



# Finance Act 1982

## 1982 CHAPTER 39

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. [30th July, 1982]

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

#### CUSTOMS AND EXCISE

##### **1 Duties on spirits, beer, wine, made-wine and cider**

- (1) In section 5 of the Alcoholic Liquor Duties Act 1979 (excise duty on spirits) for the words from "at the rates" to the end of the section there shall be substituted the words " at the rate of £14.47 per litre of alcohol in the spirits ".
- (2) In section 36 of that Act (excise duty on beer) for "£18.00 " and " £0.60 " there shall be substituted " £20.40 " and " £0.68 " 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.

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- (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 " £7.20 " there shall be substituted " £8.16 ".
- (6) This section shall be deemed to have come into force on 10th March 1982.

## 2 Tobacco products

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

“TABLE

1. Cigarettes	An amount equal to 21 per cent, of the retail price plus £20.68 per thousand cigarettes.
2. Cigars	£3900 per kilogram.
3. Hand-rolling tobacco	£33.65 per kilogram.
4. Other smoking tobacco and chewing tobacco	£24.95 per kilogram”.

- (2) This section shall be deemed to have come into force on 12th March 1982.

## 3 Hydrocarbon oil, etc.

- (1) In subsection (1) of section 6 of the Hydrocarbon Oil Duties Act 1979 (rates of duty on hydrocarbon oil) for the words "£0 1382 a litre" (light oil) there shall be substituted the words " £0.1554 a litre " and for the words "£0.1191 a litre" (heavy oil) there shall be substituted the words " £0.1325 a litre ".
- (2) In Schedule 1 to that Act (vehicles which are not road vehicles within the meaning of that Act) in sub-paragraph (a) of paragraph 2 (exclusions by reference to exemptions from duty under the Vehicles (Excise) Act 1971) for the word " or " there shall be substituted the words " section 4(1 )(i) of that Act (gritting vehicles) " and at the end of that sub-paragraph there shall be added the words " or section 7(3) of that Act (snow ploughs etc.) ".
- (3) Subsection (1) above shall be deemed to have come into force at 6 o'clock in the evening of 9th March 1982.

## 4 Aviation gasoline

- (1) The Hydrocarbon Oil Duties Act 1979 shall have effect subject to the following modifications.
- (2) In section 6 (rates of duty on hydrocarbon oils)—
- in subsection (1) for the words "subsection (2)" there shall be substituted the words " subsections (2) and (3) "; and
  - at the end of the section there shall be inserted the following subsections—

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- “(3) In the case of aviation gasoline, the duty of excise charged under subsection (1) above shall be at one half of the rate specified in that subsection in relation to light oil.
- (4) In this Act " aviation gasoline " means light oil which—
- (a) is specially produced as fuel for aircraft; and
  - (b) is not normally used in road vehicles ; and
  - (c) is delivered for use solely as fuel for aircraft.”
- (3) In section 24 (power to control use of duty-free oil etc.) in subsection (1) after the words " for the purposes of " there shall be inserted the words " section 6(3) ".
- (4) In subsection (1) of section 27 (interpretation) after the words " In this Act" there shall be inserted the words—
- “" aviation gasoline " has the meaning given by section 6(4) above”.
- (5) In Part I of Schedule 3 (regulations under section 21 relating to hydrocarbon oil) after paragraph 10 there shall be inserted the following paragraphs—
- “10A Amending the definition of " aviation gasoline " in subsection (4) of section 6 of this Act.
- 10B Conferring power to require information relating to the supply or use of aviation gasoline to be given by producers, dealers and users.
- 10C Requiring producers and users of and dealers in aviation gasoline to keep and produce records relating to aviation gasoline.”
- (6) In Schedule 4 (regulations under section 24) after paragraph 18 there shall be inserted the following paragraphs—
- “18A Prohibiting the use of aviation gasoline otherwise than as a fuel for aircraft.
- 18B Prohibiting the taking of aviation gasoline into fuel tanks for engines other than aircraft engines.”
- (7) Subsections (1) and (2) above shall be deemed to have come into force at 6 o'clock in the evening of 9th March 1982.

## **5 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 " £35 " and " £7 " there shall be substituted respectively " £40 " and " £8 ".
- (4) For Schedule 4 (annual rates of duty on goods vehicles) there shall be substituted the provisions of Part A of Schedule 5 to this Act (which shall, accordingly, have effect as Schedule 4 to the Act of 1971).
- (5) In section 2(1) (duration of licences), for paragraph (c) there shall be substituted the following paragraph—

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- “(c) in the case of any vehicle which is authorised to be used on roads by virtue of an order made under section 42(1) of the Road Traffic Act 1972 and—
- (i) in respect of which duty is chargeable by reference to an annual rate applicable in accordance with the provisions of Schedule 3 to this Act; or
  - (ii) which is a goods vehicle the unladen weight of which exceeds eleven tons ;
- for any period of seven consecutive days (such a licence being referred to in this Act as a 'seven day licence') ;”
- (6) In section 38(4) (meaning of " unladen weight"), after the word " Act" there shall be inserted the words ", except in Schedule 4,
- ; and in Schedule 6 (provisions as to the computation of unladen weights) paragraphs 3 and 5 shall cease to have effect and in paragraph 4 for the words " Schedules 3 and 4 " there shall be substituted the words " Schedule 3 ".
- (7) Subsections (2) and (3) above apply in relation to licences taken out after 9th March 1982 and subsections (4) to (6) above apply in relation to licences first having effect after 30th September 1982.

## **6 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 " £35 " and " £7 " there shall be substituted respectively " £40 " and " £8 ".
- (4) For Schedule 4 (annual rates of duty on goods vehicles) there shall be substituted the provisions of Part A of Schedule 5 to this Act, modified in accordance with Part B of that Schedule; and Part A, as so modified, shall accordingly have effect as Schedule 4 to the Act of 1972.
- (5) In section 2—
- (a) in subsection (1) (duration of licences), for paragraph (c) there shall be substituted the following paragraphs—
    - “(c) in the case of a vehicle which is chargeable with duty by reference to the annual rate applicable in accordance with Schedule 2, being a hackney carriage having a seating capacity for more than twenty persons and used only during such holiday seasons as may be prescribed, for any period of seven consecutive days ;
    - (d) in the case of any vehicle which is authorised to be used on roads by virtue of an Order under Article 29(3) of the Road Traffic (Northern Ireland) Order 1981 and—
      - (i) in respect of which duty is chargeable by reference to an annual rate applicable in accordance with the provisions of Schedule 3 to this Act; or

(ii) which is a goods vehicle the unladen weight of which exceeds eleven tons ; for any period of seven consecutive days.”;

(b) after subsection (1) there shall be inserted the following subsection—

“(1A) In this Act a licence taken out under paragraph (c) or (d) of subsection (1) is referred to as a ' seven day licence'.”

(6) In section 35(1) (interpretation), in the definition of " seven day licence " for the words " section 2(1)(c) " there shall be substituted the words " section 2(1A) " .

(7) In section 35(4) (meaning of " unladen weight"), after the word " Act" there shall be inserted the words " , except in Schedule 4, " ; and in Schedule 7 (provisions as to the computation of unladen weights) paragraphs 3 and 5 shall cease to have effect and in paragraph 4 for the words " Schedules 3 and 4 " there shall be substituted the words " Schedule 3 " .

(8) Subsections (2) and (3) above apply in relation to licences taken out after 9th March 1982 and subsections (4) to (7) above apply in relation to licences first having effect after 30th September 1982.

## 7 Additional liability in relation to alteration of vehicle or its use

(1) In the Vehicles (Excise) Act 1971 the following section shall be inserted after section 18—

### “18A Additional liability in relation to alteration of vehicle or its use.

(1) Where a person convicted of an offence under section 18 of this Act is the person by whom the vehicle in respect of which the offence was committed was kept at the time it was committed, the court shall, in addition to any penalty which it may impose under that section, order him to pay an amount (the " additional duty ") calculated in accordance with this section.

(2) The additional duty shall, subject to subsections (7) and (8) below, be an amount equal to one three-hundred-and-sixty-fifth of the appropriate annual rate of duty for each day in the relevant period.

(3) The following Cases are referred to in subsections (5) and (6) below—

#### CASE A

Where:—

(a) at the time of the offence the vehicle in question had a plated weight (the " higher plated weight") which exceeds the plated weight (the " previous plated weight") which it had when the current licence was taken out; and

(b) the current licence was taken out at the rate of duty applicable to the previous plated weight.

#### CASE B

Where—

(a) the vehicle in question is a tractor unit (with in the meaning of paragraph 15 of Schedule 4 to this Act);

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- (b) the current licence was taken out at a rate of duty applicable to the use of the vehicle only with semi-trailers having not less than two axles or, as the case may be, only with semi-trailers having not less than three axles; and
- (c) the offence consisted in using the vehicle with a semi-trailer with a smaller number of axles than that mentioned in paragraph (b) above, in circumstances in which it was not treated by virtue of paragraph 14(2) of Schedule A to this Act as being licensed in accordance with the requirements of this Act.

#### CASE C

Where—

- (a) the current licence was taken out at the rate of duty applicable, by virtue of paragraph 8 of Schedule 4 to this Act, to a weight lower than the plated weight of the vehicle in question; and
- (b) the offence consisted in using the vehicle in contravention of a condition imposed by virtue of paragraph 8(3) of Schedule 4.

#### CASE D

Where the current licence was taken out at a rate of duty lower than that applicable to the vehicle in question by reference to its plated weight and the circumstances of the case do not bring it within Case A, B or C.

#### CASE E

Where the current licence was taken out at a rate of duty lower than that at which duty was chargeable in respect of that condition or manner of use of the vehicle which constituted the offence and the circumstances of the case do not bring it within Case A, B, C or D.

- (4) In this section " current licence " means the licence in relation to which the offence was committed.
- (5) In this section " appropriate annual rate of duty " means the difference between the rate of duty at which the current licence was taken out and—
  - (a) in Case A, the rate which would have been applicable had the current licence been taken out by reference to the higher plated weight;
  - (b) in Case B, the rate which would have been applicable had the current licence been taken out by reference to that use of the vehicle which constituted the offence ;
  - (c) in Case C, the rate which would have been applicable had the current licence been taken out by reference to the plated weight of the vehicle;
  - (d) in Case D, the rate which would have been applicable had the current licence been taken out by reference to the plated weight of the vehicle; and
  - (e) in Case E, the rate which would have been applicable had the current licence been taken out by reference to that condition or use of the vehicle which constituted the offence.
- (6) In this section ' relevant period ' means the period ending with the day on which the offence was committed and beginning—
  - (a) in relation to Case A, with the day on which the vehicle in question was plated with the higher plated weight; and

- (b) in relation to each of the other Cases, with the day on which the current licence first took effect.
- (7) Where the person convicted proves—
- (a) that throughout any day comprised in the relevant period he was not the keeper of the vehicle in question ;
  - (b) that throughout any such day the vehicle in question was neither used nor kept by him on a public road and that he was exempt by virtue of section 10(2)(b) or (c) of this Act from liability under subsection (1) of that section in respect of that day;
  - (c) that he had, before his conviction, paid the higher of the two rates of duty referred to in the relevant paragraph of subsection (5) above in respect of the vehicle for any such day, whether or not on a licence ; or
  - (d) that throughout any such day the vehicle was not chargeable with duty ;
- the additional duty shall be calculated as if that day were not comprised in the relevant period.
- (8) Where a person is convicted of more than one contravention of section 18 of this Act in respect of the same vehicle (whether or not in the same proceedings) the court shall, in calculating the additional duty payable in respect of any one of those offences, reduce the amount calculated in accordance with the preceding provisions of this section in relation to a particular period by the amount of the additional duty ordered to be paid under this section in relation to that period in respect of the other offence or, as the case may be, offences.
- (9) Except so far as it is proved to have fallen within some other description for the whole of any day comprised in the relevant period, the vehicle in question shall be taken for the purposes of this section to have belonged throughout the relevant period to that description of vehicle to which it belonged for the purposes of duty at the date of the offence.
- (10) Where, on a person's conviction of an offence under section 18 of this Act, an order is made under Part I of the Powers of Criminal Courts Act 1973 placing him on probation or discharging him absolutely or conditionally, this section shall apply as if the conviction were deemed to be a conviction for all purposes.
- (11) This section shall have effect subject to the provisions (applying with the necessary modifications) of any enactment relating to the imposition of fines by magistrates' courts, other than one conferring a discretion as to their amount; and any sum payable by virtue of an order under this section shall be treated as a fine, and the order as a conviction, for the purposes of Part III of the Magistrates' Courts Act 1980 (including any enactment having effect as if contained in that Part) and of any other enactment relating to the recovery or application of sums ordered to be paid by magistrates' courts.
- (12) In its application to Scotland, this section shall have effect as if for subsections (10) and (11) there were substituted the following subsections—
- “(10) Where a person is convicted on indictment of, or is charged before a court of summary jurisdiction with, an offence under section 18 of this Act, and an order is made under section 182 or 383 of the Criminal Procedure (Scotland)

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Act 1975 discharging him absolutely, or under section 183 or 384 of that Act placing him on probation, this section shall apply as if the making of the order were a conviction for all purposes.

(11) Any sum payable by virtue of an order under this section shall be treated as a fine imposed by a court of summary jurisdiction.”

(13) This section is subject to Schedule 7 to this Act.”

(2) In the Vehicles (Excise) Act (Northern Ireland) 1972, after section 18 there shall be inserted the section set out in subsection (1) above, modified as follows—

(a) in subsection (1) for the word 'penalty' there shall be substituted the word 'fine';

(b) for any reference in subsections (3) and (5) to a plated weight there shall be substituted a reference to a relevant maximum weight or, as the case may be, a relevant maximum train weight;

(c) in subsection (6)—

(i) after the words 'ending with' there shall be inserted the words 'and including';

(ii) in paragraph (a) after the word 'with' (where it first occurs) there shall be inserted the words 'and including' and for the words 'plated with the higher plated weight' there shall be substituted the words 'rated at the higher relevant maximum weight or, as the case may be, the higher relevant maximum train weight'; and

(iii) in paragraph (b) after the word 'with' there shall be inserted the words 'and including';

(d) in subsection (10) for the reference to Part I of the Powers of Criminal Courts Act 1973 there shall be substituted a reference to the Probation Act (Northern Ireland) 1950;

(e) for subsection (11) there shall be substituted the following subsection—

“(11) A sum payable by virtue of any order made under this section by a court shall be recoverable as a sum adjudged to be paid by a conviction and treated for all purposes as a fine within the meaning of section 20 of the Administration of Justice Act (Northern Ireland) 1954.”;

(f) for subsection (12) there shall be substituted the following subsection—

“(12) In this section "relevant maximum weight" and "relevant maximum train weight" have the same meaning as in Schedule 4.”; and

(g) in subsection (13) for the reference to Schedule 7 there shall be substituted a reference to Schedule 9.

(3) In Schedule 7 to the Act of 1971 (transitional provisions), the following paragraph shall be inserted after paragraph 17—

“17A Section 18A shall have effect as if—

(a) in subsection (2) for the words "one three-hundred and-sixty-fifth" there were substituted the words "one twelfth" and for the words "day in the relevant period" there were substituted the words "calendar month or part of a calendar month in the relevant period";

(b) in subsection (7)—



- (i) in paragraph (a), for the word " day" there were substituted the words ' month or part of a month ';
  - (ii) in paragraph (b), for the word " day" there were substituted the words " month or part " and the words from " and that he was exempt" onwards were omitted ;
  - (iii) in paragraphs (c) and (d) and in the words following paragraph (d), for the word " day" there were in each case substituted the words " month or part ";
- (c) in subsection (9), for the words " any day comprised in the relevant period" there were substituted the words " any month or part of a month comprised in the relevant period."
- (4) In Schedule 9 to the Act of 1972 (transitional provisions in Northern Ireland), the paragraph set out in subsection (3) above shall be inserted after paragraph 17 ".

## **8 Betting and gaming duties**

- (1) Schedule 6 to this Act shall have effect for the purposes of—
- (a) increasing pool betting duty, other than in the case of pool competitions bets;
  - (b) increasing gaming licence duty ;
  - (c) amending the law relating to bingo duty ; and
  - (d) increasing, and otherwise amending the law relating to, gaming machine licence duty.
- (2) Part II of Schedule 6 shall have effect in relation to bets made at any time by reference to an event taking place after 31st March 1982, Part III of that Schedule shall have effect in relation to gaming licences for any period beginning after 31st March 1982, Part IV of that Schedule shall have effect in relation to bingo played after 26th September 1982 and Part V of that Schedule shall have effect in relation to gaming machine licences for any period beginning after 30th September 1982.

## **9 Immature spirits for home use and loss allowance for imported beer**

- (1) The Treasury may by order—
- (a) substitute for the period of three years or that of two years referred to in subsection (1) of section 31 of the Alcoholic Liquor Duties Act 1979 (restriction on delivery of immature spirits for home use) or for both such periods such shorter period or periods as they think fit;
  - (b) amend the said section 31 so as to exempt rum from any restriction imposed by that subsection ; and
  - (c) repeal the said section 31.
- (2) An order under subsection (1) above shall be made by statutory instrument which shall be laid before the Commons House of Parliament and shall cease to have effect at the end of the period of twenty-eight days beginning with the day on which it was made unless it is approved by resolution of the Commons House of Parliament before the end of that period (but without prejudice to anything previously done in pursuance of the order or to the making of a new order).

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

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- (3) At the end of section 40 of the Alcoholic Liquor Duties Act 1979 (charge of duty on imported beer) there shall be added the following subsection: —

“(3) The duty chargeable on beer to which subsection (1) above applies and which is imported or removed into the United Kingdom in containers having a capacity of more than 10 litres shall be charged on a quantity which is 2 per cent, less than the quantity so imported or removed.”

- (4) Subsection (3) above has effect in relation to beer imported or removed into the United Kingdom on or after 1st October 1982.

## 10 Regulator powers

- (1) In subsection (2) of section 1 of the Excise Duties (Surcharges or Rebates) Act 1979 (regulator powers) for the words from " groups of duties " to " every right" there shall be substituted the words " duties to which this section applies, provide for an adjustment—

- (a) of any liability to such a duty ; and
- (b) of any right".

- (2) For subsections (3) and (4) of section 2 of that Act there shall be substituted the following subsection—

“(3) An order

- (a) may specify different percentages for different cases ; but
- (b) may not provide for both an addition to any amount payable and a deduction from any other amount payable.”.

- (3) In subsection (7) of that section (procedure for certain orders) for the words from " with respect to " to the end of paragraph (b) there shall be substituted the words “—

- (a) specifies a percentage by way of addition to any amount payable or increases a percentage so specified; or
- (b) withdraws or reduces a percentage specified by way of deduction from any amount payable,“.”.

## 11 Powers of Commissioners with respect to agricultural levies etc.

- (1) Notwithstanding that—

- (a) agricultural levies, within the meaning of section 6 of the European Communities Act 1972, which are charged on goods exported from the United Kingdom are, in accordance with subsection (4) of that section, paid to and recoverable by the Intervention Board for Agricultural Produce, and
- (b) payments made by virtue of Community arrangements to which subsection (3) of that section applies are made by that Board,

proceedings for an offence under the Theft Act 1968, the Theft Act 1978, the Theft Act (Northern Ireland) 1969 or the Theft (Northern Ireland) Order 1978 relating to any such levies or payments may be instituted by the Commissioners.

- (2) At the end of Part V of the Customs and Excise Management Act 1979 (control of exportation) there shall be added the following section: —

**“68A Offences in relation to agricultural levies.**

- (1) Without prejudice to section 11(1) of the Finance Act 1982, if any person is, in relation to any goods, in any way knowingly concerned in any fraudulent evasion or attempt at evasion of any agricultural levy chargeable on the export of the goods, he shall be guilty of an offence and may be detained.
  - (2) Any person guilty of an offence under this section shall be liable, on summary conviction, to a penalty of three times the value of the goods or £200, whichever is the greater.
  - (3) Any goods in respect of which an offence under this section is committed shall be liable to forfeiture.
  - (4) In this section " agricultural levy" has the same meaning as in section 6 of the European Communities Act 1972 and the provisions of this section apply notwithstanding that any such levy may be payable to the Intervention Board for Agricultural Produce.”
- (3) At the end of section 136 of the Customs and Excise Management Act 1979 (offences in connection with claims for drawback etc.) there shall be inserted the following subsection: —
- “(6) Without prejudice to section 6(5) of the European Communities Act 1972 (which provides for the application of certain enactments, including this section, if the Commissioners are charged with the performance on behalf of the Intervention Board for Agricultural Produce, of certain duties in relation to the payment of refunds or allowances on goods exported or to be exported from the United Kingdom)—
- (a) references in this section to amounts by way of drawback include amounts payable by the Intervention Board for Agricultural Produce by virtue of Community arrangements to which section 6(3) of that Act applies; and
  - (b) in relation to such amounts, subsection (3) above shall have effect with the omission of the words from " but in the case " onwards.”

## **12 Delegation of Commissioners' functions**

In subsection (1) of section 8 of the Customs and Excise Management Act 1979 (functions of Commissioners may be exercised by secretaries, assistant secretaries, etc.) for paragraphs (b) and (c) there shall be substituted the following paragraph: —

“(b) any officer or other person acting under the authority of the Commissioners”

and at the end of that subsection there shall be added the words " and any statement signed by one or more of the Commissioners certifying that a person specified in the statement was, at a time or for a purpose so specified, acting under the authority of the Commissioners shall be admissible in evidence, and in Scotland shall be sufficient evidence, of the fact so certified. ";

## PART II

### VALUE ADDED TAX AND CAR TAX

#### 13 Registration

- (1) In paragraph 1 of Schedule 1 to the Finance Act 1972 (liability to be registered)—
- (a) for " £5,000 " there shall be substituted " £6,000 " , and
  - (b) for " £15,000 " , in each place, there shall be substituted " £17,000 " ;
- and in section 20(1) of that Act (registration of local authorities) for the words following " one year " there shall be substituted the words " does not exceed the sum for the time being specified in paragraph 1(a)(ii) of that Schedule, as if that value exceeded that sum " .
- (2) In paragraph 2 of that Schedule (termination of liability to be registered)—
- (a) for " £15,000 " , in both places, there shall be substituted " £17,000 " , and
  - (b) for " £14,000 " there shall be substituted " £16,000 " .
- (3) After paragraph 11 of that Schedule there shall be inserted—
- “11A The Treasury may by order substitute for any of the sums for the time being specified in paragraphs 1 and 2 of this Schedule such greater sums as they think fit.”.
- (4) Subsection (1) above shall be deemed to have come into force on 10th March 1982 and subsection (2) on 1st June 1982.

#### 14 Input tax

- (1) In subsection (5) of section 3 of the Finance Act 1972 (payment of excess credit for input tax against output tax by Commissioners) after the words " the amount of the excess shall " there shall be inserted the words " subject to subsection (6A) below " , and after subsection (6) of that section there shall be inserted the following subsection—
- “(6A) Where at the end of any period an amount is due under subsection (5) above to a taxable person who has failed to submit returns or to pay tax for any earlier period as required by this Part of this Act, the Commissioners may withhold payment of that amount until he has complied with that requirement.”
- (2) In subsection (8)(b) of that section (power to enable taxable persons to count tax on the supply or importation of goods as their input tax) for the words " supply to him, or paid by him on the importation, of goods " there shall be substituted the words " supply to him of goods or services or paid by him on the importation of goods " .

#### 15 Supplies spanning change of rate etc.

- (1) This section applies where there is a change in the rate of value added tax in force under section 9 of the Finance Act 1972, or in the descriptions of exempt or zero-rated supplies.
- (2) Where
- (a) a supply affected by the change would, apart from subsections (4) to (6A) of section 7 of that Act (time of supply), be treated under subsection (2) or (3) of

that section as made wholly or partly at a time when it would not have been affected by the change, or

- (b) a supply not so affected would apart from subsections (4) to (6A) be treated under subsection (2) or (3) of that section as made wholly or partly at a time when it would have been so affected,

the rate at which tax is chargeable on the supply, or any question whether it is zero-rated or exempt, shall if the person making it so elects be determined without regard to subsections (4) to (6A).

- (3) Any power to make regulations under Part I of the Finance Act 1972 with respect to the time when a supply is to be treated as taking place shall include power to provide for this section to apply as if the references in subsection (2) above to section 7(4) to (6A) included references to specified provisions of the regulations.
- (4) Regulations under section 30 of the Finance Act 1972 may make provision for the replacement or correction of any tax invoice which—
  - (a) relates to a supply in respect of which an election is made under this section, but
  - (b) was issued before the election was made.
- (5) No election may be made under this section in respect of a supply to which paragraph 6 of Schedule 2 to the Finance Act 1972 (sales in satisfaction of debts) or section 19(4) of the Finance (No. 2) Act 1975 (invoice provided by recipient) applies.

## **16 Treatment of partnerships**

- (1) In section 22 of the Finance Act 1972 (partnerships) in subsection (1) (registration of partners in the name of the firm and provisions as to changes of members of the partnership)—
  - (a) after the words " in determining " there shall be inserted the words " for any purpose of this Part of this Act "; and
  - (b) the words from " or of a change " onwards shall be omitted.
- (2) After that subsection there shall be inserted the following subsections: —

“(1A) Without prejudice to section 36 of the Partnership Act 1890 (rights of persons dealing with firm against apparent members of firm) until the date on which a change in the partnership is notified to the Commissioners, a person who has ceased to be a member of a partnership shall be regarded as continuing to be a partner for the purposes of this Part of this Act and, in particular, for the purpose of any liability for tax on the supply of goods or services by the partnership.

(1B) Where a person ceases to be a member of a partnership during a prescribed accounting period (or is treated as so doing by virtue of subsection (1A) above) any notice, whether of assessment or otherwise, which is served on the partnership and relates to, or to any matter arising in, that period or any earlier period during the whole or part of which he was a member of the partnership shall be treated as served also on him.

(1C) Without prejudice to section 16 of the Partnership Act 1890 (notice to acting partner to be notice to the firm) any notice, whether of assessment or otherwise, which is addressed to a partnership by the name in which it is registered by virtue of subsection (1) above and is served in accordance with

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this Part of this Act shall be treated for the purposes of this Part of this Act as served on the partnership and, accordingly, where subsection (1B) above applies, as served also on the former partner.”

- (3) In subsection (2) of that section for " Subsection (1)" there shall be substituted " Subsections (1) and (1B) ".

## **17 Recovery of over-payment of value added tax etc.**

- (1) In section 31 of the Finance Act 1972 (assessment to tax) after subsection (1) there shall be inserted the following subsections: —

“(1A) In any case where—

- (a) an amount has been repaid to any person as being a repayment of tax, which ought not to have been repaid, or
- (b) an amount has been paid to any person as being due to him in accordance with section 3(5) of this Act, which ought not to have been paid to him,

the Commissioners may assess that amount as being tax due from him in the prescribed accounting period in which the amount was repaid or, as the case may be, paid and notify it to him accordingly.

(1B) Where a person is assessed under subsections (1) and (1A) above in respect of the same prescribed accounting period the assessments may be combined and notified to him as one assessment.”

- (2) In subsections (2), (4) and (6) of that section after the words " subsection (1)" there shall be inserted the words " or subsection (1A) ".
- (3) In section 40(1)(b)(i) of the Finance Act 1972 (appeals against assessments) after the words " subsection (1) " there shall be inserted the words " or (1A) ".
- (4) The preceding provisions of this section shall not have effect in relation to any amounts repaid or paid to any person before the passing of this Act.

## **18 Car tax: reduction for motor caravans**

In subsection (2) of section 52 of the Finance Act 1972 (car tax) after the words " 10 per cent, of " there shall be inserted the words—

- “(a) in the case of a caravan, three-fifths of its wholesale value; and
- (b) in any other case”.

## **19 Car tax: transfer of liability on transfer of stocks**

In paragraph 26 of Schedule 7 to the Finance Act 1972 (regulations relating to car tax) after paragraph (e) there shall be inserted the following paragraph—

- “(ee) for transferring liability for the tax in respect of any chargeable vehicles to a person to whom the property in the vehicles is transferred where the circumstances of the transfer are of a description specified in the regulations and are such that tax does not become due on or before the transfer, and for applying to the transferee, with or without modifications, provisions of this Schedule applicable to a person who is liable for tax as a person registered under this Schedule.”

