheme,

(ii) to decide that a condition subject to which the approval has been given is satisfied, or

(iii) to approve an alteration in the scheme ; or

(b) the withdrawal of approval,

it may, by notice in writing given to the Board within thirty days from the date on which it is notified of the Board's decision, require the matter to be determined by the Special Commissioners, and the Special Commissioners shall hear and determine the matter in like manner as an appeal.

PART II

CONDITIONS AS TO SCHEMES

General conditions

5 - The scheme must provide—

(a) for directors and employees to obtain rights to acquire shares (in this Schedule referred to as "scheme shares ") which fulfil the conditions specified in paragraphs 15 to 19 below; and

(b) for the scheme shares to be paid for with monies not exceeding the amount of repayments made and any interest paid to them under a certified contractual savings scheme, within the meaning of section 415 of the Taxes Act, which has been approved by the Board for the purposes of this Schedule.

6 Subject to paragraphs 7 to 10 below, the rights obtained under the scheme must not be capable of being exercised before the bonus date, that is to say the date on which repayments under the certified contractual savings scheme are due ; and for the purposes of this paragraph and paragraph 5 above—

(a) repayments under a certified contractual savings scheme may be taken as including or as not including a bonus;

(b) the time when repayments are due shall be, where repayments are taken as including the maximum bonus, the earliest date on which the maximum bonus is payable and, in any other case, the earliest date on which a bonus is payable under the scheme ; and

(c) the question what is to be taken as so included must be required to be determined at the time when rights under the scheme are obtained.

7 The scheme must provide that if a person who has obtained rights under the scheme dies before the bonus date the rights must be exercised, if at all, within twelve months after the date of his death and if he dies within six months after the bonus date the rights may be exercised within twelve months after the bonus date

8 The scheme must also provide that if a person who has obtained rights under it ceases to hold the office or employment by virtue of which he is eligible to participate in the scheme by reason of injury, disability, redundancy within the meaning of the Employment Protection (Consolidation) Act 1978 or retirement on reaching pensionable age within the meaning of Schedule 20 to the Social Security Act 1975 or any other age at which he is bound to retire in accordance with the terms of his contract of employment, then the rights must be exercised, if at all, within six months of his so ceasing and, if he so ceases for any other reason within three years of obtaining the rights, they may not be exercised at all; and in relation to the case where he so ceases for any other reason more than three years after obtaining the rights the scheme must either provide that the rights may not be exercised or that they must be exercised, if at all, within six months of his so ceasing.

9 The scheme must also provide that where a person who has obtained rights under it continues to hold the office or employment by virtue of which he is eligible to participate in the scheme after the date on which he reaches pensionable age within the meaning of Schedule 20 to the Social Security Act 1975, he may exercise the rights within six months of that date.

10 (1) The scheme may also provide that—

(a) if any person obtains control of a company whose shares are scheme shares as a result of making—

(i) a general offer to acquire the whole of the issued ordinary share capital of the company which is made on a condition such that if it is satisfied the person making the offer will have control of the company, or

(ii) a general offer to acquire all the shares in the company which are of the same class as the scheme shares, rights obtained under the scheme to acquire shares in the company may be exercised within six months of the time when the person making the offer has obtained control of the company and any condition subject to which the offer is made has been satisfied ;

(b) if under section 206 of the Companies Act 1948 or section 197 of the Companies Act (Northern Ireland) 1960 (power to compromise with creditors and members) the court sanctions a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of a company whose shares are scheme shares or its amalgamation with any other company or companies, rights obtained under the share option scheme to acquire shares in the company may be exercised within six months of the court sanctioning the compromise or arrangement;

(c) if any person becomes bound or entitled to acquire shares in a company whose shares are scheme shares under section 209 of the said Act of 1948 or section 200 of the said Act of 1960 (power to acquire shares of shareholders dissenting from schemes or contract approved by majority), rights obtained under the scheme to acquire shares in the company may be exercised at any time when that person remains so bound or entitled ; and

(d) if a company whose shares are scheme shares passes a resolution for voluntary winding up, rights obtained under a scheme to acquire shares in the company may be exercised within six months of the passing of the resolution.

(2) For the purposes of this paragraph a person shall be deemed to have obtained control of a company if he and others acting in concert with him have together obtained control of it.

11 Except as provided in paragraph 7 above, rights obtained by a person under the scheme must not be capable—

(a) of being transferred by him, or

(b) of being exercised later than six months after the bonus date.

12 No person shall be treated for the purposes of paragraph 8 above as ceasing to hold an office or employment by virtue of which he is eligible to participate in the scheme until he ceases to hold an office or employment in the company concerned or any associated company or company of which the company concerned has control.

13 The scheme must provide for a person's contributions under the certified contractual savings scheme to be of such amounts (not exceeding £50 monthly) as to secure as nearly as may be repayment of an amount equal to that for which shares may

be acquired in pursuance of rights obtained by him under the scheme ; and for this purpose the amount of repayment under the contractual savings scheme shall be determined as mentioned in paragraph 6 above.

14 The price at which scheme shares may be acquired by the exercise of a right obtained under the scheme must be stated at the time the right is obtained and must not be manifestly less than 90 per cent, of the market value of shares of the same class at that time or, if the Board and the company agree in writing, at such earlier time or times as may be provided in the agreement, but the scheme may provide for such variation of the price so stated as may be necessary to take account of any variation in the share capital of which the scheme shares form part.

Conditions as to scheme shares

15 The scheme shares must form part of the ordinary share capital of—

(a) the company concerned ; or

(b) a company which has control of the company concerned ; or

(c) a company which either is or has control of a company which—

(i) is a member of a consortium owning either the company concerned or a company having control of that company; and

(ii) beneficially owns not less than three-twentieths of the ordinary share capital of the company so owned.

16 The scheme shares must be—

(a) shares of a class quoted on a recognised stock exchange ; or

(b) shares in a company which is not under the control of another company; or

(c) shares in a company which is under the control of a company (other than a company which is or would if resident in the United Kingdom be a close company within the meaning of section 282 of the Taxes Act) whose shares are quoted on a recognised stock exchange.

17 The scheme shares must be—

(a) fully paid up ; and

(b) not redeemable ; and

(c) not subject to any restrictions other than restrictions which attach to all shares of the same class.

18 In determining for the purposes of paragraph 17(c) above whether scheme shares which are or are to be acquired by any person are subject to any restrictions, there shall be regarded as a restriction attaching to the shares any contract, agreement, arrangement or condition by which his freedom to dispose of the shares or of any interest in them or of the proceeds of their sale or to exercise any right conferred by them is restricted or by which such a disposal or exercise may result in any disadvantages to him or a person connected with him.

19 Except where the scheme shares are in a company whose ordinary share capital consists of shares of one class only, the majority of the issued shares of the same class must be held by persons other than—

(a) persons who acquired their shares in pursuance of a right conferred on them or an opportunity afforded to them as a director or employee of the company concerned or any other company and not in pursuance of an offer to the public ;

(b) trustees holding shares on behalf of persons who acquired their beneficial interests in the shares as mentioned in paragraph (a) above ; and

(c) in a case where the shares fall within sub-paragraph (c) and do not fall within sub-paragraph (a) of paragraph 16 above, companies which have control of the company whose shares are in question or of which that company is an associated company.

Conditions as to persons eligible to participate

20 (1) Subject to paragraphs 22 and 23 below every person who—

(a) is a full-time employee or full-time director of the company concerned or, in the case of a group scheme, a participating company, and

(b) has been such an employee or director at all times during a qualifying period, not exceeding five years, and

(c) is chargeable to tax in respect of his office or employment under Case I of Schedule E,

must be eligible to participate in the scheme, that is to say to obtain and exercise rights under it, on similar terms.

(2) For the purposes of sub-paragraph (1) above, the fact that the rights to be obtained by the persons participating in a scheme vary according to the levels of their remuneration, the length of their service or similar factors shall not be regarded as meaning that they are not eligible to participate in the scheme on similar terms.

21 Except as provided in paragraph 8 above, a person must not be eligible to participate in the scheme at any time unless he is at that time a director or employee of the company concerned or, if the scheme is a group scheme, a participating company.

22 A person must not be eligible to participate in the scheme in any year of assessment if in that year rights have been obtained by him under another scheme approved under this Schedule and established by the company concerned or by—

(a) a company which controls or is controlled by that company or which is controlled by a company which also controls that company, or

(b) a company which is a member of a consortium owning that company or which is owned in part by that company as a member of a consortium.

23 (1) A person must not be eligible to participate in the scheme at any time if at that time he has, or at any time within the preceding twelve months he has had, a material interest in a close company within the meaning of section 282 of the Taxes Act, which is—

(a) a company the shares of which may be acquired pursuant to the exercise of rights obtained under the scheme ; or

(b) a company which has control of such a company or is a member of a consortium which owns such a company.

(2) In determining whether a company is a close company for the purpose of sub-paragraph (1) above, paragraph (a) of subsection (1) of section 282 of the Taxes Act (exclusion of companies not resident in the United Kingdom) and section 283 of the Taxes Act (exclusion of certain companies with quoted shares) shall be disregarded.

Transitional arrangements

24 (1) This paragraph shall apply in any case where the Board are satisfied that—

(a) a person has entered into a certified contractual savings scheme within the meaning of section 415 of the Taxes Act before the day appointed for the coming into force of this Schedule ; and

(b) he has obtained rights under a scheme established before that day to acquire shares in a company of which he is an employee or director (or a company of which such a company has control) using repayments made under the certified contractual savings scheme.

(2) Subject to sub-paragraph (3) below, where this paragraph applies repayments and interest paid under the certified contractual savings scheme shall be treated as repayments and interest paid under a scheme approved by the Board for the purposes of this Schedule under paragraph 5(b) above and accordingly may be used for the purchase of shares under a savings-related share option scheme approved under this Schedule.

(3) The repayments and interest to which sub-paragraph (2) above applies shall not exceed the repayments and interest to which the participant would have been entitled if the terms of the scheme had corresponded to those of a scheme approved by the Board for the purposes of this Schedule under paragraph 5(b) above ; and for the purposes of this paragraph the amount of repayments under the certified contractual savings scheme shall be determined as mentioned in paragraph 6 above.

PART III

SUPPLEMENTARY

Information

25 The Board may by notice in writing require any person to furnish them, within such time as the Board may direct (not being less than thirty days), with such information as the Board think necessary for the performance of their functions under this Schedule, and as the person to whom the notice is addressed has or can reasonably obtain, including in particular—

(a) information to enable the Board to determine whether to approve a scheme or withdraw an approval already given;

(b) information in relation to the administration of a scheme and any alteration of the terms of a scheme ; and

(c) information to enable the Board to determine the liability to tax, including capital gains tax, of any person who has participated in a scheme.

Interpretation

26 (1) In this Schedule—

"associated company " has the same meaning as in section 302 of the Taxes Act;

"bonus date " has the meaning assigned by paragraph 6 above ;

"the company concerned " has the meaning assigned by paragraph 1(1) above ;

"control " has the same meaning as in section 534 of the Taxes Act;

"group scheme " and, in relation to such a scheme, "participating company " have the meaning assigned by paragraph 1 above ;

"market value " has the same meaning as in Part VIII of the Capital Gains Tax Act 1979 ;

"scheme shares " has the meaning assigned by paragraph 5(a) above ;

"shares " includes stock.

(2) Subsection (6) of section 285 of the Taxes Act (interest paid to directors and directors' associates) shall have effect, with the substitution of a reference to 25 per cent, for any reference therein to 5 per cent., for the purpose of determining whether a person has or had a material interest in a company.