## PART III

### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

#### CHAPTER I

##### GENERAL

#### 20 Charge of income tax for 1982-83

- (1) Income tax for the year 1982-83 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 £12,800 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 £6,250 at the additional rate of 15 per cent.

<i>Part of excess over £12,800</i>	<i>Higher rate</i>
The first £2,300	40 per cent.
The next £4,000	45 per cent.
The next £6,200	50 per cent.
The next £6,200	55 per cent.
The remainder	60 per cent.

- (2) Section 24(4) of the Finance Act 1980 (increase of basic rate limit, higher rate bands and investment income threshold) shall not apply for the year 1982-83.

#### 21 Charge of corporation tax for financial year 1981

Corporation tax shall be charged for the financial year 1981 at the rate of 52 per cent.

#### 22 Rate of advance corporation tax for financial year 1982

The rate of advance corporation tax for the financial year 1982 shall be three-sevenths.

#### 23 Corporation tax: small companies

- (1) The small companies rate for the financial year 1981 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 two twenty-fifths.
- (2) For the financial year 1981 and subsequent financial years subsection (3) of the said section 95 shall have effect with the substitution for any reference to £80,000 of a reference to £90,000 and with the substitution for any reference to £200,000 of a reference to £225,000.
- (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

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

## 24 Personal reliefs

- (1) Section 24(5) of the Finance Act 1980 (increase of personal reliefs) shall not apply for the year 1982-83.
- (2) In section 8 of the Taxes Act (personal reliefs)—
  - (a) in subsection (1)(a) (married) for "£2,145 " there shall be substituted " £2,445 ";
  - (b) in subsections (1)(b) (single) and (2) (wife's earned income relief) for "£1,375" there shall be substituted " £1,565 ";
  - (c) in subsection (1A) (age allowance) for "£2,895" and "£1,820" there shall be substituted " £3,295 " and " £2,070 " respectively ; and
  - (d) in subsection (1B) (income limit for age allowance) for " £5,900 " there shall be substituted " £6,700 ".

## 25 Relief for interest

- (1) In sub-paragraph (1) of paragraph 5 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 1982-83 as well as for previous years of assessment.
- (2) At the end of that paragraph there shall be added the following sub-paragraph—
 

“(6) In determining whether the amount on which interest is payable under a loan exceeds the limit in sub-paragraph (1) above, no account shall be taken of so much (if any) of that amount as consists of interest which has been added to capital and does not exceed £1,000.”

## 26 Deduction of tax from certain loan interest

- (1) If a person who is a qualifying borrower makes a payment of relevant loan interest to which this section applies, he shall be entitled, on making the payment, to deduct and retain out of it a sum equal to income tax thereon at the basic rate for the year of assessment in which the payment becomes due; and, accordingly, section 75 of the Finance Act 1972 (relief for payment of interest), section 54 of the Taxes Act (certain payments of interest to be made under deduction of tax) and section 343(4) of the Taxes Act (no deduction of income tax from payment of interest to building societies) shall not apply to that payment of relevant loan interest.
- (2) Where a sum is deducted under subsection (1) above from a payment of relevant loan interest.—
  - (a) the person to whom the payment is made shall allow the deduction on receipt of the residue ;
  - (b) the borrower shall be acquitted and discharged of so much money as is represented by the deduction as if the sum had been actually paid; and
  - (c) the sum deducted shall be treated as income tax paid by the person to whom the payment is made.



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- (3) Part I of Schedule 7 to this Act shall have effect to determine what is relevant loan interest, Part II of that Schedule shall have effect with respect to the application of this section to any such interest and Parts III and IV of that Schedule shall have effect with respect to qualifying borrowers and qualifying lenders respectively.
- (4) Where payments of relevant loan interest to which this section applies become due in any year, the borrower shall be charged with, tax at the basic rate for that year on an amount of income equal, subject to subsection (5) below, to the deduction which, in computing his total income, falls to be made on account of those payments.
- (5) In any case where—
- (a) payments of relevant loan interest to which this section applies become due in any year ; and
  - (b) the total income of the borrower for that year is such that he cannot benefit from any or, as the case may be, the full amount of the relevant personal reliefs to which he is entitled,
- so much of that full amount as cannot be deducted from his total income shall be deducted from the amount of income on which he is chargeable to tax by virtue of subsection (4) above.
- (6) In subsection (5) above " relevant personal relief " means any relief to which the borrower concerned is entitled under Chapter II of Part I of the Taxes Act, other than—
- (a) relief under section 19 of that Act (premiums on life insurance policies) which is given either by deduction by virtue of paragraph 5 of Schedule 4 to the Finance Act 1976 or in accordance with paragraph 15 of that Schedule; and
  - (b) relief under section 20 of the Taxes Act (deferred annuities) ;
- and for the purposes of subsection (5) above the full amount of those reliefs means the amount of them determined without regard to section 25 of the Taxes Act (under which reliefs are limited so as not to exceed total income).
- (7) Sections 240(5) and 246(3) of the Taxes Act (which require income tax deducted from payments received by certain companies to be set off against corporation tax and denies the company the right to repayment of income tax) shall not apply to a payment of relevant loan interest to which this section applies which is received by any company, but, in accordance with regulations under section 29 below, any person by whom such a payment is received shall be entitled to recover from the Board an amount equal to the sum which, by virtue of subsection (2)(c) above is treated as income tax paid by him; and any amount so recovered shall be treated for the purposes of the Tax Acts in like manner as the payment of relevant loan interest to which it relates.
- (8) Notwithstanding paragraph (f) of section 130 of the Taxes Act (prohibition on deduction of annual payments other than interest in computing profits or gains of a trade etc.) no sum shall be deducted in respect of relevant loan interest in computing the amount of the profits or gains to be charged under Case I or II of Schedule D and, accordingly, no sum shall be so deducted in computing the profits or gains to be charged under Case VI of that Schedule.
- (9) In the Finance Act 1976—
- (a) in section 66 (taxation of benefit of employment linked loans) at the end of subsection (8) there shall be added the words " or which would be so eligible apart from section 26 of the Finance Act 1982 "; and
  - (b) in paragraph 8 of Schedule 8 (provisions supplementary to section 66) the following sub-paragraph shall be substituted for sub-paragraph (1)—

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“(1) Interest is eligible for relief for the purposes of this Part of this Schedule if it is eligible for relief under section 75 of the Finance Act 1972 or would be eligible for such relief apart from section 26 of the Finance Act 1982.”

## **27 Termination of the option mortgage schemes**

- (1) Subject to the provisions of this section, Part II of the 1967 Act (assistance for house purchase and improvement in Great Britain) and Part VIII of the 1981 Order (option mortgages in Northern Ireland) shall cease to have effect on 1st April 1983.
- (2) Nothing in this Act affects the continuing operation of—
  - (a) sections 24(2)(a) and 28 of the 1967 Act (entitlement to and calculation of subsidy) with respect to payments falling to be made by the Secretary of State and related to amounts due from the borrower before 1st April 1983 or treated as so due by virtue of section 28(1A) of that Act; or
  - (b) section 28A of the 1967 Act (recovery of subsidy in certain cases) in its application to any such payments ; or
  - (c) Articles 142(2)(a) and 149 of the 1981 Order (entitlement to and calculation of subsidy) with respect to payments falling to be made by the Department of the Environment for Northern Ireland and related to amounts due from the borrower before 1st April 1983 or treated as so due by virtue of Article 149(2) of that Order; or
  - (d) Article 150 of the 1981 Order (recovery of subsidy in certain cases) in its application to any such payments.
- (3) Nothing in this Act affects the continuing operation of Part II of the 1967 Act in relation to a loan in respect of which an option notice is in force on 31st March 1983 if—
  - (a) on that date the residence condition in section 24B of that Act is not fulfilled ; and
  - (b) as a result either of the lender having first become aware of the fact on or before that date or of a notification having been given on or before that date, the option notice will (assuming the continuation in force of the said Part II) cease to have effect after that date by virtue of paragraph (ix) or paragraph (x) of subsection (3) of section 24 of that Act.
- (4) Nothing in this Act affects the continuing operation of Part VIII of the 1981 Order in relation to a loan in respect of which an option notice is in force on 31st March 1983 if—
  - (a) on that date the residence condition in Article 145 of that Order is not fulfilled; and
  - (b) as a result either of the lender having first become aware of that fact on or before that date or of a notification having been given on or before that date, the option notice will (assuming the continuation in force of the said Part VIII) cease to have effect after that date by virtue of sub-paragraph (z) or sub-paragraph (f) of paragraph (4) of Article 142 of that Order.
- (5) In this section—
  - " the 1967 Act" means the Housing Subsidies Act 1967; and
  - "the 1981 Order" means the Housing (Northern Ireland) Order 1981.

## **28 Variation of terms of repayment of certain loans**

- (1) If relevant loan interest payable by a qualifying borrower—
- (a) is payable under a loan agreement requiring combined payments, and
  - (b) is payable to a qualifying lender who, in accordance with subsection (5) below, is specified for the purposes of this section, and
  - (c) is interest on a loan made before 1st April 1983, or if it is interest in respect of which the Board have notified an earlier date to the lender under paragraph 2(5) of Schedule 7 to this Act, before that earlier date,
- then, subject to subsection (2) below, the terms of repayment of the loan are by virtue of this section varied in accordance with subsection (3) below.
- (2) Subsection (1) above does not apply to any combined payment unless—
- (a) the qualifying lender concerned has, in accordance with regulations, given notice to the qualifying borrower that this section is to apply to combined payments which the borrower is required to make under the loan agreement; and
  - (b) the qualifying borrower has not, in accordance with regulations, given notice to the qualifying lender that he wishes to continue with combined payments which, allowing for any sums he is entitled to deduct by virtue of section 26 above, do not exceed the combined payments which he would have been required to make but for the provisions of that section.
- (3) Where subsection (1) above applies, the amount of any combined payment payable by the qualifying borrower concerned which includes a payment of relevant loan interest shall be determined by the lender so as to secure, so far as practicable—
- (a) that the principal and interest are repaid over the period which is for the time being agreed between the lender and the borrower ; and
  - (b) that, unless there is a change in that period or in the basic rate of income tax or in the rate of interest charged by the lender, the amount of each net payment due from the borrower to the lender will be of the same amount;
- and for the purposes of paragraph (b) above a " net payment" means a payment which, so far as it is a payment of interest, consists of interest from which the sum provided for by section 26(1) above has been deducted.
- (4) Where the qualifying borrower gives a notice under subsection (2)(b) above, the amount of any combined payment payable by him which includes a payment of relevant loan interest and the period over which the principal and interest on the loan are to be repaid shall be determined by the lender so as to secure, so far as practicable, that, unless there is a change in the basic rate of income tax or in the rate of interest charged by the lender.—
- (a) the amount of each net payment, as defined in subsection (3) above, which is due from the borrower to the lender will be of the same amount; and
  - (b) the amount of each such payment does not exceed what, apart from section 26 above, would have been the amount of the first combined payment payable by the borrower after the date referred to in subsection (1)(c) above, less tax at the basic rate for the year 1983-84 on so much of that combined payment as would have consisted of interest;
- but nothing in this section or in the loan agreement shall prevent the borrower from making, at such time or times as he chooses, additional repayments of capital of any amount so as to secure that the principal and interest on the loan are repaid within a period which is not shorter than that referred to in subsection (3)(a) above.

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- (5) A building society within the meaning of the Building Societies Act 1962 or the Building Societies Act (Northern Ireland) 1967 is by virtue of this subsection specified for the purposes of this section; and the Treasury may by order made by statutory instrument specify any other qualifying lender or class of qualifying lender for the purposes of this section.
- (6) The giving of a notice under paragraph (a) or paragraph (b) of subsection (2) above does not affect the right of the qualifying lender and the qualifying borrower to vary, by agreement, the terms on which interest or capital or both is to be repaid.
- (7) In this section—
- " loan agreement " means an agreement governing the terms of payment of interest and repayment of capital of a loan the interest on which is relevant loan interest;
- " combined payment" means one of a number of regular payments which are attributable in part to repayment of capital and in part to payment of interest; and
- " regulations " means regulations made by the Board under section 29 below;
- and other expressions have the same meaning as in section 26 above.

## 29 Supplementary regulations

- (1) The Treasury may by regulations made by statutory instrument make provision for the application of sections 26 and 28 above and Schedule 7 to this Act in relation to—
- (a) a housing association which is for the time being approved for the purposes of section 341 of the Taxes Act and which borrows or has borrowed from a qualifying lender on the security of a freehold or leasehold estate of that association on land in Great Britain or Northern Ireland; and
  - (b) a self-build society, within the meaning of Part I of the Housing Act 1974, which is for the time being approved for the purposes of section 341A of the Taxes Act and which borrows or has borrowed from a qualifying lender on the security of a freehold or leasehold estate of that society on land in Great Britain.
- (2) Regulations under subsection (1) above—
- (a) may contain such modifications of the provisions of sections 26 and 28 above and Schedule 7 to this Act, and
  - (b) may make the application of any of those provisions subject to such special conditions,
- as appear to the Treasury to be appropriate.
- (3) The Board may by regulations made by statutory instrument make provision—
- (a) for the purposes of any provision of section 26 or section 28 above or Schedule 7 to this Act which relates to any matter or thing to be specified by or done in accordance with regulations ;
  - (b) for the application of sections 26 and 28 above and Schedule 7 to this Act in relation to loan interest paid by personal representatives and trustees ;
  - (c) with respect to the furnishing of information by borrowers or lenders, including, in the case of lenders, the inspection of books, documents and other records on behalf of the Board ;

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- (d) for, and with respect to, appeals to the General Commissioners or the Special Commissioners against the refusal of the Board to issue a notice under paragraph 7(1)(b) of Schedule 7 to this Act or the issue of a notice under paragraph 10 of that Schedule ; and
  - (e) generally for giving effect to sections 26 and 28 above and Schedule 7 to this Act.
- (4) In the application of this section to Scotland—
- (a) " a freehold or leasehold estate " means any interest in land;
  - (b) any reference to a loan on the security of such an estate is a reference to a loan upon a heritable security within the meaning of section 9(8)(a) of the Conveyancing and Feudal Reform (Scotland) Act 1970,
- (5) A statutory instrument by which the power to make regulations conferred by subsection (1) or subsection (3) above is exercised shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

### **30 Exemption from income tax: mobility allowance**

- (1) In section 219(1) of the Taxes Act (social security benefits charged to tax unless specifically exempted) after the words " attendance allowance " there shall be inserted the words " mobility allowance ".
- (2) Paragraph (b)(ii) of subsection (2) of section 8 of the Taxes Act (mobility allowance of wives to be treated as earned income) shall cease to have effect.
- (3) This section shall have effect in relation to mobility allowance paid in respect of periods beginning on or after 6th April 1982.

### **31 Income taxable under Schedule E**

- (1) The following section shall be inserted in the Taxes Act after section 219—

#### **“219A Other payments charged under Schedule E.**

- (1) The following payments shall be charged to income tax under Schedule E by virtue of this section if they would not otherwise be, that is to say—
  - (a) allowances paid under a scheme of the kind described in the Job Release Act 1977, being a scheme which provides for the payment of allowances for periods beginning earlier than one year before the date on which the recipient attains pensionable age, as defined in that Act;
  - (b) maternity pay (whether paid during the subsistence of a contract of employment or not) within the meaning of section 33 of the Employment Protection (Consolidation) Act 1978 or, in Northern Ireland, Article 15 of the Industrial Relations (No. 2) (Northern Ireland) Order 1976 ; and
  - (c) payments of statutory sick pay within the meaning of section 1 of the Social Security and Housing Benefits Act 1982 or, in Northern Ireland, any corresponding provision contained in an Order in Council under the Northern Ireland Act 1974.
- (2) This section has effect in relation to payments made in respect of periods beginning on or after 6th April 1982.”

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- (2) In subsection (2)(c) of section 530 of the Taxes Act (certain payments to be " earned income "), after the words " section 219(1) " there shall be inserted the words " or section 219A ".

### **32 Social security benefits**

- (1) In section 27 of the Finance Act 1981 (provisions relating to the taxation of social security payments)—

- (a) in subsection (3) (taxation of certain supplementary allowances)—
- (i) the words " (except so far as made by virtue of section 4 of that Act) " shall cease to have effect; and
  - (ii) for paragraph (a) there shall be substituted the following paragraphs: —

“(a) his right to the allowance is subject to any condition contained in section 5 of that Act (requirements as to registration and availability for employment); or

(aa) the allowance is paid to him under Regulation 12, 16 or 19 of the Supplementary Benefit (Urgent Cases) Regulations 1981, and his right to the allowance is not subject to the said section 5 by virtue only of Regulation 3(2) of those Regulations ; or”;

- (b) after subsection (3) there shall be inserted the following subsection—

“(3A) An allowance shall not be charged to tax under Schedule E by virtue of subsection (3)(b) above to the extent that it is made by virtue of section 4 of the said Act of 1976.”;

- (c) in subsection (5) (relevant amounts) the following paragraph shall be substituted for paragraph (a)—

“(a) in a case where the supplementary allowance is paid to a person—

(i) to whom subsection (3)(a) above applies and he is for the purposes of the said Act of 1976 one of a married or unmarried couple the other one of whom is within section 8 of that Act and the said paragraph 10 applies to him, or

(ii) to whom subsection (3)(b) above applies, to the amount specified in the said paragraph 10 ;

and at the end of that subsection there shall be inserted the following words—”;

“Any reference in this subsection to an amount or rate or increase specified in any provision is a reference to the amount or rate or increase so specified for the week in question.”;

- (d) at the end of paragraph (c) of subsection (8) (Northern Ireland adaptations) there shall be added the words “and

(d) for any reference to the Supplementary Benefit (Urgent Cases) Regulations 1981 there were substituted a reference to the Supplementary Benefit (Urgent Cases) Regulations (Northern Ireland) 1981”; and

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- (e) in subsection (11) (commencement of section 27) for the words " 5th April 1982 " there shall be substituted the words " 4th July 1982 ".
- (2) In section 29 of the Finance Act 1981 (pay as you earn repayments) in paragraph (b) for the words from " to the condition " to " or " there shall be substituted the words " to any condition contained in section 5 of the said Act of 1976 or, in Northern Ireland, Article 7 of the said Order (requirements as to registration and availability for employment); or ".
- (3) Any reference in section 27 or section 29 of the Finance Act 1981 to section 5 of the Supplementary Benefits Act 1976 or to Article 7 of the Supplementary Benefits (Northern Ireland) Order 1977 includes a reference to that section or Article as amended by any other enactment including an enactment passed or made after the passing of this Act.
- (4) Paragraph (e) of subsection (1) above shall be deemed to have come into force on 5th April 1982 and the remainder of this section shall be deemed to have come into force on 5th July 1982.

### **33 Small maintenance payments**

- (1) Section 65 of the Taxes Act (certain small maintenance payments to be made without deduction of tax) shall be amended as follows.

- (2) For subsection (1) there shall be substituted the following subsections—

“(1) In this section 'small maintenance payments' means payments under an order made by a court in the United Kingdom—

- (a) by one of the parties to a marriage (including a marriage which has been dissolved or annulled) to or for the benefit of the other party to that marriage for that other party's maintenance,
- (b) to any person under 21 years of age for his own benefit, maintenance or education, or
- (c) to any person for the benefit, maintenance or education of a person under 21 years of age,

in respect of which the two conditions mentioned in subsection (1A) below are satisfied; and 'small maintenance order' means an order providing for the making of small maintenance payments.

- (1A) The first of the conditions referred to in subsection (1) above is—

- (a) in the case of payments falling within paragraph (a) of that subsection, that the order for the time being requires them to be made—
  - (i) weekly at a rate not exceeding £33 per week, or
  - (ii) monthly at a rate not exceeding £143 per month,
- (b) in the case of payments falling within paragraph (b) (but not within paragraph (a)) of that subsection, that the order for the time being requires them to be made—
  - (i) weekly at a rate not exceeding £33 per week, or
  - (ii) monthly at a rate not exceeding £143 per month,
- (c) in the case of payments falling within paragraph (c) (but not within paragraph (a) or (b)) of that subsection, that the order for the time being requires them to be made—

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- (i) weekly at a rate not exceeding £18 per week, or
- (ii) monthly at a rate not exceeding £78 per month,

and the second of those conditions is that the payments would, apart from this section, fall within section 52 or section 53 above (deduction of income tax from annual payments).”

(3) For subsection (5) there shall be substituted the following subsection—

“(5) The Treasury may from time to time, by order made by statutory instrument subject to annulment in pursuance of a resolution of the Commons House of Parliament, increase any, or all, of the amounts for the time being specified in subsection (1A) above.”

(4) In subsection (6) for the words from " or further ", where they first occur, to " weekly amount" there shall be substituted the words " the amount for the time being specified in sub-paragraph (i) of paragraph (a), (b) or (c) of subsection (1A) above shall increase the amount for the time being specified in sub-paragraph (ii) of that paragraph so that it is 52 twelfths of the amount specified in sub-paragraph (i) by virtue of the order ".

(5) This section applies—

- (a) in the case of payments under orders made, varied or revived after the passing of this Act, to those falling due after that date, and
- (b) in the case of payments under other orders, to those falling due on or after 6th April 1983.

### **34 Life assurance: variation in life or lives assured**

(1) Where, as a result of a variation in the life or lives for the time being assured, a qualifying policy (in this section referred to as " the earlier policy ") is replaced by a new policy (in this section referred to as " the later policy") which, in accordance with the rules in paragraph 9 of Schedule 1 to the Taxes Act, is also a qualifying policy, then, subject to subsection (3) below, for the purposes of—

- (a) the enactments specified in subsection (2) below, and
- (b) any second or subsequent application of this section,

the later policy and the earlier policy shall be treated as a single policy issued in respect of an insurance made at the time of the making of the insurance in respect of which the earlier policy was issued; and, accordingly, so long as the later policy continues to be a qualifying policy, the single policy shall also be treated as a qualifying policy for those purposes.

(2) The enactments referred to in subsection (1) above are—

- (a) sections 394 and 395 of the Taxes Act (life policies: chargeable events and computation of gains); and
- (b) sections 7 to 9 of the Finance Act 1975 (payments becoming due on certain surrenders etc. of life policies).

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

- (a) any sum which would otherwise become payable by the insurer on or in connection with the coming to an end of the earlier policy is retained by the insurer and applied in the discharge of some or all of the liability for any premium becoming due under the later policy; and



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- (b) no consideration in money or money's worth (other than the benefits for which provision is made by the later policy) is receivable by any person on or in connection with the coming to an end of the earlier policy or the coming into existence of the later policy.
- (4) Any sum which is applied as mentioned in subsection (3)(a) above.—
  - (a) shall be left out of account in determining, for the purposes of the enactments specified in subsection (2) above, the total amount which at any time has been paid by way of premiums under the single policy referred to in subsection (1) above ; and
  - (b) shall not be regarded, in relation to that single policy, as a relevant capital payment, within the meaning of section 395 of the Taxes Act.
- (5) Any reference in this section to a qualifying policy is a reference to a qualifying policy within the meaning of Part I of Schedule 1 to the Taxes Act.
- (6) This section applies where the later policy comes into existence on or after 25 th March 1982.

### **35 Life assurance: qualifying policies and policies on the lives of children**

- (1) In paragraph 2A of Schedule 4 to the Finance Act 1976 (qualifying life policies: exclusion of accident policies)—
  - (a) in sub-paragraph (1), for the words " subsection (2)(a) of section 83 of the Insurance Companies Act 1974" there shall be substituted the words " Class I or Class III in Schedule 1 to the Insurance Companies Act 1981 "; and
  - (b) in sub-paragraph (2), for the words " falling within subsection (2)(b) of the said section 83 " there shall be substituted the words "which—
    - (a) are expressed to be in effect for a period of not less than five years or without limit of time; and
    - (b) either are not expressed to be terminable by the insurer before the expiration of five years from their taking effect or are expressed to be so terminable before the expiration of that period only in special circumstances therein mentioned".
- (2) In paragraph 11(3) of Schedule 4 to the Finance Act 1976 (maximum annual premium for policies on lives of children or grandchildren) for " £52 " there shall be substituted " £64 ".
- (3) In section 30 of the Finance Act 1980 (certain policies not to be qualifying policies) in subsection (3) (definition of " policy " by reference to ordinary long-term insurance business) for the words "within the meaning of section 83(2) of the Insurance Companies Act 1974 " there shall be substituted the words " as defined in section 85(1) of the Insurance Companies Act 1974, as amended by Schedule 4 to the Insurance Companies Act 1981 ".
- (4) This section applies to policies issued in respect of insurances made on or after 25th March 1982.

### **36 Relief in respect of certain income of trade unions**

- (1) In section 338 of the Taxes Act (which, as amended by section 57(3) of the Finance Act 1980, provides for exemption for income and gains of a trade union precluded

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by Act or rules from assuring to any person a sum exceeding £2,000 by way of a gross sum or £416 a year by way of annuity if the income or gains is or are applied for purpose of provident benefits) for "£2,000" and "£416" there shall be substituted respectively "\* £2,400 " and " £500 ".

- (2) Subsection (1) above has effect in relation to income or gains which are applicable and applied as mentioned in the said section 338 on or after 1st June 1982.

### **37 Retirement annuity relief: Lloyds' underwriters**

- (1) Where for any year of assessment an individual—
- (a) is chargeable to income tax in respect of relevant earnings derived from Lloyd's underwriting activities; and
  - (b) there is an amount of unused relief attributable to those earnings,
- the individual may, subject to subsection (2) below, elect that there shall be treated as paid in that year any qualifying premium paid by him in the next year of assessment but two.
- (2) An election under this section shall not have effect in relation to so much of any qualifying premium as exceeds the amount of unused relief referred to in subsection (1)(b) above.
- (3) Any election under this section shall be made before the end of the year of assessment in which the premium is paid.
- (4) Where an election is made under this section the provisions of Chapter III of Part IX of the Taxes Act (retirement annuities), other than section 227(1BB), shall have effect as if the premium or, as the case may be, the part of the premium in question had been paid in the year specified in the election and not in the year in which it was actually paid.
- (5) In this section " qualifying premium " and " relevant earnings " have the same meaning as in the said Chapter III, " unused relief " has the same meaning as in section 227A of the Taxes Act and " relevant earnings derived from Lloyd's underwriting activities " means relevant earnings as an underwriting member of Lloyd's or by way of commission calculated by reference to the profits of Lloyd's underwriting business.
- (6) This section has effect in relation to any premium paid in the year 1982-83 or any subsequent year of assessment.

### **38 Retirement annuity relief: older contributors**

- (1) In subsection (4) of section 228 of the Taxes Act (relief for premiums under retirement annuity contracts limited by reference to percentage of earnings dependent upon age) the words " Subject to subsection (5) below " shall be omitted and for the Table set out in that subsection there shall be substituted the following Table: —

“TABLE

<i>Year of birth</i>	<i>Percentage</i>
1916 to 1933	20
1914 or 1915	21

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<i>Year of birth</i>	<i>Percentage</i>
1912 or 1913	24
1910 or 1911	26½
1908 or 1909	29½
1907	32½ ""

- (2) Subsection (5) of the said section 228 (which restricts relief in relation to any year in which the individual concerned benefits from pensionable employment) shall cease to have effect.
- (3) This section has effect for the year 1982-83 and subsequent years of assessment.

### **39 Partnership retirement annuities**

- (1) In section 16 of the Finance Act 1974 (partnership retirement annuities) in paragraph (a) of subsection (2) after the word " is " there shall be inserted the words " subject to subsection (2A) below " and at the end of that subsection there shall be inserted—

“(2A) If the retail prices index for the month of December in the last of the seven years referred to in paragraph (c) of subsection (2) above is higher than it was for the month of December in any of the other years referred to in that paragraph, the amount which, for that other year, was the former partner's share of the relevant profits or gains shall be treated for the purposes of that subsection as increased by the same percentage as the percentage increase in the retail prices index.”

- (2) This section has effect in relation to annual payments falling within section 16(1) of the Finance Act 1974 which are income of the year 1982-83 or any subsequent year of assessment.