(3) Section 303(3) of the Taxes Act (meaning of "associate ") shall have effect—

(a) in a case where the scheme in question is a group scheme, with the substitution of a reference to all the participating companies for the first reference to the company in paragraph (ii) of the proviso to that subsection, and

(b) with the substitution of a reference to 25 per cent, for the reference in that paragraph to 5 per cent.

(4) Section 533 of the Taxes Act (connected persons) shall apply for the purposes of this Schedule.

(5) For the purposes of this Schedule a company is a member of a consortium owning another company if it is one of not more than five companies which between them beneficially own not less than three-quarters of the other company's ordinary share capital and each of which beneficially owns not less than one-twentieth of that capital.

SCHEDULE 11

Section 59(2).

TRUSTEE SAVINGS BANKS

Taxation under Case I of Schedule D

1 (1) In section 304(5) of the Taxes Act (meaning of investment company) for the words "but includes any savings bank or other bank for savings " there shall be substituted the words "but (with the exception of a trustee savings bank as defined in section 95(1) of the Trustee Savings Banks Act 1969) includes any savings bank or other bank for savings ".

(2) This paragraph applies in relation to any accounting period beginning on or after 21st November 1979 (in this Schedule referred to as "the commencement date ").

Investments held on list November 1979

2 (1) A trustee savings bank shall be treated as having on the commencement date appropriated as trading stock for the purposes of its trade all investments then held by it which are such that a profit on their sale on or after that date would form part of the trading profits of the bank.

(2) Any gain or loss accruing to a trustee savings bank on the redemption before 21st November 1986 of an exempt investment held by it on the commencement date shall

be left out of account in computing its profits, gains or losses under Case I of Schedule D.

(3) Any gain or loss accruing to a trustee savings bank on a disposal of an exempt investment held by it on the commencement date, not being a gain or loss left out of account under sub-paragraph (2) above, may, if the bank so elects, be computed by reference to the cost of the investment instead of by reference to its market value on that date and, in the case of a loss, without any restriction under section 270(4) of the Taxes Act.

(4) Any election under sub-paragraph (3) above shall be by notice in writing given to the Board within two years after the commencement date and shall have effect in relation to all exempt investments held by the bank on that date.

(5) Where a trustee savings bank holds investments which include both exempt investments held by it on the commencement date and other investments of the same class, any investments of that class which are disposed of by the bank shall be treated for the purposes of sub-paragraph (3) above as consisting of the other investments rather than of the exempt investments held on that date.

(6) In this paragraph references to exempt investments held by a trustee savings bank on the commencement date are to investments on the disposal of which immediately before that date no chargeable gain or allowable loss would have accrued to the bank by virtue of section 67 of the Capital Gains Tax Act 1979 (gilt-edged securities held for more than a year).

Restriction of allowable deductions

3 (1) Where for any accounting period of a trustee savings bank which begins on or after the commencement date the bank is exempted from tax in respect of any amount of interest by virtue of section 339(1) of the Taxes Act (exemption for trustee savings bank's income from investments with National Debt Commissioners) the bank's allowable deductions for that period shall be treated for tax purposes as reduced by an amount calculated in accordance with sub-paragraph (2) below.

(2) The amount referred to above shall be calculated by—

(a) multiplying the bank's allowable deductions for the period by a fraction of which the numerator is the gross amount of exempt interest received by the bank in the period and the denominator is the aggregate of the gross amount of interest received by the bank in the period and of the bank's income in the period from dividends and other distributions ; and

(b) subtracting from the result an amount equal to 15 per cent, of the gross amount of exempt interest received by the bank in the period.

(3) In this paragraph “allowable deductions” means the deductions which, apart from this paragraph, would be taken into account for the purpose of computing the bank's profits, gains or losses under Case I of Schedule D for the period in question but excluding any deduction in respect of a loss on the disposal of an investment.

(4) For the purposes of this paragraph interest on loans made by a trustee savings bank to any of its depositors or customers shall be treated as received by the bank when it is brought to credit by the bank.

Restriction of charges on income

4 Where for any accounting period of a trustee savings bank which begins on or after the commencement date the bank is exempted from tax in respect of any amount of interest by virtue of section 339(1) of the Taxes Act, the charges on income allowed as a deduction from the bank's profits for that period under section 248 of the Taxes Act shall be treated for tax purposes as reduced by an amount calculated by multiplying them by the fraction referred to in paragraph 3(2)(a) above.

Income applied in paying interest to depositors

5 (1) In section 339(2) of the Taxes Act (savings bank, including trustee savings bank, entitled to exemption from tax in respect of income applied in paying interest to depositors) for the word "including " there shall be substituted the word "excluding ".

(2) This paragraph applies in relation to any accounting period beginning, in the case of a trustee savings bank resident in the United Kingdom, on or after the commencement date and, in the case of a trustee savings bank not so resident, on or after 21st November 1983.

Mergers

6 (1) Where the business of a trustee savings bank is transferred to another trustee savings bank after the commencement date, those banks shall be treated for the purposes of the Taxes Act as if they were the same person.

(2) Where the business of a trustee savings bank is transferred to another trustee savings bank after the commencement date—

(a) any exempt investment which was held on that date by the first bank and was transferred with the business shall be treated for the purposes of sub-paragraphs (2) to (5) of paragraph 2 above as if it had been held on that date by the second bank but without prejudice to any election already made in respect of the investment by the first bank under sub-paragraph (3) of that paragraph ; and

(b) the cost of the investment shall be taken for the purposes of the said sub-paragraph (3) as equal to the cost of the investment to the first bank.

(3) Where the business of a trustee savings bank was transferred to another trustee savings bank before the commencement date the cost of any exempt investment held by the second bank on that date which—

(a) was transferred to it with the business ; and

(b) was an exempt investment on the date of transfer,

shall be taken for the purposes of sub-paragraph (3) of paragraph 2 above as equal to the cost of the investment to the first bank.

(4) Sub-paragraph (6) of paragraph 2 above shall apply to subparagraphs (2) and (3) above as it applies to that paragraph and shall so apply as if the references in it to the commencement date and section 67 of the Act of 1979 included references to the date of transfer in sub-paragraph (3)(b) above and section 41 of the Finance Act 1969 respectively.

Accounting periods

7 An accounting period of a trustee savings bank shall end immediately before the commencement date if, apart from this paragraph, it would not have done so.

Interpretation

8 In this Schedule—

"the commencement date" has the meaning given in paragraph 1(2) above;

"trustee savings bank" has the same meaning as in the Trustee Savings Banks Act 1969.

SCHEDULE 12

Section 72.

TRANSITIONAL RESTRICTION OF FIRST-YEAR ALLOWANCES

PART I

EXPENDITURE INCURRED AFTER 23RD OCTOBER 1979 AND BEFORE 1ST JUNE 1980

1 (1) A first-year allowance in respect of expenditure on the provision of machinery or plant for leasing, whether in the course of a trade or otherwise, shall be of an amount equal to 25 per cent, of the expenditure in respect of which it is made if—

(a) this Part of this Schedule applies to the machinery or plant; and

(b) the machinery or plant is at any time in the requisite period used for the purpose of being leased under a finance lease to a person who is not resident in the United Kingdom and does not use the machinery or plant for the purposes of a trade carried on there or for earning profits or gains chargeable to tax by virtue of section 38(4) of the Finance Act 1973.

(2) Paragraph 8 of Schedule 8 to the Finance Act 1971 (special rules for ships) shall not apply in relation to a first-year allowance the amount of which is restricted by this paragraph.

2 The machinery or plant in relation to which section 44 of the said Act of 1971 (writing-down allowances and balancing adjustments) has effect in accordance with section 65 of this Act shall include machinery or plant in respect of which the amount of a first-year allowance is restricted by paragraph 1 above but subsection (5) of the said section 65 shall not apply in relation to any disposal of such machinery or plant before 18th April 1980.

3 Section 66 of this Act shall apply also where—

(a) the amount of a first-year allowance in respect of expenditure on the provision of any machinery or plant has been determined otherwise than in accordance with paragraph 1 above; and

(b) the machinery or plant is at any time in the requisite period used as mentioned in sub-paragraph (1)(b) of that paragraph ;

and where that section applies by virtue of this paragraph subsection (2)(b) of that section shall have effect as if the allowances there mentioned were the maximum first-year allowance and writing-down allowance or allowances that could have

been made in respect of the expenditure if the amount of the first-year allowance had been determined in accordance with paragraph 1 above.

4 (1) Where a person other than a company has claimed a first-year allowance in respect of machinery or plant to which this Part of this Schedule applies, or a deduction on account of such an allowance has been made in computing profits in respect of which a return has been made by a company, then, if the amount of the allowance was determined otherwise than in accordance with paragraph 1 above and the machinery or plant in question is at any time in the requisite period used as mentioned in subparagraph (1)(b) of that paragraph, the person to whom it then belongs shall give written notice of that fact to the inspector, specifying the use to which the machinery or plant has been put, and, subject to sub-paragraph (2) below, any such notice shall—

(a) be given within three months after the end of the chargeable period or its basis period in which the machinery or plant is first used as aforesaid ; and

(b) relate to all the items of machinery or plant (if more than one) in respect of which that person is required to give a notice under this sub-paragraph in respect of that period.

(2) If at the end of the three months mentioned in paragraph (a) of sub-paragraph (1) above the person concerned does not know and cannot reasonably be expected to know that any item of machinery or plant in respect of which he is required to give a notice under that sub-paragraph has been used as mentioned in paragraph 1(1)(b) above he shall in respect of that item give the notice within thirty days of his coming to know that it has been so used.

(3) Where a first-year allowance has been made in respect of any expenditure the inspector may by notice in writing require—

(a) any person to whom the machinery or plant belongs or has belonged, or who is or has been in possession of it under a lease, during the requisite period ; and

(b) the personal representatives of any such person,

to furnish him, within such period (not being less than thirty days) as may be specified in the notice, with such information as he may require and the person to whom the notice is addressed has or can reasonably obtain about the leasing of the machinery or plant or the use to which it is being or has been put.

5 (1) Subject to sub-paragraph (2) below, a lease is a finance lease for the purposes of this Part of this Schedule if—

(a) it is for a term which may be expected to cover not less than 75 per cent, of the remaining useful life of the machinery or plant after the date on which it was first brought into use by the lessor; or

(b) it provides for the whole or a substantial part of the benefit of the value of the machinery or plant when it is sold by the lessor to accrue directly or indirectly to a person other than the lessor or a person who is connected with him; or

(c) it provides for the renewal or continuation of the lease for a further period for a consideration which is materially less than what would be regarded, at the time when the lease is granted, as the open market rental for that further period.

(2) A ship is not leased under a finance lease by reason of being let on charter in the course of a trade which consists of or includes operating ships if —

(a) the person carrying on the trade is resident in the United Kingdom or carries on the trade there ; and

(b) that person is responsible as principal (or appoints another person to be responsible in his stead) for navigating and managing the ship throughout the period of the charter and for defraying all expenses in connection with the ship throughout that period or substantially all such expenses other than those directly incidental to a particular voyage or to the employment of the ship during that period.

(3) In determining under sub-paragraph (1) above whether a lease is a finance lease there may be treated as part of the lease any arrangement or agreement made with respect to the leased asset, or in connection with the lease, by the lessor or lessee or by any person who is connected with either of them.

6 (1) This Part of this Schedule applies to machinery or plant which—

(a) was manufactured or assembled outside the United Kingdom ; or

(b) was manufactured or assembled in the United Kingdom but not less than 25 per cent, of the cost of which (exclusive of value added tax) to the lessor is attributable to work done outside the United Kingdom in, or in connection with, its manufacture or assembly or to components manufactured or assembled outside the United Kingdom.

(2) Section 50(6) of the Finance Act 1971 (references to machinery or plant to include references to parts of machinery or plant) shall not be construed as enabling sub-paragraph (1) above to be applied separately to different parts of any item of machinery or plant acquired as a single unit.