### **40 Share options**

- (1) In any case where—
- for the year 1982-83 or any subsequent year of assessment a person is chargeable to tax under Schedule E, by virtue of section 186 of the Taxes Act (directors and employees of companies granted rights to acquire shares), on an amount equal to a gain realised by the exercise of a right to acquire shares ; and
  - the shares acquired in the exercise of that right were acquired for a consideration which, subject to subsection (2) below, was not less than the market value (determined as for the purposes of the Capital Gains Tax Act 1979) of shares of the same class at the time the right was granted or, if the right was granted before 6th April 1982, 90 per cent, of that market value ; and
  - following an assessment for the year in which that right was exercised (in this section referred to as " the relevant year ") an amount of tax chargeable by virtue of section 186 of the Taxes Act in respect of the amount referred to in paragraph (a) above and exceeding £250 is payable to the collector pursuant to regulations under section 204 of that Act; and
  - the person concerned makes an election in accordance with subsection (3) below,

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he shall be entitled to pay tax by instalments in accordance with subsection (4) below.

- (2) Shares which are acquired for a consideration less than that required by paragraph (b) of subsection (1) above by reason only of a diminution in the market value of shares of that class (determined as aforesaid) which is attributable solely to the share capital of the company issuing the shares being varied after the right to acquire the shares was granted, shall for the purposes of that paragraph be regarded as having been acquired for a consideration not less than that required by that paragraph.
- (3) An election under this section shall be made by notice in writing to the inspector before the expiry of the period of sixty days beginning immediately after the end of the relevant year.
- (4) Where an election has been made under this section the tax referred to in subsection (1) (c) above shall, subject to subsections (5) and (6) below, be paid in three equal instalments as follows—
  - (a) the first shall be due and payable at the expiry of the period of fourteen days beginning on the date on which application for the tax is made pursuant to regulations under the said section 204 ;
  - (b) the third shall be due and payable on the last day of the third year following the end of the relevant year; and
  - (c) the second shall be due on such date as falls midway between the dates on which the first and third instalments are due and payable.
- (5) In any case where the date which, apart from this subsection, would be the due date for the third instalment of tax under subsection (4) above is earlier than the due date referred to in paragraph (a) of that subsection, all three instalments shall be due on the later date.
- (6) Tax which, by virtue of an election under this section, is not yet due and payable in accordance with subsection (4) above may nevertheless be paid at any time and shall become due and payable forthwith if the person who made the election becomes bankrupt under the law of any part of the United Kingdom.
- (7) Subject to any other provision of the Income Tax Acts requiring income of any description to be treated as the highest part of a person's income, for the purposes of paragraph (c) of subsection (1) above in determining what tax is chargeable on a person by virtue of section 186 of the Taxes Act in respect of the amount referred to in paragraph (a) of that subsection, that amount shall be treated as the highest part of his income for the relevant year.
- (8) In Schedule 10 to the Finance Act 1980 (savings-related share option schemes) in paragraph 26 (interpretation) at the end of the definition of " associated company " in sub-paragraph (1) there shall be added the words " except that, for the purposes of paragraph 12 of this Schedule, subsection (1) of that section shall have effect with the omission of the words ' or at any time within one year previously ' "

#### **41 Share options etc.: restrictions on insider dealing**

Paragraph 5 of Schedule 8 to the Finance Act 1973 and paragraph 18 of Schedule 10 to the Finance Act 1980 (certain matters deemed to be restrictions attaching to shares) shall each have effect and shall be deemed always to have had effect as if the references in those paragraphs to any contract, agreement, arrangement or condition did not include a reference to so much of any contract, agreement, arrangement or condition

as contains provisions similar in purpose and effect to any of the provisions of the Model Rules set out in the Model Code for Securities Transactions by Directors of Listed Companies issued by the Stock Exchange in April 1981.

## **42 Approved profit sharing schemes**

- (1) In section 56 of the Finance Act 1978 (capital receipts in respect of approved profit sharing schemes) in subsection (1)—
  - (a) after the words " trustees become ", in each place where they occur, there shall be inserted the words " or the participant becomes ";
  - (b) before the words " the amount or value " there shall be inserted the words " so much of "; and
  - (c) at the end there shall be added the words " as exceeds the appropriate allowance for that year, as determined under subsection (6) below ".
- (2) For subsection (6) of that section there shall be substituted the following subsection—

“(6) For the purposes of subsection (1) above, the appropriate allowance for any year of assessment means a sum which, subject to a maximum of £140, is the product of multiplying £20 by 1 plus the number of years which fall within the period of 7 years immediately preceding the year in question and in which shares were appropriated to the participant under the scheme ; and if in any year (and before the release date) the trustees become or the participant becomes entitled, in respect of or by reference to any of his shares, to more than one capital receipt, the receipts shall be set against the appropriate allowance for that year in the order in which they are received.”
- (3) In subsections (1) and (2) of section 58 of the Finance Act 1978 (shares in excess of initial market value of £1,000) for " £1,000 " there shall be substituted " £1,250 ".
- (4) In paragraph 1(4) of Schedule 9 to that Act (profit sharing schemes to provide that total initial market values of shares appropriated to one participant yearly must not exceed £1,000) for " £1,000 " there shall be substituted " £1,250 ".
- (5) Subsections (1) and (2) above apply to receipts to which the trustees become or the participant becomes entitled on or after the passing of this Act; subsection (3) above applies in relation to shares appropriated on or after 6th April 1982; and subsection (4) above shall be deemed to have come into force on that date.

## **43 Payments for loss of employment etc.**

- (1) Schedule 8 to the Taxes Act (tax on payments for loss of employment etc.) shall have effect with the insertion at the beginning of paragraph 7 of the words " Subject to sub-paragraph (2) below " and with the addition, at the end of that paragraph, of the following: —
  - “(2) In the case of a payment which exceeds £50,000, this paragraph applies as if it were a payment of £50,000 exactly.
- 7A (1) Subject to sub-paragraph (2) below, in the case of a payment which exceeds £50,000 and in respect of which tax is chargeable under section 187 of this Act, the following relief shall be allowed by way of deduction from the tax chargeable by virtue of that section, that is to say, there shall be ascertained—

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- (a) the amount of tax which would be chargeable apart from this paragraph and paragraph 7 above in respect of the income of the holder or past holder of the office or employment for the chargeable period of which the payment is treated as income, and
  - (b) the amount of tax which would be so chargeable if the amount of the payment had been £50,000 exactly,
- and the amount to be deducted shall be one-quarter of the difference between the amount ascertained at (a) and the amount ascertained at (b).
- (2) In the case of a payment which exceeds £75,000, this paragraph applies as if it were a payment of £75,000 exactly.
  - (3) Any relief allowed by virtue of this paragraph shall be in addition to that allowed by virtue of paragraph 7 above.”
- (2) This section has effect in relation to any payment which, by virtue of section 187(4) of the Taxes Act, is treated as income received on or after 6th April 1982.

#### **44 Benefits in kind: vouchers**

- (1) Section 36 of the Finance (No. 2) Act 1975 (taxation of benefits in kind provided by means of vouchers other than cash vouchers) shall be amended as follows.
- (2) In subsection (1)—
  - (a) after the words " in relation to a voucher ", in the passage following paragraph (b), there shall be inserted the words " (other than a cheque voucher) "; and
  - (b) at the end there shall be added the words " ; and in relation to a cheque voucher is the one in which the voucher is handed over in exchange for money, goods or services (a voucher which is posted being treated as handed over at the time of posting). "
- (3) For subsection (2) there shall be substituted the following subsection—
 

“(2) There shall be deductible under section 189, 192 or 194(3) of the Taxes Act (necessary expenses etc.) from the amount taxable under subsection (1) above such amounts, if any, as would have been so deductible if the cost of the goods or services in question had been incurred by the employee out of his emoluments.”
- (4) After subsection (3) there shall be inserted the following subsection—
 

“(3A) Subsection (1) above shall not apply in relation to a transport voucher provided for an employee of a passenger transport undertaking under arrangements in operation on 25th March 1982 and intended to enable that employee or a relation of his to obtain passenger transport services provided by—

  - (a) his employer;
  - (b) a subsidiary of his employer ;
  - (c) a body corporate of which his employer is a subsidiary ; or
  - (d) another passenger transport undertaking.”
- (5) For subsections (4) and (4A) there shall be substituted the following subsection—

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“(4) In this section—

' cheque voucher ' means a cheque provided for an employee and intended for use by him wholly or mainly for payment for particular goods or services or for goods or services of one or more particular classes; and, in relation to a cheque voucher, references to a voucher being exchanged for goods or services shall be construed accordingly ;

' employee ' means the holder of any office or employment the emoluments in respect of which fall to be assessed under Schedule E; and related expressions shall be construed accordingly ;

' passenger transport undertaking ' means an undertaking whose business consists wholly or mainly in the carriage of passengers and includes a subsidiary of such an undertaking ;

' relation', with respect to an employee, means his spouse, parent or child, the spouse of his child and any dependant of that employee ;

' subsidiary' means a wholly owned subsidiary within the meaning of section 150(4) of the Companies Act 1948;

' transport voucher' means any ticket, pass or other document or token intended to enable a person to obtain passenger transport services (whether or not in exchange for it); and, in relation to a transport voucher, references to a voucher being exchanged for services shall be construed as references to it being exchanged for, or otherwise used to procure, services;

' voucher' does not include a cash voucher within the meaning of section 37 of this Act but, subject to that, means any voucher, stamp or similar document or token capable of being exchanged (whether singly or together with other such vouchers, stamps, documents or tokens and whether immediately or only after a time) for money, goods or services (or for any combination of two or more of those things) and includes a transport voucher and a cheque voucher.”

(6) After subsection (5) there shall be inserted the following subsection—

“(5A) Subsections (6) and (7) of section 36A of this Act shall apply for the purposes of this section in relation to vouchers as they apply for the purposes of that section in relation to credit-tokens.”

(7) This section has effect for the year 1982-83 and subsequent years of assessment.

#### **45 Benefits in kind: credit-tokens**

(1) Section 36A of the Finance (No. 2) Act 1975 (taxation of benefits in kind provided by means of credit-tokens) shall be amended as follows.

(2) In subsection (1), paragraph (a) and, in paragraph (b), the words " (including any interest paid in connection therewith) " shall cease to have effect; and accordingly in subsection (3) for the words " paragraphs (a) and " there shall be substituted the word " paragraph ".

(3) For subsection (4) there shall be substituted the following subsections—

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“(4) In this section 'credit-token' means, subject to subsection (4B) below, a card, token, document or other thing given to a person by another person who undertakes—

- (a) that on the production of it (whether or not some other action is also required) he will supply money, goods and services (or any of them) on credit; or
- (b) that where, on the production of it to a third party (whether or not some other action is also required), the third party supplies money, goods and services (or any of them), he will pay the third party for them (whether or not taking any discount or commission).

(4A) For the purposes of subsection (4) above, use of an object to operate a machine provided by the person giving the object, or by a third party, shall be treated as production of the object to that person or, as the case may be, third party.

(4B) In this section—

'credit-token' does not include a voucher within the meaning of section 36, or a cash voucher within the meaning of section 37, of this Act; and

'employee' has the same meaning as in section 36(4) of this Act.”

(4) This section has effect for the year 1982-83 and subsequent years of assessment.

#### **46 Benefits in kind: cars and car fuel**

(1) In Chapter III of Part IV of the Finance Act 1981 (benefits in kind)—

- (a) subsections (2), (4) and (5) of section 68 (which, for the year 1982-83 and subsequent years of assessment, amend section 64 of the Finance Act 1976 with respect to certain benefits relating to cars available for private use) shall be deemed not to have been enacted and, accordingly, the said section 64 shall have effect for the year 1982-83 and subsequent years of assessment without regard to the amendments made by those subsections; and
- (b) section 69 (new provision relating to car fuel) shall not have effect until the year 1983-84 and, accordingly, in subsection (2) of that section for " 1982-83 " there shall be substituted " 1983-84 ".

(2) Subsection (2A) of section 64 of the Finance Act 1976 (removal of double or alternative charges for car and car fuel benefits) shall be amended—

- (a) by the substitution, for the words from the beginning to " under this section ", of the words " Subject to subsection (2B) below, where in any year the benefit of a car is chargeable to tax under this section as the employee's income " ; and
- (b) by the substitution, in paragraph (c), for the words " made by him " of the words " made to him " ;

and in section 69(2)(a) of that Act (calculation of emoluments in relation to benefits in kind) after the words " amounts as come " there shall be inserted the words " or would but for section 64(2A) of this Act come ".

(3) After the said subsection (2A) there shall be inserted the following subsection: —

“(2B) If, in the year 1982-83, the benefit of a car is chargeable to tax under this section, subsection (2A) above shall have effect for that year as if—



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- (a) the reference in paragraph (a) to a liability in connection with the car did not include a reference to liability for fuel ;
  - (b) the references in paragraph (b) to goods or services in connection with the car did not include fuel; and
  - (c) the reference in paragraph (c) to expenses incurred in connection with the car did not include expenses incurred in the provision of fuel.”
- (4) In section 64A of the Finance Act 1976 (taxation of amounts equal to value of car fuel benefits), in subsection (1) for the words from " he shall be treated " to the end of the subsection there shall be substituted the words " an amount equal to whatever is the cash equivalent of that benefit in that year shall be treated as emoluments of the employment and, accordingly, shall be chargeable to income tax under Schedule E. " ; and subsections (7) and (8) of that section shall be omitted.
- (5) Few: the Tables in subsection (2) of the said section 64A there shall be substituted the following Tables: —

TABLE A

Cylinder capacity of car in cubic centimetres	Cash equivalent
1300 or less	£325
More than 1300, but not more than 1800	£425
More than 1800	£650

TABLE B

Original market value of car	Cash equivalent
Less than £4,300	£325
£4,300 or more but less than £6,100	£425
£6,100 or more	£650

- (6) In subsection (4) of the said section 64A (power for Treasury by order to vary Tables of cash equivalents for the year 1983-84 and subsequent years) for "1983-84 " there shall be substituted " 1984-85 ".
- (7) Section 15 of the Taxes Management Act 1970 (returns of employees' emoluments etc.) shall have effect for the year 1982-83 as if the amendments made by section 69 of the Finance Act 1981 (as amended by this section) had effect for that year.

#### 47 Sub-contractors in the construction industry

Chapter II of Part III of the Finance (No. 2) Act 1975 shall have effect subject to the provisions of Schedule 8 to this Act (which authorises the issue of certificates under section 70 of that Act to certain individuals who would not otherwise qualify, and makes certain minor amendments).

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## **48 Contributions to local enterprise agencies**

- (1) Notwithstanding anything in section 130 of the Taxes Act (general rules as to deductions not allowable in computing profits or gains) but subject to the provisions of this section, where a person carrying on a trade, profession or vocation makes any contribution (whether in cash or in kind) to an approved local enterprise agency, any expenditure incurred by him in making the contribution which would not otherwise be so deductible may be deducted as an expense in computing the profits or gains of the trade, profession or vocation for the purposes of tax.
- (2) Where any such contribution as is referred to in subsection (1) above is made by an investment company, within the meaning of section 304 of the Taxes Act, any expenditure allowable as a deduction under subsection (1) above shall for the purposes of that section be treated as expenses of management.
- (3) Subsection (1) above does not apply in relation to a contribution made by any person if either he or any person connected with him receives, or is entitled to receive, a benefit of any kind whatsoever for or in connection with the making of that contribution, whether from the agency concerned or from any other person.
- (4) In this section " approved local enterprise agency " means a body approved by the Secretary of State for the purposes of this section; but the Secretary of State shall not so approve a body unless he is satisfied that—
  - (a) its sole objective is the promotion or encouragement of industrial and commercial activity or enterprise in a particular area in the United Kingdom with particular reference to encouraging the formation and development of small businesses ; or
  - (b) one of its principal objectives is that set out in paragraph (a) above and it maintains or is about to maintain a fund separate from its other funds which is or is to be applied solely in pursuance of that objective ;and where the Secretary of State approves a body by virtue of paragraph (b) above, the approval shall specify the fund concerned and, in relation to a body so approved, any reference in this section to a contribution is a reference to a contribution which is made wholly to or for the purposes of that fund.
- (5) A body may be approved under subsection (4) above whether or not it is a body corporate or a body of trustees or any other association or organisation and whether or not it is described as a local enterprise agency; but no body may be so approved unless it is precluded, by virtue of any enactment, contractual obligation, memorandum or otherwise from making any direct or indirect payment or transfer to any of its members or to any person charged with the control and direction of its affairs of any of its income or profit by way of dividend, gift, division, bonus or otherwise howsoever by way of profit (but for this purpose the payment of reasonable remuneration for goods, labour or power supplied, or for services rendered, of reasonable interest for money lent or of reasonable rent for any premises does not constitute a payment or transfer which is required to be so precluded).
- (6) Any approval given by the Secretary of State may be made conditional upon compliance with such requirements as to accounts, provision of information and other matters as he considers appropriate ; and if it appears to the Secretary of State—
  - (a) that an approved local enterprise agency is not complying with any such requirement, or

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- (b) that one or other of the conditions for his approval contained in subsection (4) above or the precondition for his approval in subsection (5) above has ceased to be fulfilled with respect to an approved local enterprise agency,  
he shall by notice in writing withdraw his approval from the body concerned with effect from such date as he may specify in the notice (which may be a date earlier than the date on which the notice is given).
- (7) In any case where—
- (a) a contribution has been made to an approved local enterprise agency in respect of which relief has been given under subsection (1) above, and
- (b) any benefit received in any chargeable period by the contributor or any person connected with him is in any way attributable to that contribution,
- the contributor shall in respect of that chargeable period be charged to tax under Case I or Case II of Schedule D or, if he is not chargeable to tax under either of those cases for that period, under Case VI of Schedule D on an amount equal to the value of that benefit.
- (8) Section 533 of the Taxes Act (connected persons) applies for the purposes of subsections (3) and (7) above.
- (9) This section applies to contributions made on or after 1st April 1982 and before 1st April 1992.

#### **49 Relief for interest: loans for investment in close companies**

- (1) Paragraphs 9 and 10 of Schedule 1 to the Finance Act 1974 (relief for interest paid on loans for investment in close companies) shall have effect subject to the following provisions of this section.
- (2) In paragraph 9(1) for the words following sub-paragraph (c) there shall be substituted the words—
- “and either the conditions stated in sub-paragraph (1) of paragraph 10 below or those stated in sub-paragraph (2) of that paragraph are satisfied.”.
- (3) In paragraph 10 for all the words preceding sub-paragraph (a) there shall be substituted the following words—
- “(1) The conditions first referred to in paragraph 9 above are—”  
and the following shall be inserted in paragraph 10 as sub-paragraph (2)—
- “(2) The conditions secondly referred to in paragraph 9 above are-
- (a) that, when the interest is paid, the company continues to satisfy any of the conditions of paragraph 3A(2) of Schedule 16 to the Finance Act 1972 and the individual holds any part of the ordinary share capital of the company ; and
- (b) that in the period from the application of the proceeds of the loan to the payment of the interest the individual has worked for the greater part of his time in the actual management or conduct of the company or of an associated company of the company; and
- (c) that he shows in the period from the application of the proceeds of the loan to the payment of the interest he has not recovered any capital from the company, apart from any amount taken into account under paragraph 13 below.”

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(4) This section has effect in relation to interest paid on or after 10th March 1982.

## **50 Relief for pre-trading expenditure**

In section 39(1) of the Finance Act 1980 (relief for pre-trading expenditure incurred within a year of the time the trader began to carry on the trade) for the words " one year " there shall be substituted the words " three years ".

## **51 Investment in new corporate trades**

- (1) In section 52 of the Finance Act 1981 (investment in new corporate trades)—
- (a) in subsection (3) (a) (claim for relief not allowed until company has traded for twelve months) for the words " twelve months " there shall be substituted the words " four months ";
  - (b) in subsection (6) (effect of subsection (3)(a) where company is wound up before expiry of the twelve month period) for the words " twelve months " there shall be substituted the words " four months ";
  - (c) after subsection (8) there shall be inserted the following subsection—

“(8A) No account shall be taken of the relief, in so far as it is not withdrawn, in determining whether any sums are excluded by virtue of section 33 of the Capital Gains Tax Act 1979 (exclusion of expenditure by reference to tax on income) from the sums allowable as a deduction in the computation of gains and losses for the purposes of that Act.”

- (2) In section 53 of that Act (limits of the relief) for subsection (2) there shall be substituted the following subsection—

“(2) The relief shall not be given—

- (a) to the extent that the amount or total amount subscribed by an individual for ordinary shares issued to him (whether or not by the same company) in the years 1981-82 and 1982-83 exceeds £30,000; and
- (b) to the extent that the amount or total amount subscribed by an individual for ordinary shares issued to him (whether or not by the same company) in the year 1983-84 exceeds £20,000 ;

but paragraph (a) above shall not authorise relief to be given to an individual in respect of so much of the total amount subscribed by him for shares issued to him in the year 1981-82 as exceeds £10,000.”

- (3) In subsection (7) of section 55 of the Finance Act 1981 (restrictions as to share capital for qualifying company for purposes of section 52 of that Act) for the words " at any time in the relevant period include " there shall be substituted the words " include at any time in the period of three years beginning with the date of issue of the shares in respect of which relief is claimed ".
- (4) In subsection (1) of section 64 of that Act (reduction of sums allowable as deductions for capital gains tax) for the words from " reduced " to the end of paragraph (b) there shall be substituted the words

“determined without regard to that relief, except that where those sums exceed the consideration they shall be reduced by an amount equal to—

- (a) the amount of that relief, or

(b) the excess,  
whichever is the less”.

## **52 Subsidiaries of qualifying companies**

- (1) In subsection (1) of section 65 of the Finance Act 1981 (application of sections 52 to 67 of that Act to subsidiaries) for the words from " did not commence business " to the end there shall be substituted the words “and if any subsidiary commenced business before the qualifying company did so, it was incorporated or (if later) commenced business not more than five years before the date of issue of the shares in respect of which relief is claimed; and
- (c) the subsidiary or each subsidiary complies with the requirements of subsections (2) to (6) of section 55 above”.
- (2) In paragraph 2(1) of Schedule 12 to that Act (modification of section 54 of that Act in relation to subsidiaries of qualifying companies) for the words from the beginning to " company if " there shall be substituted the following—
- “(1) In subsections (2), (4) and (6) of section 54, references to the company (except, in each subsection, the first such reference) include references to a company which is during the relevant period a subsidiary of that company, whether it becomes a subsidiary before, during or after the year of assessment in respect of which the individual concerned claims relief and whether or not it is such a subsidiary while he is such an employee, partner or director as is mentioned in subsection (2) or while he has or is entitled to acquire such capital or voting power or rights as are mentioned in subsections (4) and (6).
- (1B) Without prejudice to the provisions of section 54 (as it has effect in accordance with sub-paragraph (1) above), an individual shall be treated as connected with a company if—
- (a) he has at any time in the relevant period had control (within the meaning of section 534 of the Taxes Act) of another company which has since that time and before the end of the relevant period become a subsidiary of the company ; or
- (b)”.
- (3) In paragraph 4 of that Schedule (modification of sections 58 and 59 in relation to subsidiaries of qualifying companies) for the words " a subsidiary of the company " there shall be substituted the words " any company which during the relevant period is a subsidiary of that company, whether it becomes a subsidiary before or after the individual concerned receives any value from it, ".
- (4) After that paragraph there shall be inserted the following paragraph—
- “4A In subsection (2) of section 59 (redemption etc. of shares by company) the references to the company (except the first) shall include references to a company which during the relevant period is a subsidiary of the company whether it becomes a subsidiary before or after the redemption, repayment, repurchase or payment referred to in that subsection.”

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### **53 Purchase of own shares by unquoted trading company**

- (1) References in the Corporation Tax Acts to distributions of a company shall not include references to a payment made by a company on the redemption, repayment or purchase of its own shares if—
- (a) the company is an unquoted company and either a trading company or the holding company of a trading group; and
  - (b) the redemption, repayment or purchase is made wholly or mainly for the purpose of benefiting a trade carried on by the company or by any of its 75 per cent, subsidiaries, and does not form part of a scheme or arrangement the main purpose or one of the main purposes of which is—
    - (i) to enable the owner of the shares to participate in the profits of the company without receiving a dividend, or
    - (ii) the avoidance of tax ; and
  - (c) the conditions in paragraphs 1 to 9 of Schedule 9 to this Act, so far as applicable, are satisfied in relation to the owner of the shares.
- (2) References in the Corporation Tax Acts to distributions of a company shall not include references to a payment made by a company on the redemption, repayment or purchase of its own shares if—
- (a) the company is within subsection (1)(a) above, and
  - (b) the whole or substantially the whole of the payment (apart from any sum applied in paying capital gains tax charged on the redemption, repayment or purchase) is applied by the person to whom it is made in discharging a liability of his for capital transfer tax charged on a death, and is so applied within the period of two years after the death ;
- but this subsection shall not apply to the extent that the liability could without undue hardship have been discharged otherwise than through the redemption, repayment or purchase of shares in the company or another company within subsection (1)(a) above.
- (3) Schedule 9 to this Act shall have effect for supplementing this section ; and in that Schedule " the purchase " means the redemption, repayment or purchase referred to in subsection (1) above, and " the vendor " means the owner of the shares at the time it is made.
- (4) This section has effect in relation to payments made on or after 6th April 1982.

### **54 Purchase of company's own shares from dealer**

- (1) Where on or after 6th April 1982 a company purchases its own shares from a dealer, the purchase price shall be taken into account in computing the profits of the dealer chargeable to tax under Case I or II of Schedule D ; and accordingly—
- (a) tax shall not be chargeable under Schedule F in respect of any distribution represented by any part of the price, and
  - (b) the dealer shall not be entitled in respect of the distribution to a tax credit under section 86 of the Finance Act 1972, and
  - (c) sections 232(4) (duty to provide statements) and 239 (distributions not chargeable to corporation tax) of the Taxes Act shall not apply to the distribution.
- (2) For the purposes of subsection (1) above a person is a dealer in relation to shares of a company if the price received on their sale by him otherwise than to the company

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would be taken into account in computing his profits chargeable to tax under Case I or II of Schedule D.

- (3) In subsection (1) above.—
- (a) the reference to the purchase of shares includes a reference to the redemption or repayment of shares and to the purchase of rights to acquire shares, and
  - (b) the reference to the purchase price includes a reference to any sum payable on redemption or repayment;
- but subject to subsection (4) below.
- (4) Subsection (1) above shall not apply in relation to—
- (a) the redemption of fixed-rate preference shares, or
  - (b) the redemption, on terms settled or substantially settled before 6th April 1982, of other preference shares issued before that date,
- if (in either case) the shares were issued to and continuously held by the person from whom they are redeemed.
- (5) In this section—
- " fixed-rate preference shares " means shares which—
    - (a) were issued wholly for new consideration, and
    - (b) do not carry any right either to conversion into shares or securities of any other description or to the acquisition of any additional shares or securities, and
    - (c) do not carry any right to dividends other than dividends which—
      - (i) are of a fixed amount or at a fixed rate percent, of the nominal value of the shares, and
      - (ii) together with any sum paid on redemption, represent no more than a reasonable commercial return on the consideration for which the shares were issued ;
  - " new consideration " has the same meaning as in Part X of the Taxes Act; and
  - " shares " includes stock.

## **55 Application of advance corporation tax on purchase of company's own shares**

In section 92 of the Finance Act 1972 (setting of company's advance corporation tax in respect of dividends against subsidiary's liability) after subsection (7) there shall be inserted—

“(7A) References in this section to dividends shall be construed as including references to distributions made on or after 6th April 1982 on the redemption, repayment or purchase by a company of its own shares, and references to the payment of dividends shall be construed accordingly.”

## **56 Close companies: apportionment of income**

- (1) In Schedule 16 to the Finance Act 1972 references to distributions shall be construed as including references to anything that would be a distribution but for one or both of—
- (a) paragraph 1 of Schedule 18 to the Finance Act 1980 (demergers), and
  - (b) section 53 of this Act.

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- (2) In paragraph 12 of that Schedule, after sub-paragraph (2A) there shall be inserted—
- “(2B) References in sub-paragraphs (1)(a) and (2)(b) above to the redemption or repayment of a company's share capital shall be construed as including references to the purchase by the company of its own shares.”
- (3) This section has effect in relation to events occurring on or after 6th April 1982.

## 57 Eurobond dealers: exemption from bond-washing provisions

Section 472 of the Taxes Act (application of bond-washing provisions to dealers in securities) shall have effect, and be deemed always to have had effect, with the addition, at the end of the section, of the following subsection: —

- “(5) Subsection (1) of this section shall not apply if the securities are Eurobonds bought by the first buyer in the ordinary course of his trade as a dealer in Eurobonds ; and in this subsection " Eurobond " means a security—
- (a) which is neither preference stock nor preference share capital; and
  - (b) which is issued in bearer form; and
  - (c) which carries a right to interest either at a fixed rate or at a rate bearing a fixed relationship to a standard published base rate ; and
  - (d) which does not carry a right to any other form of benefit, whether in the nature of interest, participation in profits or otherwise ; and
  - (e) the interest on which is payable without any deduction in respect of income tax or of any tax of a similar character imposed by the laws of a territory outside the United Kingdom ;
- but, notwithstanding anything in paragraph (d) above, a security is not prevented from being a Eurobond by reason only that it carries a right to convert into a security of another description or to subscribe for further securities (whether of the same description or not).”

## 58 Index-linked Treasury Stock

- (1) This section has effect with respect to the following Treasury Stock, namely—
- (a) 2 per cent. Index-linked Treasury Stock 1996 ; and
  - (b) 2 per cent. Index-linked Treasury Stock 2006 ; and
  - (c) 2½ per cent. Index-linked Treasury Stock 2011;
- and in this section any such stock is referred to as " existing index-linked stock " .
- (2) The variation of the prospectuses relating to existing index-linked stock which was effected by a supplement to those prospectuses dated 9th March 1982 shall not be regarded as having affected the status of such stock as restricted government securities for the purposes of section 41 of the Finance Act 1981 (treatment of any income, gains or losses of insurance companies relating to such securities).
- (3) Subject to subsection (4) below, on or after 27th March 1982 existing index-linked stock shall not be regarded as restricted government securities for the purposes of section 41 of the Finance Act 1981.
- (4) If any existing index-linked stock was on 27th March 1982 held by an insurance company against and applied solely towards meeting the liabilities of its pension business, then, if and so long as the stock continues to be so held by that company,



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it shall continue to be treated as restricted government securities for the purposes of section 41 of the Finance Act 1981.

- (5) If, on or after 27th March 1982, any existing index-linked stock which on that date was held by an insurance company ceases to be restricted government securities for the purposes of section 41 of the Finance Act 1981, otherwise than by virtue of being actually disposed of or being redeemed, then, on the day on which it so ceases, the stock shall be deemed for the purposes of corporation tax, including, subject to subsection (6) below, corporation tax on chargeable gains, to have been disposed of and immediately re-acquired at its market value on that date.
- (6) For the purposes of sections 67 and 68 of the Capital Gains Tax Act 1979 (gilt-edged securities)—
  - (a) in ascertaining the date on which securities were acquired, no account shall be taken of any deemed disposal and re-acquisition resulting from subsection (5) above ; and
  - (b) so long as any existing index-linked stock continues, by virtue of subsection (4) above, to be treated on and after 27th March 1982 as restricted government securities for the purposes of section 41 of the Finance Act 1981, it shall be regarded as being stock of a different kind from existing index-linked stock which is not so treated.
- (7) In this section " insurance company " and " pension business " have the same meaning as in section 323 of the Taxes Act.

## **59 Manufactured dividends: extension to certain securities issued by building societies**

- (1) In section 477 of the Taxes Act (manufactured dividends: treatment of tax deducted) in subsection (2) (exclusion of cases where interest is payable without deduction of tax) after the word " where ", in the first place where it occurs, there shall be inserted the words " otherwise than by virtue of section 343(3)(a) of this Act ".
- (2) This section has effect in relation to contracts for the sale of securities entered into after 9th March 1982.

## **60 Limitation on meaning of " distribution " for corporation tax**

- (1) Any interest or other distribution which—
  - (a) is paid out of the assets of a company (in this section referred to as " the borrower ") on or after the relevant day to another company which is within the charge to corporation tax, and
  - (b) which is so paid in respect of securities of the borrower which fall within any of sub-paragraphs (i) to (iii) and (v) of paragraph (d) of subsection (2) of section 233 of the Taxes Act (meaning of " distribution "),shall not be a distribution for the purposes of the Corporation Tax Acts unless the application of this subsection is excluded by subsection (2), subsection (3) or subsection (4) below.
- (2) Subsection (1) above does not apply in a case where the consideration given by the borrower for the use of the principal secured represents more than a reasonable commercial return for the use of that principal; but, where this subsection does apply, nothing in section 233 (2) (a) of the Taxes Act shall operate so as to treat as a

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distribution for the purposes of the Corporation Tax Acts so much of the interest or other distribution as represents a reasonable commercial return for the use of that principal.

(3) Subsection (1) above does not apply in the case of any interest or other distribution which is paid in respect of a security of the borrower falling within section 233(2)(d) (iii) of the Taxes Act if—

- (a) the principal secured does not exceed £100,000 ; and
- (b) the borrower is under an obligation to repay the principal and interest before the expiry of the period of five years beginning on the date on which the principal was paid to the borrower ; and
- (c) that obligation either was entered into before 9th March 1982 or was entered into before 1st July 1982 pursuant to negotiations which were in progress on 9th March 1982 ; and
- (d) where the period for repayment of either principal or interest is extended on or after 9th March 1982 (but paragraph (b) above still applies), the interest or other distribution is paid within the period which was applicable immediately before that date ;

and for the purposes of paragraph (c) above negotiations shall not be regarded as having been in progress on 9th March 1982 unless, before that date, the borrower had applied to the lender for a loan and had supplied the lender with any documents required by him to support the application.

(4) Subsection (1) above does not apply in a case where the company to which the interest or other distribution is paid is entitled under any enactment, other than section 239 of the Taxes Act (U.K. company distributions not chargeable to corporation tax), to an exemption from tax in respect of that interest or distribution.

(5) In subsection (1)(a) above " the relevant day " means—

- (a) in the case of any interest or other distribution which is payable before 1st April 1983 pursuant to an obligation entered into before 9th March 1982, 1st April 1983 ; and
- (b) in any other case, 9th March 1982.

(6) This section shall be construed as if it were included in Part X of the Taxes Act.

## **61 Maintenance funds for historic buildings: reimbursement of settlor**

(1) This section applies to income arising from settled property in respect of which a direction under section 93 below has effect if the income—

- (a) is treated by virtue of Part XVI of the Taxes Act as income of the settlor for the year 1982-83 or a subsequent year of assessment, and
- (b) is applied in reimbursing the settlor for expenditure incurred by him for a purpose within subsection (3)(a)(i) of section 93, and if that expenditure is (or would apart from the reimbursement be) deductible in computing the profits of a trade carried on by the settlor.

(2) Income to which this section applies shall not be treated as reducing the expenditure deductible in computing the profits referred to in subsection (1) above, and shall not be regarded as income of the settlor otherwise than by virtue of Part XVI of the Taxes Act.

## **62 Maintenance funds: miscellaneous amendments**

- (1) Where settled property in respect of which a direction has effect under section 93 below constitutes part only of the property comprised in a settlement, it and the other property shall be treated as comprised in separate settlements for the purposes of the enactments specified in subsection (2) below.
- (2) The enactments referred to in subsection (1) above are—
  - (a) sections 168 to 173 of the Taxes Act;
  - (b) Part XVI of the Taxes Act;
  - (c) sections 16 and 17 of the Finance Act 1973 ;
  - (d) section 38 of the Finance Act 1977 ;
  - (e) sections 52 and 53 of the Finance Act 1980.
- (3) Schedule 10 to this Act (which makes amendments relating to maintenance funds) shall have effect.

## **63 Sums paid to settlor otherwise than as income**

- (1) In section 451 of the Taxes Act (sums paid to settlor otherwise than as income) subsection (1) shall have effect in accordance with subsections (2) and (3) below and shall be presumed so to have had effect in relation to any capital sum paid to the settlor on or after 6th April 1981.
- (2) In paragraph (b) the amendment made by section 42(2)(c) of the Finance Act 1981 shall be presumed not to have been made and, accordingly, the words following " up to the end of " shall read " the next following year, be treated for the purposes aforesaid as income of the settlor for the next following year " .
- (3) In the words following paragraph (b) (as amended by section 42(2)(6) of the Finance Act 1981) after the words " each subsequent year " there shall be inserted the words " up to a maximum of ten subsequent years " .
- (4) Where a capital sum was paid in a relevant year ending before 6th April 1981 (the operative date for sections 42 and 43 of the Finance Act 1981) and the circumstances are such that—
  - (a) subsection (1) of section 451 of the Taxes Act applies to that sum, but
  - (b) on that date the whole or some part of that sum (in this subsection referred to as " the balance ") had not been treated, in accordance with that subsection, as the income of the settlor for any relevant year ending before that date,the balance shall be deemed for the purposes of that section to have been paid not at the time the capital sum was in fact paid but on 6th April 1981.
- (5) Expressions used in subsections (1) and (4) above have the same meaning as in section 451(1) of the Taxes Act.

## **64 Payments of interest in currencies other than sterling**

- (1) In section 131 (2)(c)(ii) (deduction of certain interest payments to non-residents in computing profits or gains) and section 249(1)(c)(ii) (similar provision in relation to corporation tax) of the Taxes Act, for the words " the currency of a territory outside the scheduled territories " there shall be substituted, in each case, the words " a currency other than sterling " .

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- (2) In section 416(1) of the Taxes Act (local authority borrowing in foreign currencies) for the words from " the currency " to " territories " there shall be substituted the words " a currency other than sterling ".
- (3) Subsection (1) has effect in relation to payments of interest made, and subsection (2) has effect in relation to securities issued, on or after 6th April 1982.

## **65 Double taxation relief: interest on certain overseas loans**

- (1) This section applies in a case where—
  - (a) in any chargeable period the profits of any person (in this section referred to as " the lender") which are brought into charge to income tax or corporation tax include an amount, computed in accordance with section 503 of the Taxes Act, in respect of interest (in this section referred to as " foreign loan interest") on a loan made to a person resident in a territory outside the United Kingdom; and
  - (b) in determining the liability of the lender to income tax or corporation tax, expenditure related to the earning of the foreign loan interest is deductible in computing the profits referred to in paragraph (a) above ; and
  - (c) the lender is entitled in accordance with Chapter II of Part XVIII of the Taxes Act (double taxation relief) to credit for foreign tax chargeable on or by reference to the foreign loan interest.
- (2) If, in a case where this section applies, the foreign tax referred to in subsection (1)(c) above is or includes an amount of spared tax, then, for the purposes of income tax or corporation tax, the amount which, apart from this subsection, would be the amount of the foreign loan interest shall be treated as increased by so much of the spared tax as does not exceed the permitted amount, as defined in subsection (3) below; but nothing in this subsection prejudices the operation of section 503 of the Taxes Act in relation to foreign tax which is not spared tax.
- (3) In this section " spared tax " means foreign tax which, although not payable, falls to be taken into account for the purposes of credit by virtue of section 497(3) of the Taxes Act; and the permitted amount, in relation to spared tax which is referable to the whole or any part of the foreign loan interest, is an amount which does not exceed—
  - (a) 15 per cent, of the interest to which the spared tax is referable, computed without regard to any increase under subsection (2) above ; or
  - (b) if it is less, the amount of that spared tax for which, in accordance with any arrangements applicable to the case in question, credit falls to be given as mentioned in subsection (1)(c) above.
- (4) If, in a case where this section applies.—
  - (a) the foreign tax referred to in subsection (1)(c) above is or includes an amount of tax which is not spared tax, and
  - (b) that amount of tax exceeds the amount of the credit which, by virtue of Chapter II of Part XVIII of the Taxes Act and subsection (5) below, is allowed for that foreign tax against income tax or corporation tax,
 then, for the purposes of income tax or corporation tax, the amount which, apart from this subsection, would be the amount of the foreign loan interest shall be treated as reduced by a sum equal to the excess.
- (5) Where this section applies, the amount of the credit for foreign tax referred to in subsection (1)(c) above which, in accordance with Chapter II of Part XVIII of the

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Taxes Act, is to be allowed against income tax or corporation tax shall not exceed 15 per cent, of the foreign loan interest, computed without regard to any increase under subsection (2) or any reduction under subsection (4) above.

- (6) This section shall be construed as if it were included in Chapter II of Part XVIII of the Taxes Act.
- (7) Where the loan on which the foreign loan interest is payable was made pursuant to an agreement entered into before 1st April 1982, this section does not apply in relation to interest payable before 1st April 1983, but subject thereto, this section applies in relation to interest payable on or after 1st April 1982.

## **66 Double taxation relief: underlying tax reflecting interest on loans**

- (1) This section applies in a case where
  - (a) a bank or a company connected with a bank makes a claim for an allowance by way of credit in accordance with Chapter II of Part XVIII of the Taxes Act; and
  - (b) the claim relates to underlying tax on a dividend paid by the overseas company, within the meaning of section 508 of that Act; and
  - (c) that underlying tax is or includes tax payable under the law of a territory outside the United Kingdom on or by reference to interest on a loan made in the course of its business by that overseas company or by such a third, fourth or successive company as is referred to in subsection (2) or subsection (3) of that section; and
  - (d) if the company which made the loan had been resident in the United Kingdom, then, in determining its liability to corporation tax, expenditure related to the earning of the interest on the loan would be deductible in computing the profits of the company brought into charge to tax.
- (2) If, in a case where this section applies, the underlying tax is or includes an amount of spared tax, then, for the purposes of corporation tax, the amount which, apart from this subsection, would be the amount of the dividend shall be treated as increased by an amount equal to so much of that spared tax as does not exceed the permitted amount, as defined in subsection (3) below; but nothing in this subsection prejudices the operation of section 503 of the Taxes Act in relation to foreign tax which is not spared tax.
- (3) In this section " spared tax " has the same meaning as in section 65 above; and the permitted amount, in relation to spared tax which is referable to the whole or any part of the interest referred to in subsection (1)(c) above, is an amount which does not exceed—
  - (a) 15 per cent, of the interest to which that spared tax is referable ; or
  - (b) if it is less, the amount of that spared tax which under any arrangements is to be taken into account for the purpose of allowing credit against corporation tax in respect of the dividend concerned.
- (4) If, in a case where this section applies.—
  - (a) the underlying tax is or includes an amount of tax which is not spared tax, and
  - (b) that amount of tax exceeds 15 per cent, of the interest to which it is referable, then, for the purposes of corporation tax, the amount which, apart from this subsection, would be the amount of the dividend shall be treated as reduced by a sum equal to the excess.

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- (5) Where this section applies, the amount of the credit referred to in paragraph (a) of subsection (1) above which is referable to the underlying tax payable as mentioned in paragraph (c) of that subsection shall not exceed 15 per cent, of so much of the interest referred to in that paragraph as is included in the relevant profits of the company paying the dividend; and for the purposes of this subsection—
- (a) " relevant profits " has the same meaning as, by virtue of section 506 of the Taxes Act, it has for the purposes of the computation of underlying tax ; and
  - (b) the amount of the interest shall be determined without making any deduction in respect of any foreign tax.
- (6) In subsection (1) above " bank " means a company carrying on, in the United Kingdom or elsewhere.—
- (a) a banking business ; or
  - (b) another business which includes the making of loans where the circumstances of the business are such that, in determining the liability of the company to corporation tax, expenditure related to the earning of the interest on those loans is deductible in computing the profits brought into charge to tax ;
- and section 533 of the Taxes Act (connected persons) applies for the purposes of subsection (1) above.
- (7) This section shall be construed as if it were included in Chapter II of Part XVIII of the Taxes Act.
- (8) Where the loan referred to in subsection (1)(c) above was made pursuant to an agreement entered into before 1st April 1982 this section does not apply to any underlying tax which is referable to interest on that loan payable before 1st April 1983 but, subject thereto, this section applies where the underlying tax is referable to interest payable on or after 1st April 1982.

## 67 **Double taxation relief: branches of non-resident banks**

At the end of paragraph (b) of the proviso to section 502 of the Taxes Act (exceptions, in relation to unilateral relief, from the requirement that the person claiming relief must be resident in the United Kingdom) there shall be added “and

- (c) for tax paid under the law of any territory in respect of interest on a loan where the following conditions are fulfilled, namely.—
  - (i) that the person in question is a company which, for the chargeable period in question, carries on a banking business in the United Kingdom through a branch or agency ; and
  - (ii) that the loan was made by the company through the branch or agency in the United Kingdom ; and
  - (iii) that the territory under whose law the tax was paid is not one in which the company is liable to tax by reason of domicile, residence or place of management; and
  - (iv) that the amount of relief claimed does not exceed (or is by the claim expressly limited to) that which would have been available if the branch or agency had been a company resident in the United Kingdom and the loan had been made by it in the course of its banking business.”

## **68 Postponement of recovery of tax**

- (1) In section 55 of the Taxes Management Act 1970 (postponement of recovery of tax) in subsection (2) for the words " If no application is made under subsection (3) below " there shall be substituted the words " Except as otherwise provided by the following provisions of this section ".
- (2) After subsection (3) of that section there shall be inserted the following subsection—
  - “(3A) An application under subsection (3) above may be made more than thirty days after the date of the issue of the notice of assessment if there is a change in the circumstances of the case as a result of which the appellant has grounds for believing that he is over-charged to tax by the assessment.”
- (3) In subsection (6) of that section (determination of application) in paragraph (a) after the words " subsection (3) above " there shall be inserted the words " other than an application made by virtue of subsection (3A) above ".
- (4) This section has effect in relation to notices of assessment to tax issued after the passing of this Act.

## **69 Interest on unpaid tax**

- (1) In section 86 of the Taxes Management Act 1970 (interest on overdue tax) in subsection (3) (date when interest becomes payable)—
  - (a) the following paragraph shall be inserted after paragraph (a)—
    - “(aa) in relation to any tax payable in accordance with the determination of an appeal against an assessment but which had not been charged by the assessment, the date which if it had been charged would be by virtue of paragraph (a) above have been the reckonable date; and”;
  - and
  - (b) in paragraph (b) after the words " paragraph (a)" there shall be inserted the words " or paragraph (aa) ".
- (2) This section has effect in relation to notices of assessment to tax issued after the passing of this Act.

## **CHAPTER II**

### **CAPITAL ALLOWANCES**

## **70 Allowances for assets leased outside the United Kingdom**

- (1) The provisions of this section have effect with respect to expenditure on the provision of machinery or plant for leasing where the machinery or plant is at any time in the requisite period used for the purpose of being leased to a person who—
  - (a) is not resident in the United Kingdom, and
  - (b) 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,and where the leasing is not short-term leasing.

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(2) In its application to expenditure falling within subsection (1) above, section 44 of the Finance Act 1971 (writing-down allowances and balancing adjustments) as it has effect—

- (a) in accordance with section 65 of the Finance Act 1980 (assets leased in the course of a trade), or
- (b) in accordance with paragraph 6 of Schedule 8 to the Finance Act 1971 (effect of subsidies towards wear and tear of assets), or
- (c) in accordance with paragraph 10 of that Schedule (cars costing more than £8,000), or
- (d) with respect to any motor car to which paragraph 11 of that Schedule applies (contributions towards expenditure on cars costing more than £8,000), or
- (e) with respect to machinery or plant to which section 46 of the Finance Act 1971 applies (assets leased otherwise than in the course of a trade),

shall have effect, subject to subsection (4) below, as if the reference in subsection (2) of section 44 to 25 per cent, were a reference to 10 per cent.

(3) In any case where—

- (a) machinery or plant is used for the purpose of being leased to such a person as is referred to in paragraphs (a) and (b) of subsection (1) above, and
- (b) the circumstances are such that the machinery or plant is used otherwise than for a qualifying purpose, within the meaning of section 64 of the Finance Act 1980 (exclusion of first-year allowances for certain leased assets),

any question whether that use falls within the requisite period, as defined in subsection (8) of that section, shall be determined as if, for each reference in that subsection to four years, there were substituted a reference to ten years; and any reference to the requisite period in sections 66 and 67 of that Act shall be construed accordingly.

(4) No first year allowances, balancing allowances or writing-down allowances shall be available in respect of expenditure falling within subsection (1) above if the circumstances are as mentioned in subsection (3) (b) above and—

- (a) there is a period of more than one year between the dates on which any two consecutive payments become due under the lease ; or
- (b) any payments other than periodical payments are due under the lease or under any agreement which might reasonably be construed as being collateral to the lease; or
- (c) disregarding variations made under the terms of the lease which are attributable to—
  - (i) changes in the rate of corporation tax or income tax, or
  - (ii) changes in the rate of capital allowances, or
  - (iii) changes in any rate of interest where the changes are linked to changes in the rate of interest applicable to inter-bank loans, or
  - (iv) changes in the premiums charged for insurance of any description by a person who is not connected with the lessor or the lessee,

any of the payments due under the lease or under any such agreement as is referred to in sub-paragraph (b) above, expressed as monthly amounts over the period for which that payment is due, is not the same as any other such payment expressed in the same way ; or

- (d) either the lease is expressed to be for a period which exceeds thirteen years or there is, in the lease or a separate agreement, provision for extending or



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- renewing the lease or for the grant of a new lease so that, by virtue of that provision, the machinery or plant could be leased for a period which exceeds thirteen years; or
- (e) at any time the lessor or a person connected with him will, or may in certain circumstances, become entitled to receive from the lessee or any other person a payment, other than a payment of insurance moneys, which is of an amount determined before the expiry of the lease and which is referable to a value of the machinery or plant at or after that expiry (whether or not the payment relates to a disposal of the machinery or plant).
- (5) Where a first year allowance, a balancing allowance or a writing-down allowance has been made in respect of expenditure incurred in providing machinery or plant and, at any time in the requisite period, an event occurs such that, by virtue of subsection (4) above, there is no right to that allowance, an amount equal to any such allowance which has previously been given (less any excess reliefs previously recovered by the operation of section 66 of the Finance Act 1980) shall, in relation to the person to whom the machinery or plant belongs immediately before the occurrence of that event, 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 used at the time that event occurs.
- (6) Subsections (3) and (4) of section 66 of the Finance Act 1980 apply in relation to the allowances mentioned in subsection (5) above as they apply in relation to the allowances mentioned in subsection (2) of that section.
- (7) In subsection (1) above " short-term leasing " has the same meaning as in subsection (2)(b) of section 64 of the Finance Act 1980, and in subsection (3) of that section (which defines that expression) at the beginning of sub-paragraph (ii) of paragraph (b), there shall be inserted the words " subject to subsection (3A) below " and at the end of that subsection there shall be added—
- “(3A) In a case where the requisite period exceeds four years the reference in subsection (3)(b)(ii) above to that period shall be construed as a reference to any period of four consecutive years which falls within the requisite period.”
- (8) The provisions of Schedule 11 to this Act shall have effect for supplementing the preceding provisions of this section.
- (9) In subsections (1) and (5) above " the requisite period " has the same meaning as, in a case where subsection (3) above applies, it has in sections 64 to 68 of the Finance Act 1980 ; and section 73 of that Act (interpretation), with the exception of subsection (4) thereof, has effect in relation to the preceding provisions of this section and the provisions of Schedule 11 to this Act—
- (a) as if those provisions were comprised in the foregoing provisions of Chapter II of Part III of that Act; and
- (b) as if the reference in subsection (1) of that section to section 72 of that Act included a reference to subsection (10) below.
- (10) Subject to subsection (11) below, this section applies to expenditure incurred on or after 10th March 1982 unless—
- (a) the expenditure consists of the payment of sums payable under a contract entered into before that date by the person incurring the expenditure ; or

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(b) the expenditure consists of the payment of sums payable under a contract entered into not later than 31st March 1984 and the conditions in subsection (12) below are fulfilled;

and, in either case, the machinery or plant concerned is brought into use not later than 31st March 1985.

(11) In its application to subsections (4) to (6) above, subsection (10) above has effect as if for the references to 10th March 1982 there were substituted references to 23rd June 1982.

(12) The conditions referred to in paragraph (b) of subsection (10) above are—

(a) that the expenditure referred to in that paragraph is incurred in fulfilment of arrangements (not necessarily amounting to contractual obligations) under which the person incurring the expenditure (in this subsection referred to as "the lessor") would lease the machinery or plant in question to another person (in this subsection referred to as "the lessee"); and

(b) that those arrangements were in existence on 10th March 1982 and are evidenced by writing dating from a time before that date ; and

(c) that, in reliance upon the arrangements and before 10th March 1982, the lessee had entered into a contract with a third party (in this subsection referred to as "the supplier") to incur expenditure on the provision of the machinery or plant in question ; and

(d) that, pursuant to the arrangements.—

(i) the obligations of the lessee under the contract referred to in paragraph (c) above are, before 31st March 1984, either taken over by the lessor or discharged on the lessor entering into a new contract with the supplier ; or

(ii) the lessee purchases the machinery or plant in question and transfers it to the lessor before 8th July 1982; and

(e) that, on or before 31st March 1984, the lessor enters into a contract to lease the machinery or plant to the lessee; and

(f) that, disregarding any use before 8th July 1982, the machinery or plant in question is not brought into use by the lessee before it is leased to him by the lessor; and

(g) that the lessor and the lessee are not connected persons and neither of them is connected with the supplier;

and section 533 of the Taxes Act (connected persons) applies for the purposes of this section.

## **71 Restriction on first-year allowances in respect of ships and aircraft let on charter**

(1) In subsection (5) of section 64 of the Finance Act 1980 (first-year allowances to be available in respect of ships and aircraft let out on certain charters) after the words "subsection (2) above" there shall be inserted the words "but subject to subsection (6A) below".

(2) At the end of subsection (6) of that section there shall be inserted the following subsection:—

“(6A) Subsection (5) above does not apply if the main object, or one of the main objects, of the letting of the ship or aircraft on charter, or of a series of transactions of which the letting on charter was one, or of any of the

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transactions in such a series was to obtain a first-year allowance in respect of expenditure incurred on the provision of the ship or aircraft, whether by the person referred to in subsection (5) (a) above or some other person.”

- (3) This section applies in relation to expenditure incurred on or after 10th March 1982 unless—
- (a) the expenditure consists of the payment of sums payable under a contract entered into before that date by the person incurring the expenditure ; and
  - (b) the ship or aircraft concerned is brought into use not later than 31st March 1984.

## **72 Expenditure on production and acquisition of films etc.**

- (1) Expenditure which—
- (a) is incurred on or after 10th March 1982 on the production or acquisition of a film, tape or disc, and
  - (b) would, apart from this subsection, constitute capital expenditure on the provision of machinery or plant for the purposes of Chapter I of Part III of the Finance Act 1971 (first-year and other allowances in respect of machinery and plant),

shall be regarded for the purposes of the Tax Acts as expenditure of a revenue nature unless it is expenditure falling within subsection (7) below.

- (2) In this section—
- (a) any reference to a film is (except where, in subsection (8) below, the context otherwise requires) a reference to an original master negative of the film and its soundtrack (if any);
  - (b) any reference to a tape is a reference to an original master film tape or original master audio tape ; and
  - (c) any reference to a disc is a reference to an original master film disc or original master audio disc;

and any reference to the acquisition of a film, tape or disc includes a reference to the acquisition of any description of rights in a film, tape or disc.

- (3) Subject to the following provisions of this section, in computing the profits or gains accruing to any person from a trade or business which consists of or includes the exploitation of a film, tape or disc, expenditure which—
- (a) is incurred on or after 10th March 1982 on the production or acquisition of a film, tape or disc, and
  - (b) is expenditure of a revenue nature (whether by virtue of subsection (1) above or otherwise),

shall be allocated to relevant periods in accordance with subsection (4) below ; and in this subsection and subsection (4) below " relevant period " means a period for which the accounts of the trade or business concerned are made up or, if those accounts are not made up for any period, a period the profits or gains of which are taken into account in assessing the income of the trade or business for any chargeable period.