PART II

EXPENDITURE INCURRED AFTER 31ST MAY 1980 AND BEFORE 1ST JUNE 1986

7 (1) Section 64 of this Act does not preclude the making of a first-year allowance in respect of expenditure on the provision of a television set if the expenditure is incurred and the set is delivered to the person incurring the expenditure before the end of the transitional period.

(2) In this Part of this Schedule "the transitional period " means—

(a) in relation to expenditure on the provision of a television set other than a viewdata receiver, the period of four years beginning with 1st June 1980 ;

(b) in relation to expenditure on the provision of a viewdata receiver, the period of six years beginning with that date.

(3) In this Part of this Schedule "a viewdata receiver" means a television set constructed for displaying information received by means of a telephone land-line connection in response to a request for specified information communicated by those means to a computer data bank ; and a television set shall not be regarded as a viewdata receiver by reason only of being constructed for receiving teletext transmissions, that it to say, transmissions intended for general reception and consisting of a succession of visual displays (with or without accompanying sound) each capable of being selected and held for separate viewing or other use.

8 Where section 64 of this Act would, apart from paragraph 7 above, have precluded the making of a first-year allowance in respect of any expenditure, the first-year allowance in respect of that expenditure shall—

(a) if the person who incurs the expenditure has the set delivered to him in the penultimate year of the transitional period, be of an amount equal to 75 per cent, of the expenditure ;

(b) if that person has the set delivered to him in the last year of that period, be of an amount equal to 50 per cent, of the expenditure.

9 The machinery or plant in relation to which section 44 of the Finance Act 1971 (writing-down allowances and balancing adjustments) has effect in accordance with section 65 of this Act shall include any television set in respect of which the amount of a first-year allowance is determined in accordance with paragraph 8 above.

10 Where section 66 of this Act has effect in relation to expenditure incurred on the provision of a television set which the person who incurs the expenditure has delivered to him in the last two years of the transitional period subsection (2)(b) of that section shall have effect as if the allowances there mentioned were the maximum first-year allowance and the writing-down allowance or allowances that could have been made in respect of the expenditure if the amount of the first-year allowance had been determined in accordance with paragraph 8 above.

11 Section 67 of this Act applies where the claim or deduction referred to in subsection (1) of that section relates to a first-year allowance in respect of a television set which the person who incurs the expenditure has delivered to him in the last two years of the transitional period and the amount of which falls to be determined otherwise than in accordance with paragraph 8 above.

SCHEDULE 13

Sections 74 and 75.

INDUSTRIAL AND COMMERCIAL BUILDINGS

PART I

ENTERPRISE ZONES AND SMALL WORKSHOPS

Initial allowances

1 In section 1(2) of the Capital Allowances Act 1968 for the reference to one half of the capital expenditure there shall be substituted a reference to the whole of that expenditure.

2 A person making a claim by virtue of the said section 1(2) (modified by paragraph 1 above) as it applies for income tax purposes may require the initial allowance to be reduced to a specified amount; and a company may by notice in writing given to the inspector not later than two years after the end of the chargeable period for which the allowance falls to be made disclaim the initial allowance or require it to be reduced to a specified amount.

Writing-down allowances

3 In section 2(2) of the said Act of 1968 for the references to one twenty-fifth of the expenditure there shall be substituted references to one quarter of the expenditure.

PART II

ENTERPRISE ZONES

Use as a qualifying building or structure

4 For the purposes of sections 2(1)(b) and (3) and 3(1). of the proviso to section 3(4), of sections 4(3) and (5) and of section 12(1) and (2) of the said Act of 1968 a building or structure of any description (including a qualifying hotel) in relation to which Chapter I of Part I of that Act has effect in accordance with section 74 of this Act shall be regarded as continuing to be, or to be used as, a building or structure of that description notwithstanding that it has become a building or structure of another such description.

Definitions

5 None of the provisions of section 7 of the said Act of 1968 except subsection (4) shall be construed as applying by virtue of section 74 of this Act to a qualifying hotel or a commercial building or structure.

SCHEDULE 14

Section 85(1).

RATES OF CAPITAL TRANSFER TAX

FIRST TABLE

Portion of value		Rate of tax
Lower limit	Upper limit	Per cent.
£	£	Per cent.
0	50,000	Nil
50,000	60,000	30
60,000	70,000	35
70,000	90,000	40
90,000	110,000	45
110,000	130,000	50
130,000	160,000	55
160,000	510,000	60
510,000	1,010,000	65
1,010,000	2,010,000	70
2,010,000	—	75

SECOND TABLE

Portion of value		Rate of tax
Lower limit	Upper limit	Per cent.
£	£	Per cent.
0	50,000	Nil
50,000	60,000	15
60,000	70,000	17 ½
70,000	90,000	20
90,000	110,000	22 ½
110,000	130,000	27 ½
130,000	160,000	35
160,000	210,000	42 ½
210,000	260,000	50
260,000	310,000	55
310,000	510,000	60
510,000	1,010,000	65
1,010,000	2,010,000	70
2,010,000	—	75

SCHEDULE 15

Section 85(3).

REDUCTION OF CAPITAL TRANSFER TAX : TRANSITIONAL PROVISIONS

Interpretation

1 In this Schedule—

(a) references to a reduction are to a reduction of tax by the substitution of new Tables in section 37(3) of the Finance Act 1975 ;

(b) references to something happening before or after a reduction are to its happening before or, as the case may be, on or after the date on which the Tables giving effect to the reduction come into force.

Death within three years of chargeable transfer

2 Where a person who has made a chargeable transfer before a reduction dies after that reduction (or after that and one or more subsequent reductions) and within three years of the transfer, additional tax shall be chargeable by reason of his death only if, and to the extent that, it would have been so chargeable if the first of the Tables in section 37(3) as substituted by that reduction (or by the most recent of those reductions) had applied to that transfer.

Capital distribution following chargeable transfer

3 Where the rate of tax applicable to a capital distribution made after a reduction falls to be determined under sub-paragraph (2) of paragraph 7 of Schedule 5 to the said Act of 1975 by reference to a relevant transfer made before that reduction (or before that and one or more previous reductions), the amount of tax referred to in paragraph to) of that sub-paragraph shall be calculated as if the second of the Tables in section 37(3) as substituted by the reduction (or by the most recent of those reductions) had applied to that transfer.

Disposal of trees etc. following exemption on death

4 Where the value of any trees or underwood has been left out of account under Schedule 9 to the said Act of 1975 in determining the value transferred by the chargeable transfer made on a death before a reduction and tax is chargeable under paragraph 2 of that Schedule on a disposal of the trees or underwood after that reduction (or after that and one or more subsequent reductions) the rate or rates mentioned in paragraph 3 of that Schedule shall be determined as if the first of the Tables in section 37(3) as substituted by that reduction (or by the most recent of those reductions) had applied to that transfer.

Conditionally exempt transfers

5 Where tax is chargeable under section 78 of the Finance Act 1976 (works of art etc.) by reason of a chargeable event occurring after a reduction and the rate or rates at which it is charged fall to be determined under the provisions of section 79(1)(b)(ii) or 81(4)(b) of that Act by reference to a death which occurred, or a settlement which ceased to exist, before that reduction (or before that and one or more previous reductions) those provisions shall apply as if the Tables in section 37(3) as substituted by that reduction had been in force at the time of the death or when the settlement ceased to exist.

Maintenance funds

6 Where tax is chargeable under section 89 of this Act on any occasion after a reduction and the rate or rates at which it is charged fall to be determined under the provisions of Schedule 16 to this Act by reference to a death which occurred, or a settlement which ceased to exist, before that reduction (or before that and one or more previous reductions) those provisions shall apply as if the Tables in section 37(3) as substituted by that reduction had been in force at the time of the death or when the settlement ceased to exist.

Mutual transfers

7 Any question whether any, and if so what, tax is repayable or ceases to be payable by virtue of subsection (1)(a) of section 87 of the said Act of 1976 (mutual transfers) in a case where—

(a) the donor's transfer was before a reduction ; and

(b) the donee's transfer is after that reduction (or after that and one or more subsequent reductions),

shall be determined as if the Tables in section 37(3) as substituted by that reduction (or by the most recent of those reductions) had applied to the donor's transfer ; but this paragraph shall not be construed as affecting the amount of tax which,

under subsection (3) of that section, falls to be taken into account in calculating the cancelled value.

Transfers reported late

8 Where a reduction is expressed to apply to chargeable transfers made on or after a particular date it shall not be taken to apply to any chargeable transfer which by virtue of section 114(2) of the said Act of 1976 (transfers reported late) is treated as made on or after that date but was in fact made before it

SCHEDULE 16

Section 89.

MAINTENANCE FUNDS : CHARGE OF TAX

PART I

RATES OF TAX

Normal rates

1 (1) Subject to the provisions of this Schedule, the rate or rates at which tax is chargeable on any amount under section 89 of this Act ("the principal section ") shall be—

(a) if the settlor is alive, the rate or rates that would be applicable to that amount under the second Table in section 37 of the Finance Act 1975 if it were the value transferred by a chargeable transfer made by him on the occasion on which the tax becomes chargeable ;

(b) if the settlor is dead, the rate or rates that would have applied to that amount under the appropriate Table in that section if it had been added to the value transferred on his death and had formed the highest part of that value.

(2) For the purposes of sub-paragraph (1)(b) above the appropriate Table is, if the settlement was made on death, the first Table and, if not, the second.

Property transferred tax-free from another maintenance fund

2 (1) This paragraph applies where in the case of any settlement ("the current settlement") tax is chargeable under the principal section in respect of property which—

(a) was previously comprised in another settlement; and

(b) ceased to be comprised in that settlement and became comprised in the current settlement in circumstances such that by virtue of subsection (4)(d) of that section there was no charge to tax by reference to its value.

(2) If the tax is chargeable by reason of the property being applied for the benefit of or devolving on the settlor or the settlor's spouse, widow or widower, references in paragraph 1 above to the settlor shall be construed as references to either—

(a) the person who was the settlor in relation to the settlement referred to in sub-paragraph (1)(a) above ; or

(b) if the Board so determine, any other person selected by them who was the settlor in relation to any settlement in which the property was comprised at any time in the last thirty years.

(3) If the tax is chargeable by reason of the property being applied or devolving otherwise than as mentioned in sub-paragraph (2) above, references in paragraph 1 above to the settlor shall, if the Board so determine, be construed as references to any person selected by them who was the settlor in relation to any settlement in which the property was comprised at any time in the last thirty years.

(4) If at any time in the last thirty years the property ceased to be comprised in a settlement ("the original settlement ") and became comprised in another settlement other than the current settlement in circumstances such as are referred to in paragraph 3(1)(b) below, the Board shall not under sub-paragraph (2)(b) or (3) above select the person who was the settlor in relation to the original settlement but may direct that paragraph 1 above shall not apply and that the rate or rates at which tax is chargeable on the amount in question shall be those referred to in sub-paragraph (2)(a) or (b) of paragraph 3 below, taking the reference to the settlement referred to in sub-paragraph (1)(a) of that paragraph as a reference to the original settlement.

Property transferred tax-free from discretionary trust

3 (1) This paragraph applies where in the case of any settlement ("the current settlement") tax is chargeable under the principal section in respect of property which—

(a) was previously comprised in another settlement; and

(b) ceased to be comprised in that settlement and became comprised in the current settlement in circumstances such that by virtue of subsection (1) of section 90 of this Act there was no charge to tax by reference to its value or there was a reduced charge to tax by virtue of subsection (3) of that section.