- (4) The amount of expenditure falling within subsection (3) above which falls to be allocated to any relevant period shall be such as is just and reasonable, having regard to—
- (a) the amount of that expenditure which remains un allocated at the beginning of that period;

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- (b) the proportion which the estimated value of the film, tape or disc which is realised in that period (whether by way of income or otherwise) bears to the aggregate of the value so realised and the estimated remaining value of the film, tape or disc at the end of that period ; and
  - (c) the need to bring the whole of the expenditure falling within subsection (3) above into account over the time during which the value of the film, tape or disc is expected to be realised.
- (5) Subsections (3) and (4) above do not apply to the profits or gains of a trade in which the film, tape or disc concerned constitutes trading stock, as defined in section 137(4) of the Taxes Act.
- (6) In a case where any expenditure on the production or acquisition of a film, tape or disc is expenditure to which subsection (1) above applies, sums received from the disposal of that film, tape or disc shall be regarded for the purposes of the Tax Acts as receipts of a revenue nature (if they would not be so regarded apart from this subsection); and the reference in this subsection to sums received from the disposal of any film, tape or disc shall be construed as including—
- (a) sums received from the disposal of any interest or right in or over the film, tape or disc, including an interest or right created by the disposal; and
  - (b) insurance or compensation moneys and other moneys of a like nature which are derived from the film, tape or disc.
- (7) The preceding provisions of this section do not apply to expenditure which is incurred by any person on or before 31st March 1984 if it consists of the payment of sums payable under a contract entered into by him before 10th March 1982 or it is incurred—
- (a) by a person who carries on a trade or business which consists of or includes the exploitation of films, tapes or discs; and
  - (b) on the production or acquisition of a film, tape or disc which is certified by the Secretary of State for the purposes of this section as a qualifying film, tape or disc and the value of which is expected to be realisable over a period of not less than two years.
- (8) The Secretary of State shall not certify a film, tape or disc as a qualifying film, tape or disc for the purposes of this section unless he is satisfied that it is the master negative, master tape or master disc of a film which, in his opinion.—
- (a) is an eligible film for the purposes of regulations made or having effect as if made under section 6 of the Film Levy Finance Act 1981 (payments by the British Film Fund Agency to the makers of British films) and in force immediately before the passing of this Act; or
  - (b) would be such an eligible film if it were not a television film within the meaning of those regulations.
- (9) In this section " expenditure of a revenue nature " means expenditure which, if it were incurred in the course of a trade the profits or gains of which are chargeable to tax under Case i of Schedule D, would be taken into account for the purpose of computing the profits, gains or losses of the trade; and " receipts of a revenue nature" means receipts which, if they were receipts of such a trade, would be taken into account for that purpose.

### **73 Industrial buildings allowance: very 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 the Finance Act 1980 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 1983 and before 27th March 1985.
- (2) This section applies to an industrial building if the gross internal floor space of the whole building will not exceed 1,250 square feet.
- (3) Subsections (3) to (6) of section 75 of the Finance Act 1980 (small workshops allowance) shall apply for the purposes of this section as they apply for the purposes of that section and accordingly—
  - (a) in subsection (3) the reference to subsection (2) of that section shall be construed as including a reference to subsection (2) of this section ; and
  - (b) in subsections (4) and (5) the references to subsection (1) of that section shall be construed as including a reference to subsection (1) of this section.
- (4) The Tax Acts shall have effect as if this section were contained in Chapter I of Part I of the said Act of 1968.

### **74 Industrial buildings allowance: licensees**

- (1) In section 1 of the Capital Allowances Act 1968 (initial allowances) the following subsection shall be inserted after subsection (1)—

“(1A) The reference in subsection (1) above to the occupation of a building or structure for the purposes of a trade carried on by the person who incurred the capital expenditure on that building or structure shall include a reference to the use of that building or structure for the purposes of a trade carried on by a licensee of that person or of a lessee of that person.”
- (2) Section 6 of that Act (method of making allowances and charges) shall apply where the building or structure in question is used by a licensee of the person entitled to the relevant interest as if that interest were subject to a lease.
- (3) In section 7 of that Act (definition of " industrial building or structure ") the following subsection shall be inserted after subsection (3)—

“(3A) Where a building or structure is used by more than one licensee of the same person that building or structure shall not be an industrial building or structure unless each of the licensees uses the building or that part of it to which his licence relates for the purposes of a trade which falls within subsection (1) above.”
- (4) Subsections (1) and (3) above shall apply in relation to licences granted on or after 10th March 1982.

### **75 Industrial buildings allowance: maintenance of goods etc.**

- (1) In section 7 of the Capital Allowances Act 1968 (definition of " industrial building or structure ") the following subsection shall be inserted after subsection (2)—

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“(2A) The reference in paragraph (e) of subsection (1) above to the subjection of goods or materials to any process shall include a reference to the maintaining or repairing of any goods or materials but, notwithstanding subsection (2) above, paragraph (e) shall not apply to the maintenance or repair by any person of goods or materials employed by that person in any trade or undertaking unless that trade or undertaking itself falls within any of the paragraphs of that subsection (including paragraph (e)).”

(2) In subsection (3) of that section (retail shops etc. not to constitute industrial buildings or structures) for the words " subsection (1) or subsection (2)" there shall be substituted the words " the preceding provisions ".

(3) This section shall be deemed to have come into force on 10th March 1982.

## **76 Allowances for dwelling houses let on assured tenancies**

(1) The provisions of Schedule 12 to this Act shall have effect to provide for reliefs in respect of expenditure incurred on the construction of buildings consisting of or including dwelling-houses let on assured and certain other tenancies.

(2) Schedule 12 to this Act has effect only where the expenditure concerned is incurred on or after 10th March 1982 and before 1st April 1987 or is deemed to have been so incurred by virtue of paragraph 8 of that Schedule.

## **77 Teletext receivers and teletext and viewdata adaptors**

(1) Paragraph 7 of Schedule 12 to the Finance Act 1980 (transitional period for 100 per cent, first year allowances for television sets) shall be amended in accordance with the following provisions of this section.

(2) In sub-paragraph (2) (definition of "the transitional period ") in paragraph (a) after the words " other than " there shall be inserted the words " a teletext receiver or " and at the end of paragraph (a) there shall be inserted: —

“(aa) in relation to expenditure on the provision of a teletext receiver, the period of five years beginning with that date”.

(3) In sub-paragraph (3) (definition of "viewdata receiver") after the words " television set" in the first place where they occur, there shall be inserted the words " which is not a teletext receiver but which is " and the words from "and a television set" to the end of the sub-paragraph shall be omitted.

(4) After sub-paragraph (3) there shall be inserted the following sub-paragraphs:—

“(4) In this Part of this Schedule " a teletext receiver " means a television set—

(a) which is constructed for receiving teletext transmissions, that is 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; and

(b) which is not also constructed for displaying information received as mentioned in sub-paragraph (3) above.

(5) In relation to expenditure incurred after 9th March 1982—

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- (a) this Part of this Schedule, other than sub-paragraph (6) below, shall have effect as if any reference to a television set included a reference to a teletext adaptor or a viewdata adaptor; and
  - (b) sub-paragraph (2) above shall have effect as if any reference to a teletext receiver included a reference to a teletext adaptor and as if any reference to a viewdata receiver included a reference to a viewdata adaptor.
- (6) In this Part of this Schedule
- (a) " teletext adaptor " means a device external to a television set which, after it is connected to that television set, allows the set to display transmissions in the same manner as a teletext receiver; and
  - (b) " viewdata adaptor" means a device external to a television set which, after it is connected to that television set, allows the set to display information received in the same manner as a viewdata receiver."

#### **78 Extension of section 515 relief to Case V of Schedule D**

- (1) In section 515(1) of the Taxes Act (postponement of capital allowances to secure double taxation relief) for the words " tax in respect of a trade under Case I of Schedule D " there shall be substituted the words " tax under Schedule D in respect of a trade ".
- (2) This section applies in relation to claims made on or after 6th April 1982.

#### **79 Capital allowances and stock relief**

- (1) This section applies in any case where a person is entitled to an allowance or relief for a year of assessment and—
  - (a) he and the inspector have come to an agreement, in writing, as to the extent to which the allowance or relief is to be given effect in that year (whether by deduction from profits or gains or by discharge or repayment of tax, or both); and
  - (b) no assessment giving effect to the allowance or relief is made for that year.
- (2) In a case to which this section applies the allowance or relief shall be taken to have been given effect in the year of assessment in question, as if an assessment had been made, to the extent set out in the agreement mentioned in subsection (1) above.
- (3) In this section—
  - " allowance " means an allowance to which section 70 or 71 of the Capital Allowances Act 1968 applies (income tax allowances in taxing a trade); and
  - " relief " means a relief to which Part II of Schedule 9 to the Finance Act 1981 applies (income tax: stock relief).
- (4) This section has effect in relation to agreements made on or after 6th April 1982.

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## CHAPTER III

### CAPITAL GAINS

#### 80 Increase and indexation of annual exempt amount

- (1) In section 5 of the Capital Gains Tax Act 1979 (exemption for first £3,000 of gains)—
- (a) for " £3,000 ", in each place where it occurs, there shall be substituted " the exempt amount for the year "; and
  - (b) for " £5,000", where it occurs in subsection (5)(M, there shall be substituted " an amount equal to twice the exempt amount for the year. "
- (2) After subsection (1) of that section there shall be inserted the following subsections—
- “(1A) Subject to subsection (1B) below, the exempt amount for any year of assessment shall be £5,000.
- (1B) If the retail prices index for the month of December preceding the year 1983-84 or any subsequent year of assessment is higher than it was for the previous December, then, unless Parliament otherwise determines, subsection (1A) above shall have effect for that year as if for the amount 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.
- (1C) The Treasury shall, before the year 1983-84 and each subsequent year, make an order specifying the amount which by virtue of this section is the exempt amount for that year; and any such order shall be made by statutory instrument”.
- (3) In Schedule 1 to that Act
- (a) the heading shall be changed to " APPLICATION OF EXEMPT AMOUNT IN PARTICULAR CASES ";
  - (b) for the words " the amount of £3,000 ", where they occur in paragraphs 2(1) and 5(1D), and for " £3,000 " in every other place where it occurs, there shall be substituted the words " the exempt amount for the year ";
  - (c) for " £300 ", where it occurs in paragraphs 5(1B) and 6(4), there shall be substituted the words " one tenth of that exempt amount ";
  - (d) for " £1,500 ", in each place where it occurs in sub-paragraphs (2) and (4) of paragraph 6, and for " the amount of £1,500 ", where it occurs in sub-paragraph (6) of that paragraph, there shall be substituted the words " one half of the exempt amount for the year "; and
  - (e) in sub-paragraph (3) of paragraph 6 for the words from " £5,000 " onwards there shall be substituted the words " ' twice the exempt amount for the year' of ' one half of the exempt amount for the year' and ' the exempt amount for the year ' respectively ".
- (4) In section 24(8) of the Finance Act 1980 (definition of " retail prices index " for the purposes of the Income Tax Acts) after the word " Acts " in each place where it occurs, there shall be inserted the words " or the Capital Gains Tax Act 1979 ".



(5) This section has effect for the year 1982-83 and subsequent years of assessment.

### **81 Increase of chattel exemption**

- (1) In the following enactments, namely.—
- (a) section 128 of the Capital Gains Tax Act 1979 (chattel exemption by reference to consideration of £2,000),
  - (b) section 12(2)(6) of the Taxes Management Act 1970 (information about assets acquired), and
  - (c) section 25(7) of that Act (information about assets disposed of),
- for " £2,000 ", in each case where it occurs, there shall be substituted " £3,000 ".
- (2) This section applies to disposals on or after 6th April 1982 and, accordingly, in relation to subsection (1)(b) above, to assets acquired on or after that date.

### **82 Extension of general relief for gifts**

- (1) Section 79 of the Finance Act 1980 (which gives relief for disposals between individuals and, by virtue of section 78 of the Finance Act 1981, disposals by individuals to trustees) shall have effect as if references to an individual included references to the trustees of a settlement; but a claim for relief under that section in respect of a disposal to the trustees of a settlement shall be made by the transferor alone (instead of by the transferor and the transferee).
- (2) In subsection (4) of that section, the words from " or " onwards shall cease to have effect.
- (3) In subsection (5) of that section—
- (a) in paragraph (a), for the words from " chargeable " to " purposes " there shall be substituted the words " attributable to the value of the asset "; and
  - (b) the words from " and where " onwards shall cease to have effect.
- (4) In section 78 of the Finance Act 1981 (subsections (1) and (3) of which are superseded by this section) in subsection (2) for the words " that section " there shall be substituted the words " section 79 of the Finance Act 1980 ".
- (5) This section applies to disposals on or after 6th April 1982.

### **83 Relief on compulsory purchase**

After section 111 of the Capital Gains Tax Act 1979 there shall be inserted the following sections—

#### **“111A Rollover relief on compulsory acquisition.**

- (1) This section applies where—
- (a) on or after 6th April 1982 land (in this section referred to as " the old land ") is disposed of by any person (in this section referred to as " the landowner ") to an authority exercising or having compulsory powers; and

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- (b) the landowner did not take any steps, by advertising or otherwise, to dispose of the old land or to make his willingness to dispose of it known to the authority or others ; and
  - (c) the consideration for the disposal is applied by the landowner in acquiring other land (in this section referred to as " the new land ") not being land excluded from this paragraph by section 11 IB below.
- (2) Subject to section 11 IB below, in a case where the whole of the consideration for the disposal was applied as mentioned in subsection (1)(c) above, the landowner, on making a claim as respects the consideration so applied, shall be treated for the purposes of this Act—
  - (a) as if the consideration for the disposal of the old land were (if otherwise of a greater amount or value) of such amount as would secure that on the disposal neither a gain nor a loss accrues to him ; and
  - (b) as if the amount or value of the consideration for the acquisition of the new land were reduced by the excess of the amount or value of the actual consideration for the disposal of the old land over the amount of the consideration which he is treated as receiving under paragraph (a) above.
- (3) If part only of the consideration for the disposal of the old land was applied as mentioned in subsection (1)(c) above, then, subject to section 11 IB below, if the part of the consideration which was not so applied (in this subsection referred to as " the unexpended consideration ") is less than the amount of the gain (whether all chargeable gain or not) accruing on the disposal of the old land, the landowner, on making a claim as respects the consideration which was so applied, shall be treated for the purposes of this Act—
  - (a) as if the amount of the gain so accruing were reduced to the amount of the unexpended consideration (and, if not all chargeable gain, with a proportionate reduction in the amount of the chargeable gain); and
  - (b) as if the amount or value of the consideration for the acquisition of the new land were reduced by the amount by which the gain is reduced (or, as the case may be, the amount by which the chargeable gain is proportionately reduced) under paragraph (a) above.
- (4) Nothing in subsection (2) or subsection (3) above affects the treatment for the purposes of this Act of the authority by whom the old land was acquired or of the other party to the transaction involving the acquisition of the new land.
- (5) For the purposes of this section—
  - (a) subsection (2) of section 115 below shall apply in relation to subsection (2) (a) and subsection (2) (b) above as it applies in relation to subsection (1)(a) and subsection (1)(b) of that section ; and
  - (b) subsection (3) of that section shall apply as if any reference to the new assets were a reference to the new land, any reference to the old assets were a reference to the old land and any reference to that section were a reference to this.
- (6) Where this section applies, any such amount as is referred to in subsection (2) of section 110 above shall be treated as forming part of the consideration for the disposal of the old land and, accordingly, so much of that subsection as provides for a deemed disposal of other land shall not apply.

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- (7) The provisions of this Act fixing the amount of the consideration deemed to be given for the acquisition or disposal of assets shall be applied before this section is applied.
- (8) In this section—
- " land " includes any interest in or right over land; and
  - " authority exercising or having compulsory powers " shall be construed in accordance with section 108(5) above.

### **111B Provisions supplementary to section 111A.**

- (1) Land is excluded from paragraph (c) of subsection (1) of section 111A above if—
- (a) it is a dwelling-house or part of a dwelling house (or an interest in or right over a dwelling-house), and
  - (b) by virtue of, or of any claim under, any provision of sections 101 to 105 above (private residences) the whole or any part of a gain accruing on a disposal of it by the landowner at a material time would not be a chargeable gain;
- and for the purposes of this subsection " a material time " means any time during the period of six years beginning on the date of the acquisition referred to in the said paragraph (c).
- (2) If, at any time during the period of six years referred to in subsection (1) above, land which at the beginning of that period was not excluded from section 111A(1)(c) above by virtue of that subsection becomes so excluded, the amount of any chargeable gain accruing on the disposal of the old land shall be redetermined without regard to any relief previously given under section 111A above by reference to the amount or value of the consideration for the acquisition of that land; and all such adjustments of capital gains tax, whether by way of assessment or otherwise, may be made at any time, notwithstanding anything in section 34 of the Taxes Management Act 1970 (time limit for assessments).
- (3) Where the new land is a depreciating asset, within the meaning of section 117 below, that section has effect as if—
- (a) any reference in subsection (1) or subsection (3) to section 115 or section 116 were a reference to subsection (2) or subsection (3) respectively of section 111A above ; and
  - (b) paragraph (b) of subsection (2) were omitted ; and
  - (c) the reference in subsection (4) to section 115(3) were a reference to that provision as applied by section 111A(5) above.
- (4) No claim may be made under section 108 above in relation to a transfer which constitutes a disposal in respect of which a claim is made under section 111A above.
- (5) Expressions used in this section have the same meaning as in section 111 A above.”

#### **84 Termination of life interest etc.**

- (1) In section 55 of the Capital Gains Tax Act 1979, in subsection (1), for the words from the beginning to " market value of the asset" there shall be substituted—

“On the termination, on the death of the person entitled to it, of a life interest in possession in all or any part of settled property—

- (a) the whole or a corresponding part of each of the assets forming part of the settled property and not ceasing at that time to be settled property shall be deemed for the purposes of this Act at that time to be disposed of and immediately re-acquired by the trustee for a consideration equal to the whole or a corresponding part of the market value of the asset; but

- (b) no chargeable gain shall accrue on that disposal.

and subsection (2) of that section shall cease to have effect.”;

- (2) In section 56 of that Act, after subsection (1) there shall be inserted—

“(1A) Where the life interest referred to in subsection (1) above is an interest in part only of the settled property to which section 54 applies, subsection (1)(a) above shall not apply but any chargeable gain accruing on the disposal shall be reduced by a proportion corresponding to that represented by the part.

(1B) The last sentence of subsection (1) of section 55 above, and subsection (6) of that section, shall apply for the purposes of subsection (1A) above as they apply for the purposes of section 55(1).”;

and subsection (2) of section 56 shall cease to have effect.

- (3) After section 56 of that Act there shall be inserted—

**“56A Effect on sections 55 and 56 of relief under Finance Act 1980, section 79.**

- (1) This section applies where—

- (a) a claim for relief was made under section 79 of the Finance Act 1980 in respect of the disposal of an asset to a trustee, and  
 (b) the trustee is deemed to have disposed of the asset, or part of it, by virtue of section 54(1) or 55(1)(a) above.

(2) Sections 56(1)(a) and 55(1)(b) shall not apply to the disposal of the asset or part by the trustee, but any chargeable gain accruing to the trustee on the disposal shall be restricted to the amount of the held-over gain (or a corresponding part of it) on the disposal of the asset to him.

(3) Subsection (2) above shall not have effect in a case within section 56(1A) above ; but in such a case the reduction provided for by section 56(1A) above shall be diminished by an amount equal to the proportion there mentioned of the held-over gain.

(4) In this section " held-over gain " has the same meaning as in section 79(1) of the Finance Act 1980.”

- (4) This section applies in relation to interests terminating on or after 6th April 1982.

## **85 Maintenance funds for historic buildings**

- (1) Section 148 of the Capital Gains Tax Act 1979 (maintenance funds for historic buildings) shall be amended as follows.
- (2) In subsection (1) for the words " section 84 of the Finance Act 1976 " there shall be substituted the words " section 95 of the Finance Act 1982 ".
- (3) In subsection (1A) for the words from " section 89(4)(d)" to " of that Act " there shall be substituted the words " paragraph 1(1) or (5) or 3(1) of Schedule 16 to the Finance Act 1982 no charge to capital transfer tax in respect of the asset deemed to be disposed of or a reduced charge to that tax by virtue of paragraph 1(2) or (8) or 3(4) of that Schedule. "
- (4) After subsection (1A) there shall be inserted—
  - “(1B) This section applies also where a trustee disposes (or is deemed to dispose) of an asset comprised in a settlement if on the disposal the asset becomes settled property in respect of which a direction has effect under section 93 of the Finance Act 1982.”

## **86 Indexation allowance on certain disposals**

- (1) This section applies to any disposal of an asset—
  - (a) which occurs on or after 6th April 1982, or, if the disposal is by a company, on or after 1st April 1982 ; and
  - (b) which occurs after the expiry of the period of twelve months beginning on the date on which the asset in question was acquired or provided (which period is in the following provisions of this Chapter referred to, in relation to a disposal, as " the qualifying period "); and
  - (c) on which, disregarding the indexation allowance for which provision is made below, a gain would accrue (whether or not that gain would be wholly a chargeable gain).
- (2) In relation to a disposal to which this section applies—
  - (a) " the gross gain " means the amount of the gain referred to in subsection (2) (c) above, computed in accordance with Chapter II of Part II of the Capital Gains Tax Act 1979 ; and
  - (b) " relevant allowable expenditure " means, subject to subsection (3) below, any sum which, in the computation of the gross gain, was taken into account by virtue of paragraph (a) or paragraph (b) of subsection (1) of section 32 of that Act.
- (3) In determining what sum (if any) was taken into account as mentioned in subsection (2) (b) above, account shall be taken of any provision of any enactment which, for the purpose of the computation under the said Chapter II, increases, excludes or reduces the whole or any part of any item of expenditure falling within the said section 32 or provides for it to be written-down.
- (4) The following provisions of this Chapter have effect to provide for an allowance (in those provisions referred to as " the indexation allowance ") which, on a disposal to which this section applies, is to be allowed against the gross gain so as to give the gain for the purposes of the Capital Gains Tax Act 1979 or, if the indexation allowance equals or exceeds the gross gain, so as to extinguish it; and, accordingly, at the end of

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subsection (1) of section 28 of that Act (computation of gains accruing on the disposal of assets) there shall be added the words " and sections 86 and 87 of the Finance Act 1982 ".

- (5) Notwithstanding anything in section 29 of the Capital Gains Tax Act 1979 (losses to be computed in like manner as gains)—
- (a) this section does not apply to a disposal on which a loss accrues; and
  - (b) in any case where, on a disposal to which this section does apply, the indexation allowance exceeds the gross gain, no loss shall result and, accordingly, the disposal shall be one on which, after taking account of the indexation allowance, neither a gain nor a loss accrues.
- (6) The provisions of Schedule 13 to this Act have effect for supplementing this section and the following provisions of this Chapter and the preceding provisions of this section have effect subject to the provisions of that Schedule.

## **87 Calculation of indexation allowance**

- (1) The provisions of this section have effect for the purpose of computing the indexation allowance on a disposal to which section 86 above applies.
- (2) The indexation allowance is the aggregate of the indexed rise in each item of relevant allowable expenditure; and, in relation to any such item of expenditure, the indexed rise is a sum produced by multiplying the amount of that item by a figure expressed as a decimal and determined, subject to subsections (3) and (4) below, by the formula

$$(RD - RI) \div RI$$

where—

RD is the retail prices index for the month in which the disposal occurs; and

RI is the retail prices index for March 1982 or the month which is the twelfth month after that in which the expenditure was incurred, whichever is the later.

- (3) If, in relation to any item of expenditure.—
- (a) the month in which the expenditure was incurred is less than thirteen months before the month in which the disposal occurs, or
  - (b) RD, as defined in subsection (2) above, is equal to or less than RI, as so defined,
- the indexed rise in that item is nil.
- (4) If, in relation to any item of expenditure, the figure determined in accordance with the formula in subsection (2) above would, apart from this subsection, be a figure having more than three decimal places, it shall be rounded to the nearest third decimal place.
- (5) For the purposes of this section—
- (a) relevant allowable expenditure falling within paragraph
  - (a) of subsection (1) of section 32 of the Capital Gains Tax Act 1979 shall be assumed to have been incurred at the time when the asset in question was acquired or provided; and
  - (b) relevant allowable expenditure falling within paragraph (b) of that subsection shall be assumed to have been incurred at the time when that expenditure became due and payable.

## **88 Identification of securities etc. disposed of: general rules**

- (1) With respect to securities held on, or acquired on or after, 6th April 1982 or, in the case of a company, 1st April 1982 the provisions of this section (other than subsection (8)) and section 89 below have effect in place of sections 65 and 66 of the Capital Gains Tax Act 1979 (pooling and other rules for identification of securities); and, in taking account of those provisions.—
  - (a) this section, section 89 below and Part II of Schedule 13 shall have effect subject to section 58 of the Finance (No. 2) Act 1975 (disposal of shares and securities within prescribed period of acquisition); and
  - (b) the reference in section 68(4) of the Capital Gains Tax Act 1979 (general identification rules for gilt-edged securities) to section 66(1) of that Act shall be construed as including a reference to subsection (4) below.
- (2) Where a person disposes of securities, the securities disposed of shall be identified in accordance with the rules contained in this section with the securities of the same class acquired by him which could be comprised in that disposal, and shall be so identified notwithstanding that they are otherwise identified by the disposal or by a transfer or delivery giving effect to it (but so that where a person disposes of securities in one capacity, they shall not be identified with securities which he holds or can dispose of only in some other capacity).
- (3) Securities disposed of on an earlier date shall be identified before securities disposed of on a later date, and the identification of the securities first disposed of shall accordingly determine the securities which could be comprised in the later disposal.
- (4) Securities disposed of for transfer or delivery on a particular date or in a particular period—
  - (a) shall not be identified with securities acquired for transfer or delivery on a later date or in a later period; and
  - (b) shall be identified with securities acquired for transfer or delivery on or before that date or in or before that period, but on or after the date of the disposal, rather than with securities not so acquired.
- (5) The securities disposed of shall be identified—
  - (a) with securities acquired within the twelve months preceding the disposal rather than with securities not so acquired, and with securities so acquired on an earlier date rather than with securities so acquired on a later date, and
  - (b) subject to paragraph (a) above, with securities acquired on a later date rather than with securities acquired on an earlier date ; and
  - (c) with securities acquired at different times on any one day in as nearly as may be equal proportions.
- (6) The rules contained in the preceding subsections shall have priority according to the order in which they are so contained.
- (7) Notwithstanding anything in subsections (3) to (5) above, where, under arrangements designed to postpone the transfer or delivery of securities disposed of, a person by a single bargain acquires securities for transfer or delivery on a particular date or in a particular period and disposes of them for transfer or delivery on a later date or in a later period, then—
  - (a) the securities disposed of by that bargain shall be identified with the securities thereby acquired ; and

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- (b) securities previously disposed of which, but for the operation of paragraph (a) above in relation to acquisitions for transfer or delivery on the earlier date or in the earlier period, would have been identified with the securities acquired by that bargain—
  - (i) shall, subject to subsection (3) above, be identified with any available securities acquired for such transfer or delivery (that is to say, any securities so acquired other than securities to which paragraph (a) above applies and other than securities with which securities disposed of for such transfer or delivery would be identified apart from this subsection) ; and
  - (ii) in so far as they cannot be so identified shall be treated as disposed of for transfer or delivery on the later date, or in the later period, mentioned above.
- (8) The provisions of Part II of Schedule 13 to this Act have effect with respect to securities acquired before 6th April 1982 or, in the case of a company, before 1st April 1982.
- (9) In this section and Schedule 13 to this Act "securities" means—
  - (a) shares or securities of a company; and
  - (b) any other assets where they are of a nature to be dealt in without identifying the particular assets disposed of or acquired;
 and shares or securities of a company shall not be treated for the purposes of this section and that Schedule as being of the same class unless they are so treated by the practice of The Stock Exchange or would be so treated if dealt with on The Stock Exchange.

## **89 Identification of securities: special rules**

- (1) Where, in a case of a man and his wife living with him, one of them—
  - (a) disposes of securities to his wife or her husband on or after 6th April 1982, and
  - (b) disposes of other securities, which are of the same kind as those disposed of to the wife or husband, to another person (in this section referred to as "a third party "), the provisions of subsections (3) and (4) below have effect with respect to any securities acquired by the person making those disposals which, but for the provisions of section 88 above, could have been comprised in either of those disposals.
- (2) Where a company which is a member of a group of companies—
  - (a) disposes of securities to another member of the group on or after 1st April 1982, and
  - (b) disposes of other securities, which are of the same kind as those disposed of to that other company, to another person (in this section referred to as a " third party ") not being another member of the same group, the provisions of subsections (3) and (4) below have effect with respect to any securities acquired by the company making those disposals which, but for the provisions of section 88 above, could have been comprised in either of those disposals.
- (3) If, apart from the provisions of this subsection, securities disposed of to a third party—
  - (a) would be indexed securities, and
  - (b) but for the disposal referred to in subsection (1)(a) or, as the case may be, subsection (2)(a) above would be un-indexed securities,



the identification shall be reversed so that the securities disposed of to the third party (or, if the quantity disposed of to the third party was greater than the quantity disposed of to the wife or husband or, as the case may be, to the other company, a part of them equal to the quantity so disposed of) shall be unindexed securities.

- (4) If there is more than one disposal falling within subsection (1)(o) or, as the case may be, subsection (2)(a) above, or more than one disposal to a third party, the provisions of subsection (3) above shall be applied to securities disposed of on an earlier date before being applied to securities disposed of on a later date, and the re-identification of the securities first disposed of shall accordingly determine the way in which this section applies to the securities comprised in the later disposal.
- (5) In this section " indexed securities " means securities which were acquired or provided more than twelve months before the date of the disposal concerned and " unindexed securities " shall be construed accordingly.
- (6) Section 272 of the Taxes Act (groups of companies) shall apply for the purpose of this section as it applies for the purposes of sections 273 to 281 of that Act.
- (7) Subsection (9) of section 88 above applies for the purposes of this section as it applies for the purposes of that.

## PART IV

### CAPITAL TRANSFER TAX

## CHAPTER I

### GENERAL

#### **90 Reduction of tax**

- (1) For the Tables in section 37(3) of the Finance Act 1975 there shall be substituted the Tables in Schedule 14 to this Act.
- (2) This section applies to any chargeable transfer made on or after 9th March 1982.

#### **91 Indexation of rate bands**

- (1) If the retail prices index for the month of December in 1982 or any later year is higher than it was for the previous December, then, unless Parliament otherwise determines, section 37 of the Finance Act 1975 shall apply to chargeable transfers made on or after 6th April in the following year with the substitution in subsection (3) of new Tables for the Tables applying (whether by virtue of this section or otherwise) to earlier chargeable transfers.
- (2) The new Tables shall differ from the Tables they replace in that for each of the amounts specified in the first and second columns there shall be substituted amounts arrived at by increasing the previous amounts by the same percentage as the percentage increase in the retail prices index and, if the result is not a multiple of £1,000, rounding it up to the nearest amount which is such a multiple.

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- (3) The references in this section 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 of December those references shall be construed as references to any substituted index or index figures published by that Department.
- (4) The Treasury shall before 6th April 1983 and each subsequent 6th April make an order specifying the amounts which by virtue of this section will be treated, in relation to chargeable transfers on or after that date, as specified in the Tables in section 37(3) of the Finance Act 1975 ; and any such order shall be made by statutory instrument.
- (5) In section 85(3) of the Finance Act 1980 (transitional provisions on reduction of tax by that section or subsequent enactments) for the words " which reduces tax by substituting " there shall be substituted the words " by virtue of which tax is reduced by the substitution of ".

## **92 Exemptions**

- (1) In paragraph 1(2) of Schedule 6 to the Finance Act 1975 (exemption limit for transfers to non-domiciled spouses) for " £50,000 " there shall be substituted " £55,000 ".
- (2) In paragraph 10(1)(b) of that Schedule (limit on exempt gifts made to charities on or within one year of death) for " £200,000 " there shall be substituted " £250,000 ".
- (3) This section applies to any transfer of value made on or after 9th March 1982.

## **93 Maintenance funds: Treasury directions**

- (1) On a claim made for the purpose, the Treasury shall give a direction under this section in respect of property comprised in a settlement if the conditions mentioned in subsection (2) below are fulfilled.
- (2) The conditions are—
  - (a) that the Treasury are satisfied—
    - (i) that the trusts on which the property is held comply with the requirements mentioned in subsection (3) below, and
    - (ii) that the property is of a character and amount appropriate for the purposes of those trusts ; and
  - (b) that the trustees—
    - (i) are approved by the Treasury,
    - (ii) include a trust corporation (as defined in section 94(1) below) or a solicitor or an accountant (as so defined) or a member of such other professional body as the Treasury may allow in the case of the property concerned, and
    - (iii) are, at the time the direction is given, resident in the United Kingdom (as specified in section 94(1) below).
- (3) The requirements are—
  - (a) that none of the property held on the trusts can at any time in the period of six years beginning with the date on which it became so held be applied otherwise than—

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- (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 section 94(2) below), for the maintenance, repair or preservation of property held on the trusts or for such improvement of property so held as is reasonable having regard to the purposes of the trusts, or for defraying the expenses of the trustees in relation to the property so held;
    - (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 Finance Act 1975 (museums etc.) or of a qualifying charity (as defined in section 94(4) below); and
  - (b) that none of the property can, on ceasing to be held on the trusts at any time in that period or, if the settlor dies in that period, at any time before his death, devolve otherwise than on any such body or charity; and
  - (c) that income arising from property held on the trusts cannot at any time after the end of that period be applied except as mentioned in paragraph (a)(i) or (ii) above.
- (4) Subject to subsection (5) below, 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 paragraph 3(1) of Schedule 16 to this Act there was no charge (or, but for paragraph 3(4) of that Schedule, there would have been no charge) to tax in respect of it;
- 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 ".
- (5) Subsection (4) above shall not have effect if the time when the property comprised in the previous settlement devolved otherwise than on any such body or charity as is mentioned in paragraph (a) of subsection (3) above fell before the expiration of the period of six years mentioned in that paragraph; but in such a case subsection (3) above shall apply to the current settlement as if for the references to the period of six years there mentioned there were substituted references to the period beginning with the date on which the property became comprised in the current settlement and ending six years after the date on which it became held on the relevant trusts of the previous settlement (or, where this subsection has already had effect in relation to the property, the date on which it became held on the relevant trusts of the first settlement in the series).
- (6) If in the Treasury's opinion the facts concerning any property or its administration cease to warrant the continuance of the effect of a direction given under this section in respect of the property, they may at any time by notice in writing to the trustees withdraw the direction on such grounds, and from such date, as may be specified in the notice; and the direction shall cease to have effect accordingly.
- (7) Where a direction under this section has effect in respect of property, the trustees shall from time to time furnish the Treasury with such accounts and other information relating to the property as the Treasury may reasonably require.
- (8) Where a direction under this section has effect in respect of property, the trusts on which the property is held shall be enforceable at the suit of the Treasury and the

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Treasury shall, as respects the appointment, removal and retirement of trustees, have the rights and powers of a beneficiary.

- (9) The Treasury may give a direction under this section in respect of property proposed to be comprised in a settlement or to be held on particular trusts, and the preceding provisions of this section shall be read accordingly.
- (10) This section shall have effect in relation to events after 8th March 1982.

#### **94 Provisions supplementary to section 93**

(1) For the purposes of section 93(2) above—

- (a) "accountant" means a member of an incorporated society of accountants;
- (b) "trust corporation" means a person that is a trust corporation for the purposes of the Law of Property Act 1925 or for the purposes of Article 9 of the Administration of Estates (Northern Ireland) Order 1979;
- (c) trustees shall be regarded as resident in the United Kingdom at any particular time if the general administration of the trusts is ordinarily carried on in the United Kingdom and the trustees or a majority of them (and, where there is more than one class of trustees, a majority of each class) are resident in the United Kingdom ;

and, where a trustee is a trust corporation, the question whether the trustee is resident in the United Kingdom shall, for the purposes of paragraph (c) above, be determined as for the purposes of corporation tax.

(2) Property is qualifying property for the purposes of section 93(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) of the Finance Act 1976; and
- (b) the requisite undertaking has been given with respect to it under the said section 34 or under section 76, 78(5) (b) or 82(3) of the Finance Act 1976 ; and
- (c) tax has not (since the last occasion on which such an undertaking was given) become chargeable with respect to it under the said section 34 or under section 78 or 82(3) of the Finance Act 1976.

(3) If it appears to the Treasury that provision is, or is to be, made by a settlement for the maintenance, repair or preservation of any such property as is mentioned in subsection (1) (b), (c), (d) or (e) of section 77 of the Finance Act 1976, they may, on a claim made for the purpose—

- (a) designate that property under this subsection ; and
- (b) accept with respect to it an undertaking such as is described in subsection (4) of that section ;

and, if they do so, subsection (2) above shall have effect as if the designation were under that section and the undertaking under section 76 of the Finance Act 1976 and as if the reference to tax becoming chargeable were a reference to the occurrence of an event on which tax would become chargeable under section 78 of that Act if there had been a conditionally exempt transfer of the property when the claim was made and the undertaking had been given under the said section 76.

(4) A charity is a qualifying charity for the purposes of section 93(3) above if it exists wholly or mainly for maintaining, repairing or preserving for the public benefit buildings of historic or architectural interest, land of scenic, historic or scientific

interest or objects of national, scientific, historic or artistic interest; and in this subsection "national interest" includes interest within any part of the United Kingdom.

- (5) Property comprised in a settlement by virtue of a transfer of value made before the coming into force of this section and exempt under section 84 of the Finance Act 1976 shall be treated as property in respect of which a direction has been given under section 93 above.
- (6) Designations, undertakings and acceptances made under section 84(6) of the Finance Act 1976 shall be treated as made under subsection (3) above and, in relation to them, subsections (2) and (3) above shall be treated as having been in force when they were made.

## **95 Maintenance funds: exempt transfers**

- (1) Subject to the provisions of Part II of Schedule 6 to the Finance Act 1975 as applied by this section, a transfer of value is an exempt transfer to the extent that the value transferred by it is attributable to property which by virtue of the transfer becomes, or immediately after the transfer remains, comprised in a settlement and in respect of which—
  - (a) a direction under section 93 above has effect at the time of the transfer, or
  - (b) such a direction is given after the time of the transfer.
- (2) Sub-paragraphs (1), (2), (2A), (3)(a), (b) and (ba) and (4B) of paragraph 15 of Schedule 6 to the Finance Act 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 a direction under section 93 above has effect shall be treated as a body within paragraph 13 of that Schedule.
- (3) In paragraph 16 of Schedule 6 to the Finance Act 1975 for the words "sections 76 and 84 of the Finance Act 1976" there shall be substituted the words "section 76 of the Finance Act 1976 and section 95 of the Finance Act 1982".
- (4) This section shall have effect in relation to events after 8th March 1982.

## **96 Non-residents' bank accounts**

- (1) In determining for the purposes of capital transfer tax the value of the estate immediately before his death of a person to whom this section applies there shall be left out of account the balance on—
  - (a) any qualifying foreign currency account of his, and
  - (b) subject to subsection (3) below, any qualifying foreign currency account of the trustees of settled property in which he is beneficially entitled to an interest in possession.
- (2) This section applies to a person who is not domiciled in the United Kingdom immediately before his death, and is neither resident nor ordinarily resident there at that time.
- (3) Subsection (1)(b) above does not apply in relation to settled property if the settlor was domiciled in the United Kingdom when he made the settlement, or if the trustees are domiciled, resident or ordinarily resident in the United Kingdom immediately before the beneficiary's death.

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- (4) For the purposes of this section—
- (a) the question whether a person is resident or ordinarily resident in the United Kingdom shall, subject to paragraph (b) below, be determined as for the purposes of income tax; but
  - (b) the trustees of a settlement shall be regarded as not resident or ordinarily resident in the United Kingdom unless the general administration of the settlement is ordinarily carried on in the United Kingdom and the trustees or a majority of them (and, where there is more than one class of trustees, a majority of each class) are resident and ordinarily resident there.
- (5) In this section "qualifying foreign currency account" means a foreign currency account with the Bank of England, the Post Office, a recognised bank or licensed institution; and for this purpose—
- (a) "foreign currency account" means any account other than one denominated in sterling, and
  - (b) "recognised bank" and "licensed institution" have the same meanings as in the Banking Act 1979.
- (6) This section has effect in relation to deaths occurring after 8th March 1982.

## **97 Scottish agricultural leases**

- (1) Subject to subsections (2) and (3) below, where any part of the value of a person's estate immediately before his death is attributable to the value of the interest of a tenant of agricultural property in Scotland, being an interest held by virtue of tacit relocation; and
- (a) either he had been tenant of the said property continuously for a period of at least two years immediately preceding his death or he had become tenant of the said property by succession; and
  - (b) the said interest is acquired on his death by a new tenant,
- the value of the said interest shall be left out of account in determining the value transferred on the death.
- (2) The value to be left out of account under subsection (1) above shall not include the value of any rights to compensation in respect of tenant's improvements.
- (3) Subsections (1) and (2) above apply to deaths on or after 15th November 1976.
- (4) The Finance Act 1981 shall be amended as follows—
- (a) in section 98 at the beginning there shall be inserted " (1) ", and at the end there shall be inserted the following new subsection—
    - “(2) This section applies to deaths on or after 15th November 1976.”;
  - (b) section 99 and Schedule 15 shall cease to have effect.

## **98 Employee and newspaper trusts**

- (1) Paragraph 17 of Schedule 5 to the Finance Act 1975 shall be amended in accordance with subsections (2) to (5) below.
- (2) In sub-paragraph (1)(a) for the words "profession or undertaking" (where they first occur) there shall be substituted the words "or profession".

- (3) In sub-paragraph (1) the words "or (c) charities" shall be omitted.
- (4) After sub-paragraph (1) there shall be inserted—
- “(1A) Where settled property is held on trusts permitting the property to be applied for the benefit of persons within paragraph (a) or (b) of sub-paragraph (1) above, those trusts shall not be regarded as outside the description specified in that sub-paragraph by reason only that they also permit the settled property to be applied for charitable purposes.”
- (5) For sub-paragraph (2) there shall be substituted—
- “(2) Where any class mentioned in sub-paragraph (1) above is defined by reference to employment by or office with a particular body, this paragraph applies to the settled property only if—
- (a) the class comprises all or most of the persons employed by or holding office with the body concerned ; or
  - (b) the trusts on which the settled property is held are those of a profit sharing scheme approved in accordance with Schedule 9 to the Finance Act 1978.”
- (6) In paragraph 17A(1) of that Schedule for the words "to (c) " there shall be substituted the words " and (b) " .
- (7) This section shall have effect in relation to events after 8th March 1982.

## **99 Close companies**

- (1) Paragraph 24 of Schedule 5 to the Finance Act 1975 shall have effect with the following amendments in relation to events after 8th March 1982.
- (2) In sub-paragraph (2), for paragraph (b) there shall be substituted—
- “(b) if no qualifying interest in possession subsists in the settled property, Chapter II of Part IV of the Finance Act 1982 shall have effect as if on the making of the transfer the trustee had made a disposition as a result of which the value of the settled property had been reduced by an amount equal to the part so apportioned less the amount specified in sub-paragraph (3) below”;
- and for the words " an interest in possession " in each place where they occur there shall be substituted the words " a qualifying interest in possession " .
- (3) In sub-paragraph (5) for the words from " as " to " beneficially " there shall be substituted the words " and of Chapter II of Part IV of the Finance Act 1982 as being the persons " .
- (4) After sub-paragraph (5) there shall be inserted—
- “(5A) Where—
- (a) the participators mentioned in sub-paragraph (5) above include the trustees of a settlement, and
  - (b) a person is beneficially entitled to an interest in possession in the whole or part of the settled property by virtue of which the trustees are participators,

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that person shall be treated for the said purposes as beneficially entitled to the whole or a corresponding part of the interest to which the trustees would otherwise be treated as entitled under that sub-paragraph.”

- (5) In sub-paragraph (6), at the end, there shall be added the words " and "qualifying interest in possession " has the meaning given by section 103 of the Finance Act 1982."

## **100 Apsley House**

The enactments relating to capital transfer tax shall not apply in respect of the rights conferred by section 3 of the Wellington Museum Act 1947.

## **CHAPTER II**

### SETTLEMENTS WITHOUT INTERESTS IN POSSESSION

#### *Preliminary*

## **101 Preliminary**

This Chapter, which supersedes paragraphs 6 to 14 of Schedule 5 to the Finance Act 1975, shall have effect in relation to events after 8th March 1982, but subject, in the case of any settlement which commenced before 27th March 1974, to the provisions of Schedule 15 to this Act.

#### *Principal definitions*

## **102 Relevant property**

- (1) In this Chapter " relevant property " means settled property in which no qualifying interest in possession subsists, other than—
- (a) property held for charitable purposes only, whether for a limited time or otherwise ;
  - (b) property to which section 114 below applies ;
  - (c) property to which paragraph 2 of Schedule 16 to this Act applies;
  - (d) property which is part of or held for the purposes of a fund or scheme to which paragraph 16 of Schedule 5 to the Finance Act 1975 applies (superannuation schemes);
  - (e) property to which paragraph 17 of that Schedule applies (trusts for employees etc. and newspaper trusts);
  - (f) property which is held on trusts to the like effect as those specified in section 33(1)(ii) of the Trustee Act 1925 (protective trusts) and which became held on those trusts on the failure or determination before 12th April 1978 of trusts to the like effect as those specified in section 33(1)(i);
  - (g) property within paragraph 19 of Schedule 5 to the Finance Act 1975 (trusts for disabled persons), as it applies to property which was transferred into settlement before 10th March 1981 ;
  - (h) property comprised in a trade or professional compensation fund; and
  - (i) excluded property.



- (2) The reference in subsection (1)(d) above to property which is part of or held for the purposes of a fund or scheme does not include a reference to a benefit which, having become payable under the fund or scheme, becomes comprised in a settlement.

### **103 Qualifying interest in possession**

- (1) In this Chapter " qualifying interest in possession " means an interest in possession to which an individual, or where subsection (2) below applies a company, is beneficially entitled.
- (2) This subsection applies where—
- (a) the business of the company consists wholly or mainly in the acquisition of interests in settled property, and
  - (b) the company has acquired the interest for full consideration in money or money's worth from an individual who was beneficially entitled to it.
- (3) Where the acquisition mentioned in paragraph (b) of subsection (2) above was before 14th March 1975—
- (a) the condition set out in paragraph (a) of that subsection shall be treated as satisfied if the business of the company was at the time of the acquisition such as is described in that paragraph, and
  - (b) that condition need not be satisfied if the company is authorised to carry on long-term business under section 3 or 4 of the Insurance Companies Act 1981.

### **104 Commencement of settlement**

In this Chapter references to the commencement of a settlement are references to the time when property first becomes comprised in it.

### **105 Ten-year anniversary**

- (1) In this Chapter " ten-year anniversary " in relation to a settlement means the tenth anniversary of the date on which the settlement commenced and subsequent anniversaries at ten-yearly intervals, but subject to subsections (2) to (4) below.
- (2) The ten-year anniversaries of a settlement treated as made under section 120 below shall be the dates that are (or would but for that section be) the ten-year anniversaries of the settlement first mentioned in that section.
- (3) No date falling before 1st April 1983 shall be a ten-year anniversary.
- (4) Where—
- (a) the first ten-year anniversary of a settlement would apart from this subsection fall during the year ending with 31st March 1984, and
  - (b) during that year an event occurs in respect of the settlement which could not have occurred except as the result of some proceedings before a court, and
  - (c) the event is one on which tax is (or, apart from Part II of Schedule 15 to this Act, would be) chargeable under this Chapter,
- the first ten-year anniversary shall be taken to be 1st April 1984 (but without affecting the dates of later anniversaries).

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## **106 Related settlements**

- (1) For the purposes of this Chapter two settlements are related if and only if—
  - (a) the settlor is the same in each case, and
  - (b) they commenced on the same day,but subject to subsection (2) below.
- (2) Two settlements are not related for the purposes of this Chapter if all the property comprised in one or both of them was immediately after the settlement commenced held for charitable purposes only without limit of time (defined by a date or otherwise).

### *Principal charge to tax*

## **107 Charge at ten-year anniversary**

Where immediately before a ten-year anniversary all or any part of the property comprised in a settlement is relevant property, tax shall be charged at the rate applicable under sections 109 and 110 below on the value of the property or part at that time.

## **108 Charge at other times**

- (1) Subject to the following provisions of this section, there shall be a charge to tax under this section—
  - (a) where the property comprised in a settlement or any part of that property ceases to be relevant property (whether because it ceases to be comprised in the settlement or otherwise); and
  - (b) in a case in which paragraph (a) above does not apply, where the trustees of the settlement make a disposition, as a result of which the value of relevant property comprised in the settlement is less than it would be but for the disposition.
- (2) The amount on which tax is charged under this section shall be—
  - (a) the amount by which the value of relevant property comprised in the settlement is less immediately after the event in question than it would be but for the event, or
  - (b) where the tax payable is paid out of relevant property comprised in the settlement immediately after the event, the amount which, after deducting the tax, is equal to the amount on which tax would be charged by virtue of paragraph (a) above.
- (3) The rate at which tax is charged under this section shall be the rate applicable under section 111 or 112 below.
- (4) Subsection (1) above does not apply if the event in question occurs in a quarter beginning with the day on which the settlement commenced or with a ten-year anniversary.
- (5) Tax shall not be charged under this section in respect of—
  - (a) a payment of costs or expenses (so far as they are fairly attributable to relevant property), or

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- (b) a payment which is (or will be) income of any person for any of the purposes of income tax or would for any of those purposes be income of a person not resident in the United Kingdom if he were so resident, or in respect of a liability to make such a payment.
- (6) Tax shall not be charged under this section by virtue of subsection (1)(b) above if the disposition is such that, were the trustees beneficially entitled to the settled property, section 20(4) of the Finance Act 1975 (disposition not intended to confer gratuitous benefit) or section 97 of the Finance Act 1981 (grant of tenancies of agricultural property) would prevent the disposition from being a transfer of value.
- (7) Tax shall not be charged under this section by reason only that property comprised in a settlement ceases to be situated in the United Kingdom and thereby becomes excluded property by virtue of paragraph 2(1)(a) of Schedule 5 to the Finance Act 1975.
- (8) If the settlor of a settlement was not domiciled in the United Kingdom when the settlement was made, tax shall not be charged under this section by reason only that property comprised in the settlement is invested in securities issued as mentioned in paragraph 3 of Schedule 7 to the Finance Act 1975 and thereby becomes excluded property by virtue of sub-paragraph (2) of that paragraph; and section 45 of that Act (domicile) shall not apply to determine the settlor's domicile for the purposes of this subsection in relation to property which became comprised in a settlement before 10th December 1974.
- (9) For the purposes of this section trustees shall be treated as making a disposition if they omit to exercise a right (unless it is shown that the omission was not deliberate) and the disposition shall be treated as made at the time or latest time when they could have exercised the right.

#### *Rates of principal charge*

### **109 Rate of ten-yearly charge**

- (1) Subject to subsection (2) below, the rate at which tax is charged under section 107 above at any time shall be three tenths of the effective rate (that is to say the rate found by expressing the tax chargeable as a percentage of the amount on which it is charged) at which tax would be charged on the value transferred by a chargeable transfer of the description specified in subsection (3) below.
- (2) Where the whole or part of the value mentioned in section 107 above is attributable to property which was not relevant property, or was not comprised in the settlement, throughout the period of ten years ending immediately before the ten-year anniversary concerned, the rate at which tax is charged on that value or part shall be reduced by one-fortieth for each of the successive quarters in that period which expired before the property became, or last became, relevant property comprised in the settlement.
- (3) The chargeable transfer postulated in subsection (1) above is one—
- (a) the value transferred by which is equal to an amount determined in accordance with subsection (4) below ;
- (b) which is made immediately before the ten-year anniversary concerned by a transferor who has in the preceding ten years made chargeable transfers having an aggregate value determined in accordance with subsection (5) below; and

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- (c) for which the appropriate Table of rates is the second Table set out in section 37(3) of the Finance Act 1975.
- (4) The amount referred to in subsection (3)(a) above is equal to the aggregate of—
  - (a) the value on which tax is charged under section 107 above;
  - (b) the value immediately after it became comprised in the settlement of any property which was not then relevant property and has not subsequently become relevant property while remaining comprised in the settlement; and
  - (c) the value, immediately after a related settlement commenced, of the property then comprised in it.
- (5) The aggregate value referred to in subsection (3)(b) above is equal to the aggregate of—
  - (a) the values transferred by any chargeable transfers made by the settlor in the period of ten years ending with the day on which the settlement commenced, disregarding transfers made on that day, and
  - (b) the amounts on which any charges to tax were imposed under section 108 above in respect of the settlement in the ten years before the anniversary concerned;
 but subject to section 110 below.

#### **110 Added property etc.**

- (1) This subsection applies where, after the settlement commenced and after 8th March 1982, but before the anniversary concerned, the settlor made a chargeable transfer as a result of which the value of the property comprised in the settlement was increased.
- (2) For the purposes of subsection (1) above, it is immaterial whether the amount of the property so comprised was increased as a result of the transfer, but a transfer as a result of which the value increased but the amount did not shall be disregarded if it is shown that the transfer—
  - (a) was not primarily intended to increase the value, and
  - (b) did not result in the value being greater immediately after the transfer by an amount exceeding five per cent, of the value immediately before the transfer.
- (3) Where subsection (1) above applies, section 109(5)(a) above shall have effect as if it referred to the greater of—
  - (a) the aggregate of the values there specified, and
  - (b) the aggregate of the values transferred by any chargeable transfers made by the settlor in the period of ten years ending with the day on which the chargeable transfer falling within subsection (1) above was made, disregarding transfers made on that day and excluding the values mentioned in subsection (4) below ;
 and where the settlor made two or more chargeable transfers falling within subsection (1) above, paragraph (b) above shall be taken to refer to the transfer in relation to which the aggregate there mentioned is the greatest.
- (4) The values are—
  - (a) any value attributable to property whose value is taken into account in determining the amount mentioned in section 109(4) above ; and
  - (b) any value attributable to property in respect of which a charge to tax has been made under section 108 above and by reference to which an amount mentioned in section 109(5)(b) above is determined.

- (5) Where the property comprised in a settlement immediately before the ten-year anniversary concerned, or any part of that property, had on any occasion within the preceding ten years ceased to be relevant property then, if on that occasion tax was charged in respect of the settlement under section 108 above, the aggregate calculated under section 109(5) above shall be reduced by an amount equal to the lesser of—
- (a) the amount on which tax was charged under section 108 (or so much of that amount as is attributable to the part in question), and
  - (b) the value on which tax is charged under section 107 above (or so much of that value as is attributable to the part in question);
- and if there were two or more such occasions relating to the property or the same part of it, this subsection shall have effect in relation to each of them.
- (6) References in subsection (5) above to the property comprised in a settlement immediately before an anniversary shall, if part only of the settled property was then relevant property, be construed as references to that part.
- (7) In relation to the first ten-year anniversary of a settlement which commenced after 26th March 1974 and before 9th March 1982, section 109(5) above shall have effect with the addition after paragraph (b) of the words “and
- (c) the amounts of any distribution payments (determined in accordance with the rules applicable before 9th March 1982 under paragraph 11 of Schedule 5 to the Finance Act 1975) made out of the settled property after 26th March 1974 but before 9th March 1982 and within the period of ten years before the anniversary concerned”.