(2) If the tax is chargeable by reason of the property being applied for the benefit of or devolving on the settlor or the settlor's spouse, widow or widower paragraph 1 above shall not apply and the rate or rates at which the tax is charged on the amount in question shall be—

(a) if the settlement referred to in sub-paragraph (1)(a) above is still in existence at the time when the tax is chargeable, the rate or rates that would be applicable (under paragraph 7 or, as the case may be, paragraph 8 of Schedule 5 to the Finance Act 1975) to that amount if a capital distribution of that amount were made at that time;

(b) if that settlement has then ceased to exist—

(i) subject to sub-paragraph (ii) below, the rate or rates that would be applicable as mentioned in paragraph (a) above but by reference to a capital distribution made on the occasion on which the settlement ceased to exist;

(ii) if a capital distribution was made or treated as made on that occasion, the rate or rates that would have been applicable to that amount if it had been included in the amount of that distribution and had formed the highest part of it.

PART II

SUBSEQUENT CHARGEABLE TRANSFERS, CAPITAL DISTRIBUTIONS, ETC

4 Where tax has become chargeable under the principal section on any occasion at a rate or rates determined in accordance with paragraph 1 or 2 above by reference to any settlor, the rate or rates of tax applicable to any subsequent chargeable transfer made by that settlor shall be determined as if the amount on which tax has become chargeable as aforesaid were value transferred by a chargeable transfer made by him on that occasion.

5 Where the rate or rates at which tax is charged on any amount on any occasion under—

(a) the principal section ; or

(b) section 78 of the Finance Act 1976 (conditionally exempt transfers),

are determined by reference to the value transferred on a person's death, the rate or rates at which tax is charged by reference to that value on a subsequent occasion under the principal section (or under the said section 78 if tax was charged under the principal section on the previous occasion) shall be determined as if that value were increased by that amount.

6 Where tax has become chargeable under the principal section on any occasion at a rate or rates determined in accordance with paragraph 3(2) above by reference to any settlement—

(a) the rate or rates applicable to any subsequent capital distribution out of the property comprised in that settlement shall be determined as if the amount on which tax has become chargeable had been the amount of a distribution payment made at the time when the tax became chargeable; and

(b) where the settlement has ceased to exist and the tax chargeable under the principal section on a subsequent occasion falls to be calculated in accordance with sub-paragraph (i) or (ii) of paragraph 3(2)(b) above the said sub-paragraph (i) or (ii) shall have effect as if the amount of the capital distribution mentioned in that paragraph were increased by the amount on which tax has become chargeable on the previous occasion.

SCHEDULE 17

Section 106.

TRANSFERS OF INTERESTS IN OIL FIELDS

PART I

PRELIMINARY

Interpretation

1 (1) For the purposes of this Schedule a participator in an oil field transfers the whole or part of his interest in the field whenever as a result of a transaction or event other than—

(a) the making of an agreement or arrangement of the kind mentioned in paragraph 5 of Schedule 3 to the Oil Taxation Act 1975 ; or

(b) a re-determination under a unitisation agreement,

the whole or part of his share in the oil to be won and saved from the field becomes the share or part of the share of another person who is or becomes a participator in the field.

(2) In sub-paragraph (1) above a "unitisation agreement" means an agreement for the exploitation of—

(a) an oil field falling within two or more licensed areas; or

(b) any such area as is mentioned in subsection (1)(a) of section 107 of this Act,

and a "re-determination" means, in a case within paragraph (a) above, a re-determination of the apportionment of oil from the field as between the different licensed areas and, in a case within paragraph (b) above, a re-determination of the apportionment mentioned in subsection (1)(b) of that section.

(3) In this Schedule "the old participator " means the participator whose interest is wholly or partly transferred, "the new participator " means the person to whom it is transferred and "the transfer period " and "the transfer year " mean respectively the chargeable period and the calendar year in which the transfer takes place.

2 This Schedule shall be construed as one with Part I of the said Act of 1975, and any reference in this Schedule to a section or Schedule not otherwise identified is a reference to that section or Schedule of that Act.

Notice of transfer

3 (1) The old and new participators shall within two months after the end of the transfer period deliver to the Board a notice in such form and containing such particulars with respect to the transfer as the Board may prescribe.

(2) Where as a result of the same transaction or event—

(a) the whole or part of the interest of two or more persons in an oil field becomes the interest or part of the interest of another person; or

(b) parts of a participator's interest in an oil field are transferred to two or more other persons,

a single notice relating to all the transfers shall be given under this paragraph by all the old participators and new participators, and in relation to any such notice references in paragraphs 4 and 5 below to the old and new participators shall be construed accordingly.

Exclusion of transfer rules

4 (1) Parts II and III of this Schedule shall not apply in relation to a transfer if the old and new participators make an application in that behalf in the notice under paragraph 3 above and the Board consider that those provisions would not materially affect the total tax chargeable in respect of the field.

(2) The Board shall give notice of their decision under this paragraph to the old and new participators.

Partial transfers

5 (1) Where the transfer is of part of the old participator's interest in the field the notice under paragraph 3 above shall state what the old and new participators propose

should be the corresponding part of the amounts to be transferred to the new participator under paragraphs 6, 7 and 8 below and of the old participator's share of oil to be treated as that of the new participator under paragraph 9 below; and subject to the following provisions of this paragraph, the corresponding part shall for the purposes of those provisions be taken to be such part as is determined by the Board and specified in a notice given to the old and new participators.

(2) If the corresponding part determined by the Board differs from that proposed by the old and new participators they or any of them may by notice in writing given to the Board not more than three months after the notice given by the Board under sub-paragraph (1) above appeal to the Special Commissioners; but the bringing of an appeal shall not affect the operation of the notice given by the Board.

(3) The old participator or the new participator shall, whether or not himself the appellant, be entitled to appear and be heard on the appeal and in any proceedings arising out of it.

(4) An appeal may be abandoned by notice in writing to the Board ; and if before an appeal is determined the old and new participators agree with the Board on what should be the corresponding part referred to above the Board's notice under subsection (1) above shall have effect as if that were the part specified in it.

(5) Where the corresponding part referred to above as specified in the Board's notice under sub-paragraph (1) is varied on appeal, the Board's notice shall have effect as if the varied part had been specified in it; and all such assessments or determinations or adjustments shall be made as are necessary in consequence of the variation.

PART II

TRANSFER OF OLD PARTICIPATOR'S EXPENDITURE RELIEF, LOSSES AND EXEMPTIONS

Unused expenditure relief

6 (1) There shall be transferred to the new participator the whole or, if the transfer is of part of the old participator's interest in the field, a corresponding part of any amount which—

(a) would, apart from this paragraph, fall to be taken into account under section 2(9)(b) in computing the assessable profit or allowable loss accruing to the old participator from the field in the transfer period or a later chargeable period; and

(b) is attributable to expenditure allowed to the old participate under Schedule 5 in accordance with his interest in the field before the transfer.

(2) If the whole of the old participator's interest in the field is transferred in the transfer period (whether to one new participator or partly to one and partly to another or others) there shall be transferred to the new participator the whole or, as the case may be, to each of them a corresponding part, of any amount which—

(a) would, apart from this paragraph, fall to be taken into account under section 2(9)(c) in computing the assessable profit or allowable loss accruing to; the old participator from the field in the transfer period or a later chargeable period; and

(b) is attributable to expenditure incurred by the old participator before the transfer and allowed to him under Schedule 6.

(3) Any amount transferred to the new participator under this paragraph shall, instead of being taken into account as mentioned in sub-paragraph (1)(a) or (2)(a) above, be taken into account in computing the assessable profit or allowable loss accruing to the new participator from the field.

Unused losses

7 (1) There shall be transferred to the new participator the whole or, if the transfer is of part of the old participator's interest in the field, a corresponding part of any loss which the Board have determined under Schedule 2 has accrued to the old participator from the field in any chargeable period before the transfer period to the extent that it has not been relieved against assessable profits accruing to him in the transfer period or an earlier chargeable period.

(2) Any amount of a loss transferred to the new participator under this paragraph may be relieved under section 7 against assessable profits accruing to the new participator in the transfer period or a later chargeable period and shall not be set off against assessable profits of the old participator.

Accumulated capital expenditure

8 (1) There shall be transferred to the new participator the whole or, if the transfer is of part of the old participator's interest in the field, a corresponding part of the amount which under section 9(3) is the old participator's accumulated capital expenditure at the end of the last calendar year before the transfer year or, if the transfer is not in the first chargeable period in the transfer year, the amount which under section 9(3) would have ben the old participator's accumulated capital expenditure at the end of that chargeable period if it had been a calendar year.

(2) Subject to paragraph 18 below, any amount transferred under this paragraph shall be treated for the purposes of section 9(3) as, or as part of, the new participator's accumulated capital expenditure at the end of the transfer year and later calendar years and not as, or as part of, the old participator's accumulated capital expenditure at the end of any such year

Excluded oil

9 For the purpose of determining under section 10(1)(b) what oil is to be disregarded in computing a participator's gross profit or loss attributable to oil won from the field after the transfer there shall be treated as if it were the new participator's, and not the old participator's, the whole or, if the transfer is of part of the old participator's interest in the field, a corresponding part of the old participator's share of oil won and saved from the field before the transfer.

Successive transfers

10 (1) Where the old participator transfers the whole or part of his interest in a field in which he has himself acquired an interest by a previous transfer, the amounts to be taken into account in determining what is to be transferred to the new participator under paragraphs 6, 7 and 8 above and what is to be the share of oil treated as the new participator's under paragraph 9 above shall include—

(a) any amount which falls to be transferred to the old participator under paragraph 6 or 7 above by reference to the previous transfer and has not been

taken into account or relieved in relation to him under paragraph 6(3) or 7(2) above; and

(b) any amount or share which falls to be transferred to the old participator or treated as his under paragraph 8 or 9 above by reference to the previous transfer.

(2) Where the old participator makes successive transfers of parts of his interest, the amounts to be transferred to the new participator under paragraph 6, 7 and 8 above and the share of oil to be treated as the new participator's under paragraph 9 above by reference to each transfer shall be that amount or share after deducting any of it which falls to be so transferred or treated by reference to a previous transfer.

PART III

OTHER RULES

Provisional relief for expenditure

11 Where at the end of the transfer period the old participator has no interest in the field—

(a) the assessable profit or allowable loss accruing to him from the field in the transfer period shall be computed as if—

(i) the amount referred to in section 2(8)(b) were increased by any amount taken into account under section 2(9)(a) in computing the assessable profit or allowable loss accruing to him from the field in the preceding chargeable period ; and

(ii) the amount referred to in section 2(9)(a) were nil ; and

(b) the assessable profit or allowable loss accruing to him from the field in any later chargeable period in which he has no such interest shall "be computed as if the amounts referred to in section 2(8)(b) and (9)(a) were nil.

Royalty payments

12 (1) Where at the end of the transfer period the old participator has no interest in the field—

(a) any licence debit or credit which, apart from this paragraph, would fall to be taken into account under subsection (6) of section 2 in computing the assessable profit or allowable loss accruing to him from the field in any later chargeable period in which he has no such interest shall not be so taken into account; but

(b) that subsection shall have effect in relation to the transfer period as if the amount of—

(i) any such licence debit or credit as is mentioned in paragraph (a) above ; and

(ii) any licence debit or credit that would have fallen to be taken into account as there mentioned for a later chargeable period if the old participator were still a participator,

were an amount to be included in the sum referred to in paragraph (a) or, as the case may be, paragraph (b) of that subsection.

(2) Sub-paragraph (1) above does not affect the amount of any loss transferred under paragraph 7 above.

(3) Notwithstanding anything in section 34 of the Taxes Management Act 1970 (ordinary time limit for assessments) any further assessment or determination or amendment of an assessment or determination required in consequence of sub-paragraph (1) above may be made at any time not later than six years after the end of the later chargeable period referred to in sub-paragraph (1)(a) or (b)(ii) above.

Payments on account and advance payments

13 (1) For the purpose of computing under the Schedule to the Petroleum Revenue Tax Act 1980 (computation of payment on account) whether any, and if so what, amount of tax is payable under that Act by the old participator and the new participator for the transfer period or any later chargeable period—

(a) it shall be assumed that any application or proposal made in relation to the transfer under paragraph 4 or 5(1) above and in respect of which the Board have not notified their decision will be accepted by the Board ; and

(b) the computation under that Schedule shall be made as if paragraph 6 above applied in relation to expenditure which under paragraph 2(4) of that Schedule is treated as having been allowed under Schedule 5 or 6 as well as to expenditure which has been so allowed.

(2) Where at the end of the transfer period the old participator has no interest in the field he shall not be liable under section 105 of this Act to pay any amount as an advance payment of tax in respect of the field for any subsequent chargeable period in which he has no such interest.

(3) The old participator shall not be entitled to interest under subsection (7) of that section by reason of any such excess as is there mentioned for the transfer period or either of the next two chargeable periods if he and the new participator are connected within the meaning of section 533 of the Taxes Act.

Losses of new participator

14 (1) Where the Board have determined under Schedule 2 that an allowable loss has accrued to the new participator from the field in the transfer period or a later chargeable period, then, if—

(a) the loss has been computed by reference to an amount taken into account by virtue of paragraph 6 above ; and

(b) the old participator has no interest in the field at the end of the transfer period,

the old and new participators may jointly elect that the loss shall be surrendered to the old participator to the extent that it does not exceed whichever is the lesser of the amount referred to in paragraph (a) above and the total assessable profits as reduced under section 7 that accrued to the old participator from the field in chargeable periods up to and including the chargeable period after the transfer period.

(2) Where any amount of a loss is surrendered under this paragraph it shall be treated—

(a) in relation to the old participator, as an allowable loss accruing to him in the chargeable period next but one after the transfer period ; and

(b) in relation to the new participator, as if it had been relieved against assessable profits accruing to him from the field in chargeable periods before that in which it accrued.

Terminal losses

15 (1) So much of an allowable loss accruing to the new participator from the field as falls to be relieved under section 7(3) but cannot be so relieved against assessable profits accruing to him from the field—

(a) shall be treated as an allowable loss which falls to be relieved under section 7(3) against assessable profits accruing to the old participator from the field ; and

(b) shall not be regarded as an allowable unrelievable field loss in relation to the new participator except to the extent to which it cannot be relieved as mentioned in paragraph (a) above.

(2) Relief by virtue of sub-paragraph (1)(a) above shall be given against the assessable profit accuring to the old participator in an earlier chargeable period only to the extent to which it cannot be given against the assessable profit accuring to him in a later chargeable period.

(3) Where a person is the new participator in relation to two or more old participators—

(a) sub-paragraph (2) above shall have effect as if the reference to the assessable profit accruing to the old participator in a later chargeable period were a reference to the assessable profit accruing to him or any other of the old participators in a later chargeable period ; and

(b) the amount to be relieved against the assessable profits of the old participators for any chargeable period shall (if it is less than the aggregate of those profits) be divided in such manner as is just and reasonable having regard to the interests respectively transferred by them to the new participator.

(4) Where a person is the old participator in relation to two or more new participators and amounts in respect of which relief can be given under this paragraph are derived from two or more of them, the relief shall be given in such manner as is just and reasonable having regard to the interests respectively transferred by him to those new participators.

Abortive exploration expenditure

16 (1) Subject to sub-paragraph (2) below, there shall be allowed under section 5 in the case of the new participator, in connection with any field in which an interest is transferred to him by the old participator, any expenditure incurred—

(a) by the old participator ; or

(b) if the old participator is a company, by a company which is within the meaning of that section associated with the old participator in respect of the expenditure,

if no claim in respect of it has been made under Schedule 7 by the old participator or any such company and the expenditure would be allowable under that section in the case of the new participator if he had himself incurred it.

(2) Sub-paragraph (1) above—

(a) does not apply so long as the old participator or, if the old participator is a company, any company associated with the old participator has an interest in a licence; and

(b) applies to the new participator only if the transfer to him was the last transfer made by the old participator.

(3) For the purposes of sub-paragraph (2) above a company is associated with the old participator if—

(a) one is a 51 per cent, subsidiary of the other and the other is not a 51 per cent, subsidiary of any company ; or

(b) each of them is a 51 per cent, subsidiary of a third company which is not itself a 51 per cent, subsidiary of any company ;

and section 532 of the Taxes Act (subsidiaries) shall apply for the purposes of this sub-paragraph.

(4) This paragraph is without prejudice to the application of section 5 in cases where the old participator is a company and the new participator is within the meaning of that section a company associated with the old participator in respect of the expenditure in question.

Oil allowance

17 If the transfer period is one of the first three chargeable periods of the field section 8 shall not apply to the old participator for that period or any earlier period.

Limit on tax payable in transfer year

18 (1) For the purposes of section 9 in its application to the transfer year, the accumulated capital expenditure at the end of that year of the old participator and the new participator respectively shall be treated as equal to the aggregate of—

(a) the pre-transfer fraction of what (apart from this paragraph) would be the amount of his accumulated capital expenditure for the purposes of that section at the end of that year if any transfer from or to him under paragraph 6 or 8 above which paragraph 6 of Schedule 3 applies.

(b) the post-transfer fraction of what (apart from this paragraph) would be that amount having regard to any transfer from or to him in that year under those paragraphs.

(2) For the purposes of this paragraph the pre-transfer and post-transfer fractions are respectively the fractions of the year (reckoned in days) which elapse before and begin with the date of the transfer ; and if there are two or more transfers in the year those fractions shall be determined—

(a) for a participator who is the old participator as respects any of the transfers, by reference to the first transfer as respects which he is the old participator ;

(b) for a participator who is the new participator as respects any of the transfers, by reference to the last transfer as respects which he is the new participator ;

(c) for a participator who is the old participator as respects one or more of the transfers and the new participator as respects another or others, by reference to whichever results in the smallest amount of accumulated capital expenditure under this paragraph.

Disposal of long-term assets

19 (1) Paragraph 4 of Schedule 4 shall not apply to the disposal of an asset used in connection with an oil field if the disposal is by the old participator (or a person connected with him) to the new participator (or a person connected with him) and the disposal is in pursuance of the transfer by the old participator to the new participator of an interest in the field.

(2) Section 533 of the Taxes Act (connected persons) shall apply for the purposes of this paragraph.

Transfers of oil

20 Where in pursuance of the transfer of the whole or part of his interest in the field the old participator transfers his right to any oil already won from the field to the new participator, that oil—

(a) shall not be taken into account under section 2(5) in computing the old participator's assessable profit or allowable loss in the transfer period ; but

(b) shall be taken into account under section 2(5) in computing the new participator's assessable profit or allowable loss as if it were included in his share of the oil won from the field.

Retention of share of oil

21 Where the old participator retains a share of the oil won from the field in pursuance of an agreement between him and the new participator under which the latter undertakes to be responsible for carrying out the old participator's obligations in connection with the field so far as they relate to that share—

(a) that share shall be taken to belong to the new participator; and

(b) any oil comprised in that share shall be treated as oil acquired by the old participator under an agreement to which paragraph 6 of Schedule 3 applies.

SCHEDULE 18

Section 117.

DEMERGERS

PART I

RELIEF FROM ADVANCE CORPORATION TAX AND INCOME TAX

Exemption from provisions applying to company distributions

1 (1) References in the Corporation Tax Acts to distributions of a company shall not apply to any distribution which is an exempt distribution by virtue of this Part of this Schedule.

(2) A distribution is an exempt distribution if it falls within paragraph 2 below and the conditions specified in this Part of this Schedule are satisfied.

Relevant distributions

2 (1) The following distributions fall within this paragraph—

(a) a distribution consisting of the transfer to all or any of its members by a company ("the distributing company ") of shares in one or more companies which are its 75 per cent, subsidiaries;

(b) a distribution consisting of the transfer by a company ("the distributing company") to one or more other companies ("the transferee company or companies") of—

(i) a trade or trades; or

(ii) shares in one or more companies which are 75 per cent, subsidiaries of the distributing company, and the issue of shares by the transferee company or companies to all or any of the members of the distributing company.

(2) References in this Schedule to a relevant company are to the distributing company, to each subsidiary whose shares are transferred as mentioned in sub-paragraph (1)(a) or (b)(ii) above and to each transferee company mentioned in sub-paragraph (1)(b) above.

Conditions

3 Each relevant company must be resident in the United Kingdom at the time of the distribution.

4 The distributing company must at the time of the distribution be either a trading company or a member of a trading group and each subsidiary whose shares are transferred as mentioned in paragraph 2(1)(a) or (b)(ii) above must at that time be either a trading company or the holding company of a trading group.

5 (1) in a case within paragraph 2(1)(a) above—

(a) the shares must not be redeemable, must constitute the whole or substantially the whole of the distributing company's holding of the ordinary share capital of the subsidiary and must confer the whole or substantially the whole of the distributing company's voting rights in the subsidiary; and

(b) subject to sub-paragraph (2) and paragraph 8(b) below, the distributing company must after the distribution be either a trading company or the holding company of a trading group.

(2) Sub-paragraph (1)(b) above does not apply if the transfer relates to two or more 75 per cent, subsidiaries of the distributing company and that company is dissolved without there having been after the distribution any net assets of the company available for distribution in a winding up or otherwise.

6 (1) In a case within paragraph 2(1)(b) above—

(a) if a trade is transferred the distributing company must either not retain any interest or retain only a minor interest in that trade ;

(b) if shares in a subsidiary are transferred those shares must constitute the whole or substantially the whole of the distributing company's holding of the ordinary share capital of the subsidiary and must confer the whole or substantially the whole of the distributing company's voting rights in the subsidiary;

(c) the only or main activity of the transferee company or each transferee company after the distribution must be the carrying on of the trade or the holding of the shares transferred to it;

(d) the shares issued by the transferee company or each transferee company must not be redeemable, must constitute the whole or substantially the whole of its issued ordinary share capital and must confer the whole or substantially the whole of the voting rights in that company ; and

(e) subject to sub-paragraph (2) and paragraph 8(b) below, the distributing company must after the distribution be either a trading company or the holding company of a trading group.

(2) Sub-paragraph (1)(e) above does not apply if there are two or more transferee companies each of which has a trade or shares in a separate 75 per cent, subsidiary of the distributing company transferred to it and the distributing company is dissolved without there having been after the distribution any net assets of the company available for distribution in a winding up or otherwise.

7 (1) The distribution must be made wholly or mainly for the purpose of benefiting some or all of the trading activities which before the distribution are carried on by a single company or group and after the distribution will be carried on by two or more companies or groups.

(2) The distribution must not form part of a scheme or arrangements the main purpose or one of the main purposes of which is—

(a) the avoidance of tax ; or

(b) without prejudice to paragraph (a) above, the making of a chargeable payment as defined in paragraph 13 below or what would be such a payment if any of the companies mentioned in that paragraph were an unquoted company; or

(c) the acquisition by any person or persons other than members of the distributing company of control of that company, of any other relevant company or of any company which belongs to the same group as any such company; or

(d) the cessation of a trade or its sale after the distribution.

8 Where the distributing company is a 75 per cent, subsidiary of another company—

(a) the group (or, if more than one, the largest group) to which the distributing company belongs at the time of the distribution must be a trading group ;

(b) paragraphs 5(1)(b) and 6(1)(e) above shall not apply; and

(c) the distribution must be followed by one or more other distributions falling within paragraph 2(1)(a) or (b)(ii) above which satisfy the conditions of this Part of this Schedule and result in members of the holding company of the group (or, if more than one, the largest group) to which the distributing company belonged at the time of the distribution becoming members of—

(i) the transferee company or each transferee company to which a trade was transferred by the distributing company ; or

(ii) the subsidiary or each subsidiary whose shares were transferred by the distributing company; or

(iii) a company (other than that holding company) of which the company or companies mentioned in subparagraph (i) or (ii) above are 75 per cent, subsidiaries.