## **111 Rate before first ten-year anniversary**

- (1) The rate at which tax is charged under section 108 above on an occasion preceding the first ten-year anniversary after the settlement's commencement shall be the appropriate fraction of the effective rate at which tax would be charged on the value transferred by a chargeable transfer of the description specified in subsection (4) below.
- (2) For the purposes of this section the appropriate fraction is three tenths multiplied by so many fortieths as there are complete successive quarters in the period beginning with the day on which the settlement commenced and ending with the day before the occasion of the charge, but subject to subsection (3) below.
- (3) Where the whole or part of the amount on which tax is charged is attributable to property which was not relevant property, or was not comprised in the settlement, throughout the period referred to in subsection (2) above, then in determining the appropriate fraction in relation to that amount or part—
- (a) no quarter which expired before the day on which the property became, or last became, relevant property comprised in the settlement shall be counted, but
  - (b) if that day fell in the same quarter as that in which the period ends, that quarter shall be counted whether complete or not.
- (4) The chargeable transfer postulated in subsection (1) above is one—
- (a) the value transferred by which is equal to an amount determined in accordance with subsection (5) below ;
  - (b) which is made at the time of the charge to tax under section 108 by a transferor who has in the period of ten years ending with the day of the occasion of the charge made chargeable transfers having an aggregate value equal to that of

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any chargeable transfers made by the settlor in the period of ten years ending with the day on which the settlement commenced, disregarding transfers made on that day ; and

- (c) for which the appropriate Table of rates is the second Table set out in section 37(3) of the Finance Act 1975.
- (5) The amount referred to in subsection (4)(a) above is equal to the aggregate of—
- (a) the value, immediately after the settlement commenced, of the property then comprised in it;
  - (b) the value, immediately after a related settlement commenced, of the property then comprised in it; and
  - (c) the value, immediately after it became comprised in the settlement, of any property which became so comprised after the settlement commenced and before the occasion of the charge under section 108 (whether or not it has remained so comprised).

## **112 Rate between ten-year anniversaries**

- (1) Subject to subsection (2) below, the rate at which tax is charged under section 108 above on an occasion following one or more ten-year anniversaries after the settlement's commencement shall be the appropriate fraction of the rate at which it was last charged under section 107 (or would have been charged apart from section 109(2)).
- (2) If at any time before the occasion of the charge under section 108 and on or after the most recent ten-year anniversary—
- (a) property has become comprised in the settlement; or
  - (b) property which was comprised in the settlement immediately before the anniversary, but was not then relevant property, has become relevant property,
- then, whether or not the property has remained comprised in the settlement or has remained relevant property, the rate at which tax is charged under section 108 shall be the appropriate fraction of the rate at which it would last have been charged under section 107 (apart from section 109(2)) if immediately before that anniversary the property had been relevant property comprised in the settlement with a value determined in accordance with subsection (3) below.
- (3) In the case of property within subsection (2) (a) above which either—
- (a) was relevant property immediately after it became prised in the settlement; or
  - (b) was not then relevant property and has not subsequently become relevant property while remaining comprised in the settlement,
- the value to be attributed to it for the purposes of subsection (2) above is its value immediately after it became comprised in the settlement; and in any other case the value to be so attributed is the value of the property when it became (or last became) relevant property.
- (4) For the purposes of this section the appropriate fraction is so many fortieths as there are complete successive quarters in the period beginning with the most recent ten-year anniversary and ending with the day before the occasion of the charge; but subsection (3) of section 111 above shall have effect for the purposes of this subsection as it has effect for the purposes of subsection (2) of that section.

*Special cases*

**113 Property leaving temporary charitable trusts**

- (1) This section applies to settled property held for charitable purposes only until the end of a period (whether defined by a date or in some other way).
- (2) Subject to subsections (3) and (4) below, there shall be a charge to tax under this section—
  - (a) where settled property ceases to be property to which this section applies, otherwise than by virtue of an application for charitable purposes, and
  - (b) in a case in which paragraph (a) above does not apply, where the trustees make a disposition (otherwise than by an application of property for charitable purposes) as a result of which the value of settled property to which this section applies is less than it would be but for the disposition.
- (3) Tax shall not be charged under this section in respect of—
  - (a) a payment of costs or expenses (so far as they are fairly attributable to property to which this section applies), or
  - (b) a payment which is (or will be) income of any person for any of the purposes of income tax or would for any of those purposes be income of a person not resident in the United Kingdom if he were so resident,or in respect of a liability to make such a payment.
- (4) Tax shall not be charged under this section by virtue of subsection (2)(b) above if the disposition is such that, were the trustees beneficially entitled to the settled property, section 20(4) of the Finance Act 1975 (disposition not intended to confer gratuitous benefit) or section 97 of the Finance Act 1981 (grant of tenancies of agricultural property) would prevent the disposition from being a transfer of value.
- (5) The amount on which tax is charged under this section shall be—
  - (a) the amount by which the value of property which is comprised in the settlement and to which this section applies is less immediately after the event giving rise to the charge than it would be but for the event, or
  - (b) where the tax payable is paid out of settled property to which this section applies immediately after the event, the amount which, after deducting the tax, is equal to the amount on which tax would be charged by virtue of paragraph (a) above.
- (6) The rate at which tax is charged under this section shall be the aggregate of the following percentages—
  - (a) 025 per cent, for each of the first forty complete successive quarters in the relevant period,
  - (b) 0-20 per cent, for each of the next forty,
  - (c) 015 per cent, for each of the next forty,
  - (d) 010 per cent, for each of the next forty, and
  - (e) 005 per cent, for each of the next forty.
- (7) In subsection (6) above " the relevant period " means the period beginning with the later of—
  - (a) the day on which the property in respect of which tax is chargeable became (or last became) property to which this section applies, and

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- (b) 13th March 1975,  
and ending with the day before the event giving rise to the charge.
- (8) Where the property in respect of which tax is chargeable—
  - (a) was relevant property immediately before 10th December 1981, and
  - (b) became (or last became) property to which this section applies on or after that day and before 9th March 1982,
 subsection (7) above shall have effect as if the day referred to in paragraph (a) of that subsection were the day on which the property became (or last became) relevant property before 10th December 1981.
- (9) For the purposes of this section trustees shall be treated as making a disposition if they omit to exercise a right (unless it is shown that the omission was not deliberate) and the disposition shall be treated as made at the time or latest time when they could have exercised the right.

#### **114 Accumulation and maintenance trusts**

- (1) Subject to subsection (2) below, this section applies to settled property if—
  - (a) one or more persons (in this section referred to as beneficiaries) will, on or before attaining a specified age not exceeding twenty-five, become beneficially entitled to it or to an interest in possession in it, and
  - (b) no interest in possession subsists in it and the income from it is to be accumulated so far as not applied for the maintenance, education or benefit of a beneficiary.
- (2) This section does not apply to settled property unless either—
  - (a) not more than twenty-five years have elapsed since the commencement of the settlement or, if it was later, since the time (or latest time) when the conditions stated in paragraphs (a) and (b) of subsection (1) above became satisfied with respect to the property, or
  - (b) all the persons who are or have been beneficiaries are or were either—
    - (i) grandchildren of a common grandparent, or
    - (ii) children, widows or widowers of such grandchildren who were themselves beneficiaries but died before the time when, had they survived, they would have become entitled as mentioned in subsection (1)(a) above.
- (3) Subject to subsections (4) and (5) below, there shall be a charge to tax under this section—
  - (a) where settled property ceases to be property to which this section applies, and
  - (b) in a case in which paragraph (a) above does not apply, where the trustees make a disposition as a result of which the value of settled property to which this section applies is less than it would be but for the disposition.
- (4) Tax shall not be charged under this section—
  - (a) on a beneficiary's becoming beneficially entitled to, or to an interest in possession in, settled property on or before attaining the specified age, or
  - (b) on the death of a beneficiary before attaining the specified age.
- (5) Subsections (3) to (7) and (9) of section 113 above shall apply for the purposes of this section as they apply for the purposes of that section (with the substitution



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of a reference to subsection (3)(b) above for the reference in section 113(4) to section 113(2)(b)).

- (6) Where the conditions stated in paragraphs (a) and (b) of subsection (1) above were satisfied on 15th April 1976 with respect to property comprised in a settlement which commenced before that day, subsection (2)(a) above shall have effect with the substitution of a reference to that day for the reference to the commencement of the settlement, and the condition stated in subsection (2)(b) above shall be treated as satisfied if—
- (a) it is satisfied in respect of the period beginning with 15th April 1976, or
  - (b) it is satisfied in respect of the period beginning with 1st April 1977 and either there was no beneficiary living on 15th April 1976 or the beneficiaries on 1st April 1977 included a living beneficiary, or
  - (c) there is no power under the terms of the settlement whereby it could have become satisfied in respect of the period beginning with 1st April 1977, and the trusts of the settlement have not been varied at any time after 15th April 1976.
- (7) In subsection (1) above " persons " includes unborn persons ; but the conditions stated in that subsection shall be treated as not satisfied unless there is or has been a living beneficiary.
- (8) For the purposes of this section a person's children shall be taken to include his illegitimate children, his adopted children and his stepchildren.

## **115 Property becoming subject to employee trusts**

- (1) Tax shall not be charged under section 108 above in respect of shares in or securities of a company which cease to be relevant property on becoming held on trusts of the description specified in paragraph 17(1) of Schedule 5 to the Finance Act 1975 if the conditions in subsection (2) below are satisfied.
- (2) The conditions referred to in subsection (1) above are—
- (a) that the persons for whose benefit the trusts permit the settled property to be applied include all or most of the persons employed by or holding office with the company;
  - (b) that, at the date when the shares or securities cease to be relevant property or at a subsequent date not more than one year thereafter, both the conditions mentioned in subsection (2) of section 67 of the Finance Act 1978 (read with subsections (3) and (6)) are satisfied, without taking account of shares or securities held on other trusts; and
  - (c) that the trusts do not permit any of the settled property to be applied at any time (whether during any such period as is referred to in the said paragraph 17(1) or later) for the benefit of any of the persons mentioned in subsection (4) of the said section 67 (read with subsections (5) and (6)) or for the benefit of the settlor or of any person connected with him.
- (3) In its application for the purposes of subsection (2)(c) above, section 67(4) of the Finance Act 1978 shall be construed as if—
- (a) references to section 67(1) were references to subsection (2) above; and
  - (b) references to the time of the transfer of value were references to the time when the property ceases to be relevant property.

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## **116 Property leaving employee trusts and newspaper trusts**

- (1) This section applies to settled property to which paragraph 17 of Schedule 5 to the Finance Act 1975 applies if no qualifying interest in possession subsists in it.
- (2) Subject to subsections (4) and (5) below, there shall be a charge to tax under this section—
  - (a) where settled property ceases to be property to which this section applies, otherwise than by virtue of a payment out of the settled property, and
  - (b) where a payment is made out of settled property to which this section applies for the benefit of a person within subsection (3) below, or a person connected with such a person, and
  - (c) in a case in which paragraphs (a) and (b) above do not apply, where the trustees make a disposition (otherwise than by way of a payment out of the settled property) as a result of which the value of settled property to which this section applies is less than it would be but for the disposition.
- (3) A person is within this subsection if—
  - (a) he has directly or indirectly provided any of the settled property otherwise than by additions not exceeding in value £1,000 in any one year; or
  - (b) in a case where the employment in question is employment by a close company, he is a participator in relation to that company and either—
    - (i) is beneficially entitled to, or to rights entitling him to acquire, not less than 5 per cent, of, or of any class of the shares comprised in, its issued share capital, or
    - (ii) would, on a winding-up of the company, be entitled to not less than 5 per cent, of its assets ; or
  - (c) he has acquired an interest in the settled property for a consideration in money or money's worth.
- (4) If the trusts are those of a profit sharing scheme approved in accordance with Schedule 9 to the Finance Act 1978, tax shall not be chargeable under this section by virtue of subsection (3)(b) above on an appropriation of shares in pursuance of the scheme.
- (5) Subsections (3) to (9) of section 113 above shall apply for the purposes of this section as they apply for the purposes of that section (with the substitution of a reference to subsection (2)(c) above for the reference in section 113(4) to section 113(2)(b)).
- (6) In this section—
  - (a) "close company" and "participator" have the same meanings as in section 39 of the Finance Act 1975; and
  - (b) "year" means the period beginning with 26th March 1974 and ending with 5th April 1974, and any subsequent period of twelve months ending with 5th April;

and a person shall be treated for the purposes of this section as acquiring an interest 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 interest or of other property.

## **117 Maintenance funds for historic buildings**

Schedule 16 to this Act shall have effect.

## **118 Protective trusts and trusts for disabled persons**

- (1) This section applies to—
  - (a) settled property which is held on trusts to the like effect as those specified in section 33(1)(ii) of the Trustee Act 1925 and which became held on those trusts on the failure or determination before 12th April 1978 of trusts to the like effect as those specified in section 33(1)(i). and
  - (b) settled property within paragraph 19 of Schedule 5 to the Finance Act 1975, as it applies to property which was transferred into settlement before 10th March 1981.
- (2) Subject to subsection (3) below, there shall be a charge to tax under this section—
  - (a) where settled property ceases to be property to which this section applies, otherwise than by virtue of a payment out of the settled property for the benefit of the relevant beneficiary, and
  - (b) in a case in which paragraph (a) above does not apply, where the trustees make a disposition (otherwise than by way of such a payment) as a result of which the value of settled property to which this section applies is less than it would be but for the disposition.
- (3) Subsections (3) to (9) of section 113 above shall apply for the purposes of this section as they apply for the purposes of that section.
- (4) In this section " the relevant beneficiary " means—
  - (a) where this section applies by virtue of subsection (1)(a) above, the principal beneficiary within the meaning of section 33 of the Trustee Act 1925 :
  - (b) where this section applies by virtue of subsection (1)(b) above, the person mentioned in paragraph 19(1) of Schedule 5 to the Finance Act 1975.

## **119 Property becoming held for charitable purposes or by exempt bodies**

- (1) Subject to the following provisions of this section, tax shall not be charged under this Chapter in respect of property which ceases to be relevant property, or ceases to be property to which section 113, 114, 116 or 118 above or paragraph 2 of Schedule 16 to this Act applies, on becoming—
  - (a) property held for charitable purposes only without limit of time (defined by a date or otherwise);
  - (b) the property of a political party qualifying for exemption under paragraph 11 of Schedule 6 to the Finance Act 1975;
  - (c) the property of a body mentioned in paragraph 12 of that Schedule (national purposes etc.); or
  - (d) the property of a body not established or conducted for profit.
- (2) Subsection (1)(d) above shall not apply unless the Treasury so direct, whether before or after the time when the property becomes the property of the body in question, and the property is within sub-paragraph (2) of paragraph 13 of Schedule 6 to the Finance Act 1975; and sub-paragraphs (3) to (8) of that paragraph shall apply for the purposes of this subsection as they apply for the purposes of that paragraph.
- (3) If the amount on which tax would be charged apart from this section in respect of any property exceeds the value of the property immediately after it becomes property of a description specified in paragraphs (a) to (d) of subsection (1) above (less the amount

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of any consideration for its transfer received by the trustees), that subsection shall not apply but the amount on which tax is charged shall be equal to the excess.

- (4) The reference in subsection (3) above to the amount on which tax would be charged is a reference to the amount on which it would be charged—
- (a) assuming (if it is not in fact so) that the tax is not paid out of settled property, and
  - (b) apart from Schedule 10 to the Finance Act 1976 (business property) and Schedule 14 to the Finance Act 1981 (agricultural property);
- and the reference in that subsection to the amount on which tax is charged is a reference to the amount on which it would be charged on that assumption and apart from those Schedules.
- (5) Subsection (1) above shall not apply in relation to any property if the disposition by which it becomes property of the relevant description is defeasible; but for this purpose a disposition which has not been defeated at a time twelve months after the property concerned becomes property of the relevant description and is not defeasible after that time shall be treated as not being defeasible, whether or not it was capable of being defeated before that time.
- (6) Subsection (1) above shall not apply in relation to any property if it or any part of it may become applicable for purposes other than charitable purposes or purposes of a body mentioned in subsection (1)(b), (c) or (d) above.
- (7) Subsection (1) above shall not apply in relation to any property if, at or before the time when it becomes property of the relevant description, an interest under the settlement is or has been acquired for a consideration in money or money's worth by an exempt body otherwise than from a charity or a body mentioned in subsection (1)(b) or (c) above.
- (8) In subsection (7) above " exempt body " means a charity or a body mentioned in subsection (1)(b), (c) or (d) above ; and for the purposes of subsection (7) above a body shall be treated as acquiring an interest for a consideration in money or money's worth if it becomes entitled to the interest as a result of transactions which include a disposition for such consideration (whether to that body or to another person) of that interest or of other property.

#### *Miscellaneous*

### **120 Initial interest of settlor or spouse**

- (1) Where a settlor or his spouse is beneficially entitled to an interest in possession in property immediately after it becomes comprised in the settlement, the property shall for the purposes of this Chapter be treated as not having become comprised in the settlement on that occasion ; but when the property or any part of it becomes held on trusts under which neither of those persons is beneficially entitled to an interest in possession, the property or part shall for those purposes be treated as becoming comprised in a separate settlement made by that one of them who ceased (or last ceased) to be beneficially entitled to an interest in possession in it.
- (2) References in subsection (1) above to the spouse of a settlor include references to the widow or widower of a settlor.

- (3) This section applies whether the occasion first referred to in subsection (1) above occurred before or after the passing of this Act, but not if it occurred before 27th March 1974.

### **121 Property moving between settlements**

- (1) Where property which ceases to be comprised in one settlement becomes comprised in another then, unless in the meantime any person becomes beneficially entitled to the property (and not merely to an interest in possession in the property), it shall for the purposes of this Chapter be treated as remaining comprised in the first settlement.
- (2) Subsection (1) above applies only if the date on which property ceases to be comprised in a settlement falls after 9th December 1981; but where property ceased to be comprised in one settlement before 10th December 1981 and after 26th March 1974 and, by the same disposition, became comprised in another settlement, it shall for the purposes of this Chapter be treated as remaining comprised in the first settlement.

### **122 Excluded property**

- (1) For the purposes of this Chapter property to which section 120 or 121 above applies shall not be taken to be excluded property by virtue of paragraph 2(1)(a) of Schedule 5 to the Finance Act 1975 unless the condition in subsection (3) below is satisfied (in addition to the conditions in that paragraph that the property is situated outside the United Kingdom and that the settlor was not domiciled there when the settlement was made).
- (2) Section 108(8) above shall not have effect in relation to property to which section 120 or 121 above applies unless the condition in subsection (3) below is satisfied (in addition to the condition in section 108(8) that the settlor was not domiciled in the United Kingdom when the settlement was made).
- (3) The condition referred to in subsections (1) and (2) above is—
- (a) in the case of property to which section 120 above applies, that the person who is the settlor in relation to the settlement first mentioned in that section, and
  - (b) in the case of property to which subsection (1) or (2) of section 121 above applies, that the person who is the settlor in relation to the second of the settlements mentioned in the subsection concerned,
- was not domiciled in the United Kingdom when that settlement was made.
- (4) In determining for the purposes of section 108(8) whether the condition in subsection (3) above is satisfied in relation to property which became comprised in the settlement before 10th December 1974, section 45 of the Finance Act 1975 shall be disregarded.

### **123 Property becoming settled on a death**

Property which becomes comprised in a settlement in pursuance of a will or intestacy shall for the purposes of this Chapter be taken to have become comprised in it on the death of the testator or intestate (whether it occurred before or after the passing of this Act).

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## **124 Income applied for charitable purposes**

For the purposes of this Chapter, where the trusts on which settled property is held require part of the income of the property to be applied for charitable purposes, a corresponding part of the settled property shall be regarded as held for charitable purposes.

## **125 Annual charges under Finance Act 1975**

No charge to tax shall be imposed under paragraph 12(2) of Schedule 5 to the Finance Act 1975 by reference to any year ending after 31st December 1981 ; and any tax charged under that provision and not already allowed as a credit under paragraph 12(3) of that Schedule or under this section shall be allowed as a credit against tax chargeable under this Chapter in respect of the settled property or part concerned.

## **126 Minor interpretative provisions**

- (1) In this Chapter, unless the context otherwise requires—
  - " payment " includes a transfer of assets other than money; and
  - " quarter " means a period of three months.
- (2) In this Chapter " trade or professional compensation fund " means a fund which is maintained or administered by a representative association of persons carrying on a trade or profession and the only or main objects of which are compensation for or relief of losses or hardship that, through the default or alleged default of persons carrying on the trade or profession or of their agents or servants, are incurred or likely to be incurred by others.

## **127 Amendments**

Schedule 17 to this Act (which makes amendments relating to the preceding provisions of this Chapter) shall have effect.

## **PART V**

### STAMP DUTY

## **128 Reduction of 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 £20,000 and is chargeable at reduced rates on those certified at £25,000, £30,000 and £35,000) 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 " £20,000 ", "£25,000", "£30,000" and "£35,000", wherever occurring, there shall be substituted respectively " £25,000 ", "£30,000", " £35,000 " and " £40,000 ".
- (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 £250 a year) for " £250 " there shall be substituted " £300 ".

- (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 £400) for " £400 " there shall be substituted " £500 " , 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 £400 and not exceeding £450.	Nil	9.00	54.00	108.00
Exceeding £450 and not exceeding £500.	Nil	10.00	60.00	120.00
Exceeding £500: 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 22nd March 1982 and shall be deemed to have come into force on that date.

## 129 Exemption from duty on grants, transfers to charities, etc.

- (1) Where any conveyance, transfer or lease is made or agreed to be made to a body of persons established for charitable purposes only or to the trustees of a trust so established or to the Trustees of the National Heritage Memorial Fund, no stamp duty shall be chargeable by virtue of—
- (a) any of the following headings in Schedule 1 to the Stamp Act 1891, namely, " Conveyance or Transfer on Sale ". " Conveyance or Transfer of any kind not hereinbefore described " and " Lease or Tack ". or
- (b) section 74 of the Finance (1909-10) Act 1910 (gifts inter vivos),
- on the instrument by which the conveyance, transfer or lease, or the agreement for it, is effected.
- (2) An instrument in respect of which stamp duty is not chargeable by virtue only of subsection (1) above 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.
- (3) This section applies to instruments executed on or after 22nd March 1982 and shall be deemed to have come into force on that date.

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**130 Exemption from duty for substituted life policies**

- (1) In any case where, for the purposes of the enactments specified in subsection (2) of section 34 of this Act, policies which are the earlier policy and the later policy, within the meaning of that section, are treated as a single policy, stamp duty shall not be chargeable on the policy of life insurance which is the later policy if it comes into existence on or after 25th March 1982.
- (2) This section shall be deemed to have come into force on 25th March 1982.

**131 Maintenance funds for historic buildings**

In section 98(1) of the Finance Act 1980 (maintenance funds for historic buildings) for the words from "section 89(4)(d) " to " section 90(3) above " there shall be substituted the words " paragraph 1(5) or 3(1) of Schedule 16 to the Finance Act 1982 no charge to capital transfer tax in respect of the property ceasing to be comprised in the settlement or a reduced charge to that tax by virtue of paragraph 1(8) or 3(4) of that Schedule ".

**PART VI**

OIL TAXATION

**CHAPTER I**

GENERAL

**132 Increase of petroleum revenue tax and ending of supplementary petroleum duty**

- (1) With respect to chargeable periods ending after 31st December 1982, section 1(2) of the principal Act (rate of petroleum revenue tax) shall be amended by substituting for the words " 70 per cent. " the words " 75 per cent. ".
- (2) At the end of subsection (5) of section 122 of the Finance Act 1981 (the chargeable periods for which supplementary petroleum duty is chargeable) for the words " and 30th June 1982 " there shall be substituted the words " 30th June 1982 and 31st December 1982 and to no other periods ".

**133 Export sales of gas**

- (1) In section 2 of the principal Act (assessable profits and allowable losses) at the beginning of subsection (5) there shall be inserted the words " Subject to subsection (5A) below " and at the end of that subsection there shall be inserted the following subsection—

“(5A) In any case where oil consisting of gas is disposed of in a sale at arm's length and the terms of the contract are such that the seller is required to transport the gas from a place on land in the United Kingdom for delivery at a place outside the United Kingdom or to meet some or all of the costs of or incidental to its transportation from and to such places then, for the purposes of this Part of this Act-



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- (a) the price received or receivable for the gas shall be deemed to be that for which it would have been sold, and
- (b) the gas shall be deemed to be delivered at the time it would have been delivered,

if the terms of the contract required the gas to be delivered as mentioned in paragraph 2(2)(b) of Schedule 3 to this Act and did not require the seller to meet any such costs as are mentioned above.”

- (2) In section 122(3) of the Finance Act 1981 (gross profit for purposes of supplementary petroleum duty) for " 2(4) and (5) " there shall be substituted " 2(4) to (5A) ".
- (3) This section has effect with respect to chargeable periods ending after 31st December 1981.

### **134 Alternative valuation of ethane used for petrochemical purposes**

- (1) Where an election is made under this section and accepted by the Board, the market value for taxation purposes of any ethane to which the election applies shall be determined, not in accordance with paragraphs 2, 2A and 3 of Schedule 3 to the principal Act (value under a notional contract), but in accordance with a price formula specified in the election; and, in relation to any such ethane, any reference to market value in any other provision of the principal Act shall be construed accordingly.
- (2) Subject to subsection (3) below, an election under this section applies only to ethane—
  - (a) which, during the period covered by the election, is either disposed of otherwise than in sales at arm's length or relevantly appropriated ; and
  - (b) which is used or to be used for petrochemical purposes by or on behalf of the person to whom it is so disposed of or, as the case may be, by or on behalf of the participator by whom it is appropriated ; and
  - (c) which is not subjected to fractionation between the time at which it is disposed of or appropriated as mentioned in paragraph (a) above and the time at which it is used as mentioned in paragraph (b) above.
- (3) In any case where—
  - (a) at a time during the period covered by an election, a market value falls to be determined for ethane to which subsection (4) (b) or subsection (5)(d) of section 2 of the principal Act applies (oil stocks at the end of chargeable periods), and
  - (b) after the expiry of the chargeable period in question, the ethane is disposed of or appropriated and used as mentioned in subsection (2) above,the market value of that ethane at the time referred to in paragraph (a) above shall be determined as if it were then ethane to which the election applies.
- (4) Where any ethane is used principally for the petrochemical purposes specified in the election but some of it is used for fuel, as an incident of the principal use, the whole of it shall be regarded as ethane to which the election applies; but, subject thereto, the market value of ethane used otherwise than for those purposes shall be determined as if no election had been made.
- (5) The provisions of Schedule 18 to this Act shall have effect for supplementing this section.
- (6) In the preceding provisions of this section—

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- (a) " ethane" means oil consisting of gas of which the largest component by volume over any chargeable period is ethane and which—
    - (i) before being disposed of or appropriated as mentioned in subsection (2)(a) above either is not subjected to initial treatment or is subjected to initial treatment which does not include fractionation, or
    - (ii) results from the fractionation of gas before it is disposed of or relevantly appropriated ;
  - (b) " taxation purposes" means the purposes of Part I of the principal Act and of Part VIII of the Finance Act 1981 (supplementary petroleum duty).
- (7) In this section " fractionation " means the treatment of gas in order to separate gas of one or more kinds as mentioned in paragraph 2A(3) of Schedule 3 to the principal Act; and for the purposes of subsection (6)(a) above.—
- (a) the proportion of ethane in any gas shall be determined at a temperature of 15 degrees centigrade and at a pressure of one atmosphere ; and
  - (b) " component" means ethane, methane or liquefied petroleum gas.

### **135 Determination of oil fields**

- (1) In any case where a determination of an oil field is made under Schedule 1 to the principal Act and before the date of the determination oil has been won from the oil field so determined.—
- (a) Part I of the principal Act, except Schedule 7, and Part VIII of the Finance Act 1981 (supplementary petroleum duty) shall apply as if the determination had been made immediately before oil was first won from the field;
  - (b) where the actual date of the determination is later than the date which by virtue of paragraph (a) above is the end of a chargeable period for the oil field, then as respects that chargeable period sections 33(1) and 34 of the Taxes Management Act 1970 (in their application by virtue of paragraph 1 of Schedule 2 to the principal Act), paragraphs 2(1), 5(1) and 13 of Schedule 2 to the principal Act and paragraph 9 of Schedule 16 to the Finance Act 1981 shall have effect as if any reference to the end of a chargeable period were a reference to the actual date of the determination ;
  - (c) where the actual date of the determination is later than the date which by virtue of paragraph (a) above is the end of a claim period in relation to the oil field, then as respects that claim period paragraph 2(1) of Schedule 5. to the principal Act and paragraph 1(2) of Schedule 6. to that Act shall have effect as if any reference to the end of the claim period in which the expenditure is incurred were a reference to that actual date; and
  - (d) where the actual date of the determination is later than the date which by virtue of paragraph (a) above is the end of the transfer period, within the meaning of Schedule 17 to the Finance Act 1980, in relation to the oil field, then as respects that transfer period paragraph 3(1) of that Schedule shall have effect as if the reference to the end of the transfer period were a reference to that actual date.
- (2) In any case where—
- (a) a determination is made under paragraph 5 of Schedule 1 to the principal Act (variation of fields) varying an earlier determination; and
  - (b) in consequence of that variation an existing oil field is altered to any extent;

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then Part I of the principal Act and Part VIII of the Finance Act 1981 shall apply in relation to the oil field subject only to the modifications provided by subsection (3) below.