PART II

RELIEF FROM TAX IN RESPECT OF CAPITAL GAINS

9 Where a company makes an exempt distribution which falls within paragraph 2(1)(a) above

(a) the distribution shall not be a capital distribution for the purposes of section 72 of the Capital Gains Tax Act 1979 (disposal on receipt of capital distribution); and

(b) sections 77 to 81 of that Act shall, with the necessary modifications, apply as if that company and the subsidiary whose shares are transferred were the same company and the distribution were a reorganisation of its share capital.

10 Subject to paragraph 15 below, neither section 278 nor section 279 of the Taxes Act (charge of tax where company ceases to be a member of a group) shall apply in a case where a company ceases to be a member of a group by reason only of an exempt distribution.

PART III

RELIEF FROM DEVELOPMENT LAND TAX

11 Subject to paragraph 16 below, section 21 of the Development Land Tax Act 1976 (chargeable disposal where company ceases to be a member of a group) shall not apply where a company ceases to be a member of a group by reason only of an exempt distribution.

PART IV

RELIEF FROM STAMP DUTY

12 (1) A document executed solely for the purpose of effecting an exempt distribution shall not be chargeable with stamp duty under the heading "Conveyance or Transfer on Sale " in Schedule 1 to the Stamp Act 1891 or under section 74 of the Finance (1909-1910) Act 1910.

(2) Stamp duty shall not be chargeable on any document under section 47(5) of the Finance Act 1973 or Article 8(5) of the Finance (Miscellaneous Provisions) (Northern Ireland) Order 1973 if it relates to a chargeable transaction carried out solely for effecting an exempt distribution.

(3) A document in respect of which stamp duty is not chargeable by virtue of this paragraph shall not be treated as duly stamped unless it is stamped in accordance with section 12 of the said Act of 1891 with a stamp denoting that it is not chargeable with duty.

PART V

PREVENTION OF TAX AVOIDANCE

Chargeable payments

13 (1) For the purposes of this Schedule a chargeable payment is any payment made otherwise than for bona fide commercial reasons or forming part of a scheme or arrangement the main purpose or one of the main purposes of which is the avoidance of tax, being a payment which—

(a) a company concerned in an exempt distribution makes directly or indirectly to a member of that company or of any other company concerned in that distribution ; and

(b) is made in connection with, or with any transaction affecting, the shares of that or any such company; and

(c) is not a distribution or exempt distribution or made to another company which belongs to the same group as the company making the payment.

(2) Where a company concerned in an exempt distribution is an unquoted company sub-paragraph (1)(a) above shall have effect as if any reference to the making of a payment by, or to a member of, a company concerned in the exempt distribution included a reference to the making of a payment by or to any other person in pursuance of a scheme or arrangements made with the unquoted company or, if the unquoted company is—

(a) under the control of five or fewer persons ; and

(b) not under the control of (and only of) a company which is not itself under the control of five or fewer persons,

with any of the persons referred to in paragraph (a) above.

(3) References in this paragraph to a company concerned in an exempt distribution are to any relevant company and to any other company which was connected with any such company for the whole or any part of the period beginning with the exempt distribution and ending with the making of the payment which is in question under this paragraph.

(4) For the purposes of sub-paragraph (3) above and of this subparagraph a company shall be deemed to have been connected in the period referred to in that sub-paragraph with each company to which a company connected with it was connected in that period.

(5) References in this paragraph to a payment include references to a transfer of money's worth including the assumption of a liability.

Tax on chargeable payments

14 If within five years after the making of an exempt distribution there is a chargeable payment—

(a) the amount or value of the payment shall be treated as income chargeable to tax under Case VI of Schedule D ; and

(b) unless the payment is a transfer of money's worth, section 53 of the Taxes Act (deduction of income tax at source) shall apply to the payment as if it were an annual sum payable otherwise than out of profits or gains charged to income tax ;

(c) the payment shall be regarded as a distribution for the purposes of sections 248(2) and 251(2) of the Taxes Act (disallowance of deductions) and paragraphs 5(6) and 10(1) of Schedule 16 to the Finance Act 1972 (close companies); and

(d) the payment shall not (if it otherwise would be) be treated as a repayment of capital for the purposes of section 234 or 235 of the Taxes Act.

Re-instatement of charge in respect of capital gains

15 Paragraph 10 above does not apply if within five years after the making of the exempt distribution there is chargeable payment; and the time for making an assessment under section 278 or 279 of the Taxes Act by virtue of this paragraph shall not expire before the end of three years after the making of the chargeable payment.

Re-instatement of development land tax charge

16 Paragraph 11 above does not apply if within five years after the making of the exempt distribution there is a chargeable payment; and the time for making an assessment under section 21 of the Development Land Tax Act 1976 by virtue of this paragraph shall not expire before the end of three years after the making of the chargeable payment.

PART VI

ADMINISTRATION

Clearance procedure

17 (1) A distribution shall be treated as an exempt distribution in any case in which, before the distribution is made, the Board have, on the application of the distributing company, notified that company that the Board are satisfied that it will be such a distribution.

(2) A payment shall not be treated as a chargeable payment in any case in which, before the payment is made, the Board have, on the application of the person intending to make it, notified him that they are satisfied that it will be made for bona fide commercial reasons and will not form part of any scheme or arrangements the main purpose or one of the main purposes of which is the avoidance of tax.

(3) A company which becomes or ceases to be connected with another company may make an application under sub-paragraph (2) above as respects any payments that may be made by it at any time after becoming or ceasing to be so connected (whether or not there is any present intention to make any payments) and where a notification is given by the Board on such an application no payment to which the notification relates shall be treated as a chargeable payment by reason only of the company being or having been connected with the other company.

(4) References in sub-paragraphs (2) and (3) above to a payment shall be construed as in paragraph 13 above.

18 (1) Any application under paragraph 17 above shall be in writing and shall contain particulars of the relevant transactions and the Board may, within thirty days of the

receipt of the application or of any further particulars previously required under this sub-paragraph, by notice require the applicant to furnish further particulars for the purpose of enabling the Board to make their decision ; and if any such notice is not complied with within thirty days or such longer period as the Board may allow, the Board need not proceed further on the application.

(2) The Board shall notify their decision to the applicant within thirty days of receiving the application or, if they give a notice under sub-paragraph (1) above, within thirty days of the notice being complied with.

(3) If the Board notify the applicant that they are not satisfied as mentioned in paragraph 17 above or do not notify their decision to the applicant within the time required by sub-paragraph (2) above, the applicant may within thirty days of the notification or of that time require the Board to transmit the application, together with any notice given and further particulars furnished under subparagraph (1) above, to the Special Commissioners ; and in that event any notification by the Special Commissioners shall have effect for the purposes of paragraph 17 above as if it were a notification by the Board.

(4) If any particulars furnished under this paragraph do not fully and accurately disclose all facts and circumstances material for the decision of the Board or the Special Commissioners, any resulting notification that the Board or Commissioners are satisfied as mentioned in paragraph 17 above shall be void.

Returns

19 Where a company makes an exempt distribution it shall within thirty days after the distribution make a return to the inspector giving particulars of the distribution and of the circumstances by reason of which it is exempt

20 (1) Where within five years after the making of an exempt distribution a person makes a chargeable payment which consists of a transfer of money's worth, he shall within thirty days after the transfer make a return to the inspector giving particulars—

(a) of the transaction effecting the transfer;

(b) of the name and address of the recipient or each recipient and the value of what is transferred to him or each of them; and

(c) if the transfer is accompanied by a chargeable payment consisting of a payment of money, of that payment.

(2) Subject to sub-paragraph (3) below, where within five years after the making of an exempt distribution a person makes a payment or a transfer of money's worth which would be a chargeable payment but for the fact that it is made for bona fide commercial reasons and does not form part of any such scheme or arrangements as are mentioned in paragraph 13(1) above, the person making the payment or transfer shall within thirty days after the payment or transfer make a return to the inspector giving particulars—

(a) in the case of a transfer, of the transaction by which it is effected;

(b) of the name and address of the recipient or each recipient and the amount of the payment made, or the value of what is transferred, to him or each of them; and

(c) of the circumstances by reason of which the payment or transfer is not a chargeable payment.

(3) Sub-paragraph (2) above does not apply where the payment or transfer is one in relation to which a notification under paragraph 17(3) above has effect.

Power to obtain information

21 Where a distribution falling within paragraph 2 above has been made and the inspector has reason to believe that it may form part of any such scheme or arrangements as are mentioned in sub-paragraph (2) of paragraph 7 above, he may by a notice in writing require any relevant company or any person controlling any such company to furnish him within such time, not being less than thirty days, as may be specified in the notice with—

(a) a declaration in writing stating whether or not, according to information which the company or that person has or can reasonably obtain, any such scheme or arrangements exist or have existed;

(b) such other information as the inspector may reasonably require for the purposes of that sub-paragraph and the company or that person has or can reasonably obtain.

22 (1) If the inspector has reason to believe that a person has not delivered an account or made a return which he is required to deliver or make by virtue of paragraph 14(b) or 20 above in respect of any payment or transfer, the inspector may by notice in writing require that person to furnish him within such time, not being less than thirty days, as may be specified in the notice with such information relating to the payment or transfer as the inspector may reasonably require for the purposes of Part V of this Schedule.

(2) If the inspector has reason to believe that a payment or transfer has been made within five years after the making of an exempt distribution and that the payment or transfer is a chargeable payment by reason of the existence of any such scheme or arrangements as are mentioned in paragraph 13(2) above, he may by notice in writing require the person making the payment or transfer or, if that person is a company, any person controlling it to furnish him within such time, not being less than thirty days, as may be specified in the notice with—

(a) a declaration in writing stating whether or not, according to information which that person has, or can reasonably obtain, any such scheme or arrangements exist or have existed;

(b) such other information as the inspector may reasonably require for the purposes of Part V of this Schedule and that person has or can reasonably obtain.

(3) Any recipient of a chargeable payment and any person on whose behalf such a payment is received shall, if so required by the inspector, state whether the payment received by him or on his behalf is received on behalf of any person other than himself and, if so, the name and address of that person.

PART VII

INTERPRETATION

23 (1) In this Schedule—

"chargeable payment" has the meaning given in paragraph 13 above ;

"control" shall be construed in accordance with section 302(2) to (6) of the Taxes Act;

"distributing company " has the meaning given in paragraph 2 above ;

"exempt distribution " means a distribution which is exempt by virtue of paragraph 1 above;

"group", except in paragraph 7(2)(c), means a company which has one or more 75 per cent, subsidiaries together with that or those subsidiaries and in paragraph 7(2)(c) means a company which has one or more 51 per cent, subsidiaries together with that or those subsidiaries;

"holding company" means a company whose business (disregarding any trade carried on by it) consists wholly or mainly in the holding of shares or securities of one or more companies which are its 75 per cent, subsidiaries ;

"member ", where the reference is to a member of a company, does not, except in paragraph 13(1)(a), include a person who is a member otherwise than by virtue of holding shares forming part of the company's ordinary share capital;

"relevant company " has the meaning given in paragraph 2(2) above;

"shares " includes stock ;

"tax ", where the reference is to avoidance of tax, includes stamp duty ;

"trade " (except in sub-paragraph (3) below) does not include dealing in shares, securities, land, trades or commodity futures and "trading activities" shall be construed accordingly ;

"trading company " means a company whose business consists wholly or mainly of the carrying on of a trade or trades ;

"trading group " means a group the business of whose members, taken together, consists wholly or mainly in the carrying on of a trade or trades;

"unquoted company " means a company which does not satisfy the condition that its shares or some class thereof (disregarding debenture or loan stock, preferred shares or preferred stock) are listed in the Official List of The Exchange and are dealt in on The Stock Exchange regularly or from time to time, so however that this definition does not apply to a company under the control of (and only of) one or more companies to which this definition does not apply.

(2) In determining for the purposes of paragraphs 2 to 6 above whether a company whose shares are transferred by the distributing company is a 75 per cent, subsidiary of the distributing company there shall be disregarded any share capital of the first-mentioned company which is owned indirectly by the distributing company.

(3) In determining for the purposes of this Schedule whether one company is a 75 per cent, subsidiary of another, the other company shall be treated as not being the owner of—

(a) any share capital which it owns directly in a body corporate if a profit on a sale of the shares would be treated as a trading receipt of its trade ; or

(b) any share capital which it owns indirectly and which is owned directly by a body corporate for which a profit on the sale of the shares would be a trading receipt.

(4) Section 533 of the Taxes Act (meaning of connected persons) applies for the purposes of this Schedule.

(5) This Schedule, so far as it relates to income tax, shall be construed as one with the Income Tax Acts, so far as it relates to corporation tax, shall be construed as one with the Corporation Tax Acts, and, so far as it relates to capital gains tax, shall be construed as one with the Capital Gains Tax Act 1979.

SCHEDULE 19

Section 120.

NATIONAL SAVINGS BANK

Payments to National Loans Fund

1 (1) There shall be paid into the National Loans Fund by the Director of Savings an amount equal to the sums which at the end of 1980 are held by him in respect of investment deposits or are so held to his account otherwise than by the National Debt Commissioners (hereafter referred to as "the Commissioners ").

(2) There shall be paid into that Fund by the Commissioners an amount equal to the sums which at the end of 1980 are held by them or to their account and were paid to them under section 22 of the National Savings Bank Act 1971 or received by them in respect of the investments held by them under that section at the end of that year (hereafter referred to as "the residual investments").

(3) The amounts referred to in this paragraph shall be determined by agreement between the Director of Savings, the Commissioners and the Treasury and certified by the Comptroller and Auditor General.

Liability to National Loans Fund

2 (1) The Commissioners shall on 1st January 1981 assume a liability to the National Loans Fund of an amount equal to the excess of—

(a) the sums charged on the Fund on that date by virtue of section 120 of this Act, over

(b) the aggregate of the amounts required to be paid into the Fund under paragraph 1 above.

(2) The amount of the liability shall be determined by agreement between the Director of Savings, the Commissioners and the Treasury and certified by the Comptroller and Auditor General.

Discharge of liability

3 (1) The Commissioners shall discharge their liability under paragraph 2 above—

(a) by paying into the Fund any interest on the residual investments which is received by them after the end of 1980 in respect of periods before the end of that year;

(b) by paying into the Fund from time to time in accordance with directions given by the Treasury any sums received by them on the redemption of any of those investments;

(c) by selling any of those investments at such time and in such manner as the Treasury may direct and paying the proceeds into the Fund.

(2) If all the residual investments have been redeemed or sold but the liability has not been fully discharged under sub-paragraph (1) above, the sum required for discharging the balance shall be issued to the Commissioners out of the Consolidated Fund and paid by them into the National Loans Fund.

(3) If any of the residual investments remain after the liability has been fully discharged any interest received by the Commissioners in respect of those investments shall be paid into the Consolidated Fund and the Treasury may direct that any sums received on the redemption of the investments shall be paid into that Fund or that any of the investments shall be sold in such a manner as the Treasury may specify and the proceeds paid into that Fund.

Interest on residual investments

4 Subject to paragraph 3(3) above, the Commissioners shall pay into the National Loans Fund any interest on the residual investments received by them in respect of periods after the end of 1980.

Re-investment

5 (1) Subject to paragraphs 3 and 4 above, the Commissioners may, if the Treasury so direct, re-invest any sums received by them in respect of the residual investments (whether on redemption or as proceeds of sale) and this Schedule shall apply to the resulting investments as if they were included in the residual investments.

(2) Any sums to be re-invested shall be re-invested, in accordance with any directions given by the Treasury, in any such manner for the time being specified in Part II of Schedule 1 to the Trustee Investments Act 1961 as the Treasury may by order specify.

(3) A draft of any statutory instrument containing an order under this paragraph shall be laid before Parliament.

(4) In section 133(3) of the Social Security Act 1975, section 127(3) of the Social Security (Northern Ireland) Act 1975 and sections 37(3) and 103(3) of the Employment Protection (Consolidation) Act 1978 for the words "as may be specified by an order of the Treasury for the time being in force under section 22(1) of the National Savings Bank Act 1971 " there shall be substituted the words "for the time being specified in Part II of Schedule 1 to the Trustee Investments Act 1961 as the Treasury may specify by an order of which a draft has been laid before Parliament ".

(5) Any order in force under the said section 22(1) at the end of 1980 shall have effect as if made under this paragraph and the provisions amended by sub-paragraph (4) above.

Expenses

6 The expenses of the Commissioners in connection with the residual investments (as agreed between them and the Treasury) shall be deducted in accordance with directions given by the Treasury from the sums payable by the Commissioners under paragraphs 3 and 4 above.

Accounts

7 (1) The Commissioners shall keep an account of all sums received and paid by them after the end of 1980 in respect of the residual investments and of the re-investments made by them after the end of that year and shall furnish to the Treasury such information relating to the investments as the Treasury may require.

(2) The Commissioners shall prepare, as respects each year ending with 31st December, a statement of the account referred to in sub-paragraph (1) above and that statement shall, before the end of May next following the expiration of that year, be transmitted to the Comptroller and Auditor General who shall examine, certify and report on it and lay copies of it, together with copies of his report, before Parliament.

SCHEDULE 20

Section 122.

REPEALS

PART I

GAMING LICENCE DUTY

Chapter	Short Title	Extent of Repeal
1972 c. 25.	The Betting and Gaming Duties Act 1972.	Section 14. In section 16(2) the definitions of œ rateable value and œ valuation list . In Schedule 2, paragraphs 1 and 2, paragraphs 4, 5 and 6, paragraph 8(2)(e), in paragraphs 10(1) and 11 the words “paragraph 1 or 12(2)(b) of this Schedule or of”, and in paragraph 12, in sub-paragraph (1)(b) the words from “and which ” to “gaming tables” and sub-paragraphs (2)(b) and (3).
1975 c. 45.	The Finance (No. 2) Act 1975.	Section 2.
1978 c. 42.	The Finance Act 1978.	Section 7.

The repeal of paragraph 4 of Schedule 2 to the Betting and Gaming Duties Act 1972 does not affect licences for periods beginning before 1st October 1980 and the other repeals do not affect licences for periods beginning before 1st October 1981.

PART II

GAMING MACHINE LICENCE DUTY

Chapter	Short Title	Extent of Repeal
1972 c. 25.	The Betting and Gaming Duties Act 1972.	In section 21(2) the words "(a) an ordinary licence, being", paragraph (b) together with the word "or " immediately preceding it and the words from "and where a licence " onwards. Section 24. In section 25, in subsection (2) the word "ordinary " in both places, in subsection (4)(b) the word "ordinary " and subsection (5). In section 26(4), paragraph (a) and in paragraph (b) the words "penny machine or any other ". In section 27(2), in the definition of "penny machine ", paragraph (c) together with the word "or " immediately preceding it. In Schedule 4, paragraph 4(2), paragraph 5(3) to (5), in paragraph 7(b) the words "in the case of an ordinary licence ", paragraph 8(3) and in paragraph 9(2) the word "either", sub-paragraph (b) together with the word "or " immediately preceding it.
1972 c. 11 (N.I.).	The Miscellaneous Transferred Excise Duties Act (Northern Ireland) 1972.	In section 43(3) the words "(a) in the case of a licence chargeable under section 44 or 45" and paragraph (b) together with the word "or " immediately preceding it. In section 44(1), the words "other than gaming machine

These repeals have effect from 1st October 1980.

Chapter	Short Title	Extent of Repeal
		licences to which section 45 applies”.
		Section 45.
		In section 46, in subsection (1) the words from the beginning to “applies” and in subsection (2) the words " in the case of a gaming machine licence to which section 44 applies."
		Section 47(4).
		In Schedule 3, Part II, in paragraph 9(2) the words "an eight-month licence shall expire at the end of 31st October next after that date; “and in paragraph 11(2) the words ”(a) in the case of a licence authorising the provision of a gaming machine to which section 44 applies “and subparagraph (b) together with the word ” and " immediately preceding it.
1975 c. 45.	The Finance (No. 2) Act 1975.	Section 4(1), (2) and (5).

These repeals have effect from 1st October 1980.

PART III

OTHER EXCISE DUTIES

Chapter	Short Title	Extent of Repeal
1975 c. 45.	The Finance (No. 2) Act 1975.	Section 3(1).
1977 c. 36.	The Finance Act 1977.	Section 5(2) and (3).
		Section 6(2) and (3).
		Schedules 4 and 5.
1977 c. 49.	The National Health Service Act 1977.	In Schedule 15, paragraph 52.

1. The repeal in the Finance (No. 2) Act 1975 has effect from 29th September 1980.
2. The repeals in the Finance Act 1977 do not affect licences taken out before 27th March 1980.

Chapter	Short Title	Extent of Repeal
1978 c. 29.	The National Health Service (Scotland) Act 1978.	In Schedule 16, paragraph 34.
1979 c. 47.	The Finance (No. 2) Act 1979.	Sections 2, 3 and 4.
S.I. 1979/1489.	The Tobacco Products (Amendment of Units of Measurement) Order 1979.	The whole Order.

1. The repeal in the Finance (No. 2) Act 1975 has effect from 29th September 1980.
2. The repeals in the Finance Act 1977 do not affect licences taken out before 27th March 1980.

PART IV

VALUE ADDED TAX

Chapter	Short Title	Extent of Repeal
1972 c. 41.	The Finance Act 1972.	In section 34, subsection (7), in subsection (8) paragraph (c) together with the word "and " immediately preceding it and in subsection (9) the words "or to section 10 of that Act" and "or section 6 of that Act ". Section 35(6).
1978 c. 42.	The Finance Act 1978.	1 Section 11(1), (2), (5) and (6).

PART V

ABOLITION OF LOWER RATE

Chapter	Short Title	Extent of Repeal
1970 c. 10.	The Income and Corporation Taxes Act 1970.	In section 30(3), the words "not charged at a lower rate ". In section 34(1)(iii), the words from "as income " to "rate and ". In section 36(1), the words "not chargeable at a lower rate ".

These repeals do not affect the year 1978-79 or 1979-80.

Chapter	Short Title	Extent of Repeal
		In section 287(1)(c) the words from “be treated as” to “rate and ” and “shall” in the second place where it occurs. In section 343(3), in paragraph (c) the words from “be treated as” to “rate and” and “those amounts shall” and in paragraph (i) of the proviso the words “or any lower rate ”. In section 399(4)(c), the words from “as income ” to “rate and ”. In section 400(3), the words “or any lower rate ”. In section 403(1), the words“not charged at a lower rate ”. In section 422(2), the words “or any lower rate” and “not chargeable at a lower rate ”. In section 424(c), the words “not chargeable at a lower rate ”. In section 430(1), the words “not chargeable at a lower rate ”. In section 457(1), the words “not charged at a lower rate ”. In section 458(1), the words “not charged at a lower rate ”.
1971 c. 68.	The Finance Act 1971.	In section 32, in subsection (1)(a) the words “paragraph (aa) or ”, subsections (1)(aa), (1A), (1B) and (1C) and in subsection (1D) the words “lower or ”, “(aa) or ” and “respectively ”. In Schedule 7, in paragraph 2(2) the words “not charged at a lower rate ”.

These repeals do not affect the year 1978-79 or 1979-80.

Chapter	Short Title	Extent of Repeal
1972 c. 41.	The Finance Act 1972.	In section 87, in subsection (5)(c) the words from "as income " to "rate and " and in subsection (6) the words "not charged at a lower rate ".
		In Schedule 16, in paragraph 5(2)(d) the words from "as income " to "rate and " and in paragraph 5(6A) the words "not chargeable at a lower rate ".
1973 c. 51.	The Finance Act 1973.	In section 44, the words "not chargeable at a lower rate ".
1975 c. 7.	The Finance Act 1975.	In Schedule 2, in paragraph 19(1A) the words "not chargeable at a lower rate ".
1975 c. 45.	The Finance (No. 2) Act 1975.	In section 34(4)(c), the words from "as income " to "rate and ".
1978 c. 42.	The Finance Act 1978.	In section 14, in subsection (1) the words from "and after " onwards and in subsection (2) the inserted subsections (1A), (1B) and (1C).
		In Schedule 2, paragraphs 2, 5(b), 6, 7, 9, 15(a), 16(a) and 19.

These repeals do not affect the year 1978-79 or 1979-80.

PART VI

CHILD TAX ALLOWANCES

Section A

Chapter	Short Title	Extent of Repeal
1971 c. 68.	The Finance Act 1971.	In Schedule 6, paragraph 9(b).
1974 c. 30.	The Finance Act 1974.	Section 14(3).
1976 c. 40.	The Finance Act 1976.	Section 29(2).

The repeals in the Finance Act 1971, the Finance Act 1974 and the Finance Act 1978 have effect on the passing of this Act and the other repeals for the year 1981-82 and subsequent years of assessment.

Chapter	Short Title	Extent of Repeal
1977 c. 36.	The Finance Act 1977.	Section 26(1) to (4).
1978 c. 42.	The Finance Act 1978.	Section 20(1) and (2).
1979 c. 25.	The Finance Act 1979.	In section 1(4) the words “or 26”.

The repeals in the Finance Act 1971, the Finance Act 1974 and the Finance Act 1978 have effect on the passing of this Act and the other repeals for the year 1981-82 and subsequent years of assessment.

Section B

Chapter	Short Title	Extent of Repeal
1970 c. 9.	The Taxes Management Act 1970.	In section 58(3)(b) the figure “11 ”.
1970 c. 10.	The Income and Corporation Taxes Act 1970.	Sections 10 and 11. In section 39(1)(d) the words “relief in respect of a child under section 10(1)(b) or” and the word “child ” in the second place where it occurs.
1971 c. 68.	The Finance Act 1971.	In Schedule 4, paragraph 3(1)(a). In Schedule 6, paragraph 6.
1976 c. 40.	The Finance Act 1976.	Section 29(3).
1977 c. 36.	The Finance Act 1977.	Section 25.
1978 c. 42.	The Finance Act 1978.	Section 20(3) and (5).
1979 c. 25.	The Finance Act 1979.	Section 1(4).

These repeals have effect for the year 1982-83 and subsequent years of assessment.

PART VII

RETIREMENT ANNUITIES

Chapter	Short Title	Extent of Repeal
1970 c. 10.	The Income and Corporation Taxes Act 1970.	In section 226(2)(c) the words " to the individual's personal representatives ". In section 226A, in subsection (1)(b) the words “being a lump sum payable to his personal representatives ” and in subsections (3)

These repeals have effect for the year 1980-81 and subsequent years of assessment but the repeal of section 227(2) to (3) has effect subject to the provisions of section 32(3) and (4) of this Act.

Chapter	Short Title	Extent of Repeal
		(c) and (6) the words " to the individual's personal representatives.".
		In section 227, subsections (1C), (2), (2A), (2B) and (3), in subsection (5) the word "either " and subsection (7).
		Section 228(1) to (3).
		In section 229(1) and (2) the words from "and shall accordingly be treated" to "Member ".
1971 c. 68.	The Finance Act 1971.	In Schedule 2, paragraphs 2 to 5 and 7(3)
1977 c. 36.	The Finance Act 1977.	Section 27(1)(a) and (c).

These repeals have effect for the year 1980-81 and subsequent years of assessment but the repeal of section 227(2) to (3) has effect subject to the provisions of section 32(3) and (4) of this Act.

PART VIII

CLOSE COMPANIES

Chapter	Short Title	Extent of Repeal
1970 c. 10.	The Income and Corporation Taxes Act 1970.	In section 285 subsections (1) to (5) and in subsection (6) the words from "This " to "section " in the third place where it occurs.
		In Schedule 14, paragraph 12.
1974 c. 30.	The Finance Act 1974.	Section 35.
		In section 41(6)(b) the words "for the purposes of that section ".

These repeals have effect for accounting periods ending after 26th March 1980.

PART IX

INCOME TAX AND CORPORATION TAX: MISCELLANEOUS

Chapter	Short Title	Extent of Repeal
1970 c. 10.	The Income and Corporation Taxes Act 1970.	Section 414(1)(b) and (3) to (7).
1970 c. 24.	The Finance Act 1970.	Section 34.
1968 c. 3.	The Capital Allowances Act 1968.	In section 1(4) the proviso.
1974 c. 30.	The Finance Act 1974.	In Schedule 1, paragraph 10(b).
1975 c. 45.	The Finance (No. 2) Act 1975.	Section 46(3)(a). Section 51. In section 70(6) the words from "other than " onwards. Section 71(2) and (7). In Schedule 9, paragraphs 4 and 8. In Schedule 12 in paragraph 2 of Part I and in paragraph 1 of Part II the words "under section 30 of the Finance Act 1971 or" and the words in parenthesis, paragraph 6 of Part I, paragraph 4 of Part III and paragraph 5 of Part IV.
1976 c. 40.	The Finance Act 1976.	Section 63(5)(b).
1977 c. 36.	The Finance Act 1977.	Section 22(2) and (3).
1979 c. 25.	The Finance Act 1979.	Section 1(5).

1. The repeal of section 414(1)(b) of the Income and Corporation Taxes Act 1970 applies in relation to interest for periods after 20th November 1979.
2. The repeal in the Finance Act 1974 has effect in relation to interest paid after 26th March 1980.
3. The repeal of section 46(3)(a) of the Finance (No. 2) Act 1975 does not affect interest on tax charged by assessments notice of which was issued before the passing of this Act.
4. The repeal of section 51 of the Finance (No. 2) Act 1975 has effect in relation to income or gains which are applicable and applied for provident benefits on or after 1st June 1980.
5. The repeals in the Finance Act 1976 and the Finance Act 1977 have effect for the year 1981-82 and subsequent years of assessment.

PART X

CAPITAL GAINS

Chapter	Short Title	Extent of Repeal
1970 c. 10.	The Income and Corporation Taxes Act 1970.	In section 267(3), the words "or 97 ".
		In section 354 in subsection (1) the words "and chargeable gains" and in subsection (2)(a) the words "out of income or chargeable gains arising as aforesaid ".
		Section 355.
1972 c. 41.	The Finance Act 1972.	In section 93, subsection (1)(b), subsection (2)(b) and in subsection (3) the words "either paragraph of ".
1974 c. 30.	The Finance Act 1974.	Section 43(2).
1976 c. 24.	The Development Land Tax Act 1976.	In Schedule 6, in paragraph 1(5)(b) the words "under section 97 of that Act (unit trusts: in certain cases only one-tenth of gains to be chargeable gains)".
1978 c. 42.	The Finance Act 1978.	Section 17(1).
1979 c. 14.	The Capital Gains Tax Act 1979.	Sections 94 and 95.
		Section 97.
		Section 100.

The repeals in Acts other than the Capital Gains Tax Act 1979 have effect in relation to disposals after 31st March 1980, the repeal of section 95 of that Act has effect in relation to accounting periods beginning after 5th April 1980 and the other repeals in that Act have effect in relation to disposals after that date.

PART XI

CAPITAL TRANSFER TAX

Chapter	Short Title	Extent of Repeal
40 & 41 Vict. c. 13.	The Customs, Inland Revenue, and Savings Banks Act 1877.	In section 12 the words "as often as required ".

The repeal of section 62 of the Finance Act 1978 and Schedule 10 to that Act do not affect chargeable transfers made before 26th March 1980 and the repeal of section 63 of that Act does not affect any transfer of value other than one to which section 86(2) of this Act applies.

Chapter	Short Title	Extent of Repeal
1975 c. 7.	The Finance Act 1975.	In Schedule 6, in paragraph 15(1), (2) and (3) the words "and section 84 of the Finance Act 1976 '.
1976 c. 40.	The Finance Act 1976.	In section 117(5) the figure “£100,000”.
1978 c. 42.	The Finance Act 1978.	Sections 62 and 63.
		Schedule 10.

The repeal of section 62 of the Finance Act 1978 and Schedule 10 to that Act do not affect chargeable transfers made before 26th March 1980 and the repeal of section 63 of that Act does not affect any transfer of value other than one to which section 86(2) of this Act applies.

PART XII

STAMP DUTY

Chapter	Short Title	Extent of Repeal
16 & 17 Geo. 5. c. 24 (N.I.).	The Finance (Stamp Duty) Act (Northern Ireland) 1926.	The whole Act.
24 & 25 Geo. 5 c. 3 (N.I.).	The Finance (Stamp Duties) Act (Northern Ireland) 1934.	Sections 2 and 3.
1972 c. 41.	The Finance Act 1972.	Section 125.
S.I. 1972/1100 (N.I.11).	The Finance (Northern Ireland) Order 1972.	Article 12.
1976 c. 40.	The Finance Act 1976.	In section 126(5)(b) the words “within the commonwealth ”.

The repeals in the Act and Order of 1972 have effect as from 6th April 1980 and do not affect instruments executed before that date.

PART XIII

PETROLEUM REVENUE TAX

Chapter	Short Title	Extent of Repeal
1975 c. 22.	The Oil Taxation Act 1975.	In section 5(5) the words “with the omission of sub-paragraphs (2)(b) and (c) ”.
1979 c. 47.	The Finance (No. 2) Act 1979.	Section 18.

The repeal in the Finance (No. 2) Act 1979 does not affect chargeable periods ending on or before 31st December 1979.

PART XIV

DEVELOPMENT LAND TAX

Chapter	Short Title	Extent of Repeal
1970 c. 9.	The Taxes Management Act 1970.	In section 86A(1) the words "then, except as provided by paragraph 12 of Schedule 7 to the Development Land Tax 1976 ".
1976 c. 24.	The Development Land Tax Act 1976.	Section 39. In section 40(1) the words "and the disposal is not a disposal falling within section 39(1) above ". In Schedule 2, paragraph 8. Schedule 7. In Schedule 8, paragraph 35(3) and in paragraph 38(1)(a) the words "or sub-paragraph (3)".
1979 c. 47.	The Finance (No. 2) Act 1979.	In Schedule 4, paragraphs 1 to 3.

1. The repeal of paragraph 8 of Schedule 2 to the Development Land Tax Act 1976 does not affect realised development value accruing on a disposal before 26th March 1980.
2. The other repeals do not affect any disposal before 6th August 1980.

PART XV

NATIONAL SAVINGS BANK

Chapter	Short Title	Extent of Repeal
1971 c. 29.	The National Savings Bank Act 1971.	Sections 21 to 23. Section 24(3). In section 25 the words "or investment". In section 26(3) the words "or section 22 ". Schedule 1.

These repeals have effect from 1st January 1981.