- (3) Where subsection (2) above applies—
- (a) the time allowed—
    - (i) by paragraph 2 or paragraph 5 of Schedule 2 to the principal Act for making returns, or
    - (ii) by paragraph 3 of Schedule 17 to the Finance Act 1980 for delivering notices,shall as respects returns or notices containing such particulars as may be required in consequence of the later determination be extended to a period ending, in the case of a return under paragraph 2 or a notice under paragraph 3, two months and, in the case of a return under paragraph 5, one month after the actual date of that determination;
  - (b) any claim falling to be made in accordance with Schedule 5 or 6 to the principal Act in respect of any expenditure incurred before the actual date of the later determination which could not have been made before that determination may be made at any time before the expiry of the period of six years beginning with that date;
  - (c) section 1 of the Petroleum Revenue Tax Act 1980 (payments of tax on account), section 105 of the Finance Act 1980 (advance payments of tax) and paragraph 10 of Schedule 16 to the Finance Act 1981 (payments on account of supplementary petroleum duty) shall not apply in relation to any return made under paragraph 2 of Schedule 2 to the principal Act in so far as it is made by virtue of paragraph (a) above ; and
  - (d) section 139 below (advance petroleum revenue tax) shall not apply in relation to so much of the gross profit as accrues to any person in a chargeable period ending before the actual date of the later determination by virtue only of that later determination.
- (4) In subsection (3) of section 12 of the principal Act (references to things done etc. before determination of field) the words from " as regards " to " any oil field " shall cease to have effect.
- (5) This section has effect in relation to determinations made after 31st December 1981.

### **136 Treatment of losses and charges on income**

- (1) In section 13 of the principal Act (treatment of oil extraction activities etc. for purposes of income tax and corporation tax) after subsection (2) there shall be inserted the following subsection—
- “(2A) In any case where—
- (a) in any chargeable period a person incurs a loss in activities (in this subsection referred to as " separate activities ") which, for that or any subsequent chargeable period, are treated by virtue of subsection (1) above as a separate trade for the purposes specified in that subsection, and
  - (b) in any subsequent chargeable period any of his trading income is derived from activities (in this subsection referred to as " related activities") which are not part of the separate activities but which,

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apart from subsection (1) above, would together with those activities constitute a single trade,

then, notwithstanding anything in that subsection, the amount of the loss may be set off, in accordance with section 171 or section 177(1) of the Taxes Act, against so much of his trading income in any subsequent chargeable period as is derived from the related activities.”

(2) At the end of section 15 of the principal Act (oil extraction activities: charges on income) there shall be added the following subsection—

“(5) In any case where—

- (a) such of the charges on income which are paid by a company and allowable under section 248 of the Taxes Act as, by virtue of the preceding provisions of this section, are not allowable against that part of the company's profits referred to in subsection (2) above exceed the remaining part of its profits (in this subsection referred to as the company's " non-oil profits "), and
- (b) the amount of that excess is greater than the amount (if any) by which the total of the charges on income which are allowable to the company under that section exceeds the total of the company's profits,

then, for the purpose of enabling the company to surrender the excess referred to in paragraph (a) above by way of group relief, subsection (6) of section 259 of the Taxes Act shall have effect as if—

- (i) the reference therein to the amount paid by the surrendering company by way of charges on income were a reference to so much of that amount as is allowable only against the company's non-oil profits; and
- (ii) the reference therein to the surrendering company's profits were a reference to its non-oil profits alone.”

(3) The amendments made by subsections (1) and (2) above.—

- (a) so far as they relate to corporation tax, shall be deemed to have had effect for accounting periods beginning before the passing of this Act and on or after 1st January 1980 and shall have effect for subsequent accounting periods; and
- (b) so far as they relate to income tax, shall be deemed to have had effect for the years 1980-81 and 1981-82 and shall have effect for subsequent years of assessment ;

and accordingly subsection (1) above applies to losses incurred in any such accounting period or year of assessment and subsection (2) above applies to charges on income paid in any such accounting period.

### **137 Expenditure met by regional development grants to be disregarded for certain purposes**

- (1) In paragraph 8 of Schedule 3 to the principal Act (certain subsidised expenditure to be disregarded) in sub-paragraph (1) the words from " unless it is so met by a grant" onwards shall be omitted.
- (2) Subject to subsection (3) below, in any case where, by virtue of the said paragraph 8 as amended by subsection (1) above, expenditure which has been or is to be met by a regional development grant is not to be regarded for any of the purposes of Part I of the principal Act as having been incurred by any person, that particular grant shall be regarded as not falling within the reference to a regional development grant in—

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- (a) section 84(1) of the Capital Allowances Act 1968 (treatment of subsidised expenditure for the purposes of the main reliefs for capital expenditure); or
  - (b) section 95(6) of that Act (treatment of subsidised expenditure for the purposes of allowances relevant to scientific research).
- (3) If, in a case falling within subsection (2) above, only a proportion of the expenditure which has been or is to be met by a regional development grant is expenditure which, if it were not so met, would be allowable under section 3 or section 4 of the principal Act, only a corresponding proportion of the grant shall be regarded as not falling within the reference to regional development grant in the provisions referred to in subsection (2) above.
- (4) Subsection (5) below applies in any case where—
- (a) a person has incurred expenditure (by way of purchase, rent or otherwise) on the acquisition of an asset in a transaction to which paragraph 2 of Schedule 4 to the principal Act applies (transactions between connected persons and otherwise than at arm's length), and
  - (b) the expenditure incurred by the other person referred to in that paragraph in acquiring, bringing into existence or enhancing the value of the asset as mentioned in that paragraph has been or is to be met by a regional development grant and, in whole or in part, falls to be taken into account under Chapter I of Part I, or under Part II, of the Capital Allowances Act 1968 (industrial buildings and structures and scientific research) or Chapter I of Part III of the Finance Act 1971 (machinery and plant).
- (5) Where this subsection applies, for the purposes of the charge of income tax or corporation tax on the income arising from those activities of the person referred to in subsection (4) (a) above which are treated by virtue of subsection (1) of section 13 of the principal Act as a separate trade for those purposes, the expenditure referred to in subsection (4)(a) above shall be treated as reduced by the amount of the regional development grant referred to in subsection (4)(b) above.
- (6) In this section " regional development grant" means a grant made under Part I of the Industry Act 1972 or such grant made under an enactment of the Parliament of Northern Ireland or Measure of the Northern Ireland Assembly as has been or may be declared by the Treasury under section 84 or section 95 of the Capital Allowances Act 1968 to correspond to a grant made under the said Part I.
- (7) This section applies in any case where—
- (a) the expenditure to which the regional development grant relates is incurred after 9th March 1982 ; and
  - (b) the regional development grant concerned is paid after that date.

### **138 Provisions supplementary to section 137**

- (1) The provisions of this section apply where—
- (a) expenditure incurred by any person in relation to an asset in any relevant period (in this section referred to as " the initial period ") has been or is to be met by a regional development grant; and
  - (b) notwithstanding the provisions of section 137 above, in determining that person's liability to income tax or corporation tax for the initial period the whole or some part of that expenditure falls to be taken into account under Chapter I of Part I, or under Part II, of the Capital Allowances Act 1968

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(allowances in respect of industrial buildings and structures and scientific research) or Chapter I of Part III of the Finance Act 1971 (allowances in respect of machinery and plant); and

- (c) in a relevant period subsequent to the initial period, either expenditure on the asset becomes allowable under section 3 or section 4 of the principal Act or the proportion of any such expenditure which is so allowable is different as compared with the initial period;

and in the following provisions of this section, the subsequent relevant period referred to in paragraph (c) above is referred to as " the adjustment period " .

- (2) Where this section applies, there shall be redetermined for the purposes of this section the amount of the expenditure referred to in paragraph (a) of subsection (1) above which would have been taken into account as mentioned in paragraph (b) of that subsection if the circumstances referred to in paragraph (c) of that subsection had existed in the initial period; and according to whether the amount as so redetermined is greater or less than the amount actually taken into account as mentioned in subsection (1)(b) above, the difference is in the following provisions of this section referred to as the increase or the reduction in the allowance.
- (3) If there is an increase in the allowance, then, for the purposes of the provisions referred to in subsection (1)(b) above, an amount of capital expenditure equal to the increase shall be deemed to have been incurred by the person concerned in the adjustment period on an extension of or addition to the asset referred to in subsection (1)(a) above.
- (4) If there is a reduction in the allowance, then, for the purpose of determining the liability to income tax or corporation tax of the person concerned, he shall be treated as having received in the adjustment period, as income of the trade in connection with which the expenditure referred to in subsection (1)(a) above was incurred, a sum equal to the amount of the reduction in the allowance.
- (5) In this section " relevant period " means an accounting period of a company or a year of assessment.

## CHAPTER II

### ADVANCE PETROLEUM REVENUE TAX

#### **139 Liability for APRT and credit against liability for petroleum revenue tax**

- (1) For each of the following chargeable periods, namely—
- (a) the first chargeable period ending after 31st December 1982 in which, subject to sections 140 and 141 below, a gross profit accrues to a participator from an oil field, and
  - (b) every one out of the nine immediately succeeding chargeable periods in which, subject to those sections, a gross profit accrues to him from that field,
- the participator shall be liable to pay an amount of petroleum revenue tax (to be known as " advance petroleum revenue tax " and in this Chapter referred to as " APRT ") in accordance with this section.
- (2) Subject to sections 140 and 141 below, APRT shall be payable on the gross profit accruing to the participator in the chargeable period in question and shall be payable at the rate of 20 per cent.

- (3) The aggregate of—
- (a) the APRT which is paid by a participator in respect of any chargeable period and not repaid, and
  - (b) any APRT which is carried forward from the previous chargeable period by virtue of subsection (4) below,
- shall be set against the participator's liability for petroleum revenue tax charged in any assessment made on him in respect of the assessable profit accruing to him in the period referred to in paragraph (a) above from the oil field in question (which liability is in this Chapter referred to as his liability for petroleum revenue tax for a chargeable period) and shall, accordingly, discharge a corresponding amount of that liability.
- (4) If, for any chargeable period, the aggregate of—
- (a) the APRT which is paid by a participator for that period and not repaid, and
  - (b) any APRT carried forward from the previous chargeable period by virtue of this subsection,
- exceeds the participator's liability for petroleum revenue tax for that period, the excess shall be carried forward as an accretion to the APRT paid (and not repaid) for the next chargeable period; and any reference in this Chapter to a participator's APRT credit for a chargeable period is a reference to the aggregate of the APRT paid for that period and not repaid and any APRT carried forward from the previous chargeable period by virtue of this subsection.
- (5) The references in section 1 of the Provisional Collection of Taxes Act 1968 to petroleum revenue tax include a reference to APRT.
- (6) The provisions of Schedule 19 to this Act shall have effect for supplementing this section and, accordingly, section 105 of the Finance Act 1980 (advance payments of petroleum revenue tax) shall cease to have effect with respect to chargeable periods ending after 30th June 1983.
- (7) This Chapter shall be included in the Oil Taxation Acts for the purposes of sections 107 and 108 of the Finance Act 1980 (transmedian fields and gas banking schemes).

#### **140 Increase of gross profit by reference to royalties in kind**

- (1) This section applies where part of a participator's share of the oil won and saved from an oil field is delivered by him in a chargeable period to the Secretary of State pursuant to a requirement imposed under the terms of a licence granted under the Petroleum (Production) Act 1934.
- (2) In determining for the purposes of APRT the gross profit accruing to the participator from the field in the chargeable period the aggregate of the amounts mentioned in paragraphs (a), (b) and (c) of subsection (5) of section 2 of the principal Act shall be increased by multiplying it by a fraction of which—
- (a) the numerator is the total of the quantity of oil won from the field which is delivered or relevantly appropriated by him in the period including the oil delivered to the Secretary of State ; and
  - (b) the denominator is that total excluding the oil delivered to the Secretary of State.
- (3) Where oil is delivered pursuant to a requirement which relates to oil of one or more kinds but not to others, subsection (2) above shall apply only in relation to oil of the

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kind or kinds to which the requirement relates; and where oil is delivered pursuant to a requirement which specifies different proportions in relation to different kinds of oil, that subsection shall apply separately in relation to each of those kinds.

- (4) For the purposes of subsection (5) of section 2 of the principal Act as it applies in determining for the purposes of APRT the gross profit accruing to a participator, the exclusion by paragraph 4 of Schedule 3 to that Act of oil delivered to the Secretary of State under the terms of a licence granted under the said Act of 1934 shall be deemed to extend to oil which is inadvertently delivered to him in excess of the amount required; and oil so delivered shall be treated for the purposes of this section as delivered pursuant to a requirement imposed under the terms of such a licence.
- (5) Any reference in this section or in section 141 below to the purposes of APRT includes a reference to the purpose of determining whether APRT is payable for a chargeable period by virtue of section 139(1) above.

#### **141 Reduction of gross profit by reference to exempt allowance**

- (1) For the purposes of APRT there shall be for each oil field in each chargeable period an exempt allowance of 500,000 metric tonnes of oil divided between the participators in shares proportionate to their shares of the oil won and saved from the field during the period.
- (2) If the gross profit accruing to a participator in a chargeable period from a field exceeds the cash equivalent of his share of the exempt allowance, the gross profit shall be reduced to an amount equal to the excess.
- (3) If the gross profit accruing to a participator in a chargeable period from a field does not exceed the cash equivalent of his share of the exempt allowance, the gross profit shall be reduced to nil.
- (4) Subject to subsection (5) below, the cash equivalent of a participator's share of the exempt allowance for an oil field for a chargeable period shall be equal to such proportion of the gross profit accruing to him from the field in that period (before any reduction under this section) as his share of the exempt allowance bears to his share, exclusive of excluded oil within the meaning of section 10 of the principal Act, of the oil won and saved from the field during the period.
- (5) If a participator in an oil field so elects by notice in writing given to the Board at the time when he makes his return under paragraph 2 of Schedule 2 to the principal Act for a chargeable period, the cash equivalent of his share of the exempt allowance for the field for that period shall be determined under subsection (4) above—
  - (a) to the extent that his share of that exempt allowance does not exceed his share of the oil (other than gas) won and saved from the field in the period, as if in computing the gross profit accruing to him in the period all amounts relating to gas fell to be disregarded; and
  - (b) to the extent, if any, that his share of that allowance exceeds his share of the oil (other than gas) so won and saved, as if in computing the gross profit so accruing all amounts relating to oil other than gas fell to be disregarded.
- (6) In this section references to a participator's share of the oil won and saved from a field are to his share as expressed in metric tonnes and for that purpose 1,100 cubic metres of oil consisting of gas at a temperature of 15 degrees centigrade and pressure of one atmosphere shall be counted as equivalent to one metric tonne of oil other than gas.



## **142 Consequences of crediting APRT against liability for petroleum revenue tax**

- (1) If it appears to the Board—
- (a) that any amount of APRT credit which has been set off against a participator's assessed liability to petroleum revenue tax for any chargeable period ought not to have been so set off, or that the amount so set off has become excessive, or
  - (b) that, disregarding any liability to or credit for APRT, a participator is entitled to a repayment of petroleum revenue tax for any chargeable period,
- then, for the purpose of securing that the liabilities of the participator to petroleum revenue tax and APRT (including interest on unpaid tax) for the chargeable period in question are what they ought to have been, the Board may make such assessments to, and shall make such repayments of, petroleum revenue tax and APRT as in their judgment are necessary in the circumstances.
- (2) In a case falling within paragraph (a) of subsection (1) above, any necessary assessment to petroleum revenue tax may, where the revised amount of set off is ascertained as a result of an appeal, be made at any time before the expiry of the period of six years beginning at the end of the chargeable period in which the appeal is finally determined; and in a case falling within paragraph (b) of that subsection any necessary assessment to APRT may be made at any time before the expiry of the period of six years beginning at the end of the chargeable period in which the participator became entitled as mentioned in that paragraph.
- (3) In subsection (1) of section 17 of the principal Act (corporation tax: deduction of petroleum revenue tax in computing income)—
- (a) after the words " has paid " there shall be inserted the words " or is treated by virtue of subsection (1A) below as having paid ";
  - (b) after the words " chargeable period ", in the first place where they occur, there shall be inserted the words " not being advance petroleum revenue tax ";
  - (c) after the words " petroleum revenue tax paid " there shall be inserted the words " or treated as having been paid ".
- (4) After that subsection there shall be inserted the following subsection: —
- “(1A) If and so far as any liability to an amount of petroleum revenue tax for any chargeable period is satisfied by an amount of advance petroleum revenue tax paid for that or any earlier chargeable period, that amount of petroleum revenue tax shall be treated for the purposes of this section as having been paid on the date on which it became due.”
- (5) Paragraphs 13, 14 and 15 of Schedule 2 to the principal Act (payment of tax, appeals and interest on tax) apply in relation to an assessment to petroleum revenue tax under subsection (1) above as they apply to an assessment under that Schedule.

## **PART VII**

### **MISCELLANEOUS AND SUPPLEMENTARY**

## **143 Reduction of national insurance surcharge**

- (1) Subject to subsection (2) below, in section 1(1) of the National Insurance Surcharge Act 1976 (surcharge of 3½ per cent, on secondary Class 1 contributions) for the words " 3½ per cent." there shall be substituted the words " 2½ per cent. ".

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- (2) Subject to subsections (3) and (4) below, this section has effect in relation to any contribution in respect of earnings which are paid on or after 2nd August 1982; but with respect to earnings paid in a tax week beginning before 6th April 1983, subsection (1) above shall have effect as if the words substituted for " 3i per cent. " were " 2 per cent.", not " 2\ per cent."
- (3) The amendments made by subsections (1) and (2) above do not apply to any secondary Class I contribution which any of the bodies specified in subsection (4) below is liable to pay in respect of earnings paid in a tax week beginning before 6th April 1983 ; and accordingly in the case of any such contributions, the rate of surcharge shall continue to be 3½ per cent.
- (4) The bodies referred to in subsection (3) above are—
- (a) in England and Wales, those which, by virtue of section 53(5) of the Local Government, Planning and Land Act 1980, are local authorities for the purposes of Part VI of that Act;
  - (b) in Scotland, regional, islands and district councils ;
  - (c) the Receiver for the Metropolitan Police District and the police authority for every police area other than that District;
  - (d) in Scotland, the fire authority for every area falling within a combined area;
  - (e) the committees established under paragraph 2 of Schedule 3 to the Powers of Criminal Courts Act 1973 (probation and after-care committees); and
  - (f) magistrates' courts committees, within the meaning of section 19 of the Justices of the Peace Act 1979, and the committee of magistrates referred to in section 35(1) of that Act (the committee for the inner London area).
- (5) In this section " tax week " has the same meaning as in the Social Security Act 1975.

#### **144 Additional payments by programme contractors**

- (1) In paragraph 5 of Schedule 4 to the Broadcasting Act 1981 (accounting periods of programme contractors which are bodies corporate)—
- (a) after sub-paragraph (2) there shall be inserted the following sub-paragraph—
 

“(2A) Where two parts of such a period as is mentioned in sub-paragraph (1) fall to be divided from each other under sub-paragraph (2)(a), section 32(4) shall have effect as if the profits and advertising receipts for each part were the profits and advertising receipts for the whole multiplied by

$$\frac{X}{X+Y}$$

where X and Y are respectively the number of weeks in that part and the number of weeks in the other part, counting (in each case) an odd 4 days or more as a week.”; and
  - (b) in sub-paragraph (3) for the words " sub-paragraph (2) ", in both places where they occur, there shall be substituted the words " sub-paragraph (2)(b) ".
- (2) Subsection (1) above applies where the relevant order under section 32 of that Act (payments by programme contractors) is made after the passing of this Act.

- (3) Any contract between the Independent Broadcasting Authority and a programme contractor under which television programmes or local sound broadcasts are to be provided by the contractor, being a contract which is in force immediately before the passing of this Act, shall, until it is varied or superseded by a further contract or expires or is otherwise terminated, whichever first occurs, be deemed to be modified by virtue of this subsection so as—
  - (a) to substitute provisions in conformity with subsection (1) above for so much (if any) of the contract as is not in conformity with that subsection; and
  - (b) to incorporate in the contract such additional provisions as the contract is required to include in accordance with that subsection.
- (4) If it appears to the Independent Broadcasting Authority that subsection (1) above calls for the inclusion of additional provisions in any such contract as is mentioned in subsection (3) above, but does not afford sufficient particulars of what those provisions ought to be, the Authority may, after consulting the programme contractor, decide what those provisions are to be.
- (5) The first order made under section 32 of the Broadcasting Act 1981 after the passing of this Act may make, so as to take effect from 1st April 1982, provision which reduces the amount of any payments payable by virtue of subsection (1)(b) of that section; and if that order makes any such provision so as to take effect from that date, that section and paragraph 5 of Schedule 4 to that Act shall have effect in relation to the order as if any reference (however worded) to its commencement were a reference to that date.

#### **145 Certificates of tax deposit: extension of interest period**

For the purposes of certificates of tax deposit issued by the Treasury under section 12 of the National Loans Act 1968 on terms published before 31st July 1980, the date which is the due date in relation to—

- (a) income tax charged at a rate other than the basic rate, and
- (b) capital gains tax,

is by virtue of this section postponed, with respect to the year 1980-81 and any subsequent year of assessment, from the date specified in the prospectuses concerned to 1st December following the end of the year of assessment for which the tax is payable.

#### **146 Transfer of assets of British National Oil Corporation**

- (1) In this section—
  - " the Corporation " means the British National Oil Corporation ;
  - " 75 per cent, subsidiary " has the meaning given by section 532(1)(b) of the Taxes Act;
  - " the subsidiary " means a 75 per cent, subsidiary of the Corporation to which any of the Corporation's assets or any of the assets of any other 75 per cent, subsidiary of the Corporation are transferred in pursuance of a scheme made under section 2(2) of the Oil and Gas (Enterprise) Act 1982 ; and
  - " transferred assets " means any of the assets so transferred
- (2) Section 278 of the Taxes Act (deemed disposals of assets for capital gains tax where member leaves group) and section 21 of the Development Land Tax Act 1976 (deemed disposals of assets for development land tax where member leaves group) shall not

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have effect as respects any of the transferred assets on the subsidiary's ceasing on or after 6th April 1982 to be a 75 per cent, subsidiary of the Corporation.

#### **147 Transfer of assets of British Gas Corporation**

- (1) In this section—
- " the Corporation " means the British Gas Corporation; and
  - " 75 per cent, subsidiary " has the meaning given by section 532(1)(b) of the Taxes Act.
- (2) If, in pursuance of a scheme made under section 10(2) of the Oil and Gas (Enterprise) Act 1982, any of the assets of the Corporation or of a 75 per cent, subsidiary of the Corporation are transferred to another 75 per cent, subsidiary of the Corporation, neither—
- (a) section 278 of the Taxes Act (deemed disposals of assets for capital gains tax where member leaves group), nor
  - (b) section 21 of the Development Land Tax Act 1976 (deemed disposals of assets for development land tax where member leaves group),
- shall have effect as respects any of the assets so transferred on that other subsidiary's ceasing to be a 75 per cent, subsidiary of the Corporation.
- (3) If, for the purpose of enabling the Corporation to comply with a direction given under section 7(2) of the Gas Act 1972 requiring any asset to be disposed of, the asset to which the direction relates is transferred to a 75 per cent, subsidiary of the Corporation, neither section 278 of the Taxes Act nor section 21 of the Development Land Tax Act 1976 shall have effect as respects any of the assets of that subsidiary on the subsidiary's ceasing to be a 75 per cent, subsidiary of the Corporation.

#### **148 Transfer of assets of Hops Marketing Board**

- (1) For the purposes of the Capital Gains Tax Act 1979, the transfer by virtue of the Hops Marketing Act 1982 of any asset from the Hops Marketing Board to any person or persons specified as mentioned in section 2(1) of that Act (in this section referred to as " the transferee ") shall be deemed to be for a consideration such that no gain or loss accrues to the Board ; and Schedule 5 to the Capital Gains Tax Act 1979 shall have effect in relation to any asset so transferred as if the acquisition or provision of it by the Board had been the acquisition or provision of it by the transferee.
- (2) Any transfer by virtue of the Hops Marketing Act 1982 of any interest in land from the Hops Marketing Board to the transferee shall be deemed to be a disposal to which subsection (1) of section 20 of the Development Land Tax Act 1976 (groups of companies) applies.

#### **149 Recovery of overpayment of tax, etc, 150. Investment in gilt-edged unit trusts**

- (1) The following section shall be substituted for section 30 of the Taxes Management Act 1970—

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**“30 Recovery of overpayment of tax, etc.**

- (1) Where an amount of tax has been repaid to any person which ought not to have been repaid to him, that amount of tax may be assessed and recovered as if it were unpaid tax.
- (2) In any case where—
  - (a) a repayment of tax has been increased in accordance with section 47 or 48 of the Finance (No. 2) Act 1975 (supplements added to repayments of tax, etc.); and
  - (b) the whole or any part of that repayment has been paid to any person but ought not to have been paid to him ; and
  - (c) that repayment ought not to have been increased either at all or to any extent;then the amount of the repayment assessed under subsection (1) above may include an amount equal to the amount by which the repayment ought not to have been increased.
- (3) In any case where—
  - (a) a payment, other than a repayment of tax to which subsection (2) above applies, is increased in accordance with section 47 or 48 of the Finance (No. 2) Act 1975 ; and
  - (b) that payment ought not to have been increased either at all or to any extent;then an amount equal to the amount by which the payment ought not to have been increased may be assessed and recovered as if it were unpaid income tax or corporation tax.
- (4) An assessment to income tax or corporation tax under this section shall be made under Case VI of Schedule D.
- (5) An assessment under this section shall not be out of time under section 34 of this Act if it is made before the end of the chargeable period following that in which the amount so assessed was repaid or paid as the case may be.
- (6) Subsection (5) above is without prejudice to sections 36, 37 and 39 of this Act.
- (7) In this section any reference to an amount repaid or paid includes a reference to an amount allowed by way of set-off.”

(2) Subsection (5) of section 22 of the Finance Act 1978 (recovery of repayments of tax to spouses) shall not apply in relation to any amount repaid on or after 6th April 1982.

(3) Subsection (1) above has effect in relation to any amount repaid or paid on or after 6th April 1982.

**150** In Part II of Schedule 1 to the Trustee Investments Act 1961 (" narrower-range investments" in which trust property may be invested) the following paragraph shall be inserted after paragraph 10—

“10A In any units, or other shares of the investments subject to the trusts, of a unit trust scheme which, at the time of investment, is an authorised unit trust, within the the meaning of section 358 of the Income and Corporation

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Taxes Act 1970, in relation to which, by virtue of section 60 of the Finance Act 1980, section 354 of the said Act of 1970 does not apply.”

### **151 National savings accounts**

- (1) The National Savings Bank Act 1971 shall have effect subject to the amendments specified in Schedule 20 to this Act.
- (2) This section and Schedule 20 to this Act shall come into force on the expiry of the period of three months beginning with the day on which this Act is passed.

### **152 Additional power of Treasury to borrow**

- (1) At the beginning of subsection (1) of section 12 of the National Loans Act 1968 (power of Treasury to borrow) there shall be inserted the words " Any money which the Treasury consider it expedient to raise for the purpose of promoting sound monetary conditions in the United Kingdom and ".
- (2) After the said subsection (1) there shall be inserted the following subsection:
 

“(1A) The terms (as to interest or otherwise) on which any balance for the time being in the National Loans Fund is to be held shall be such as may be agreed between the Treasury and the Bank of England.”
- (3) In section 19(4) of the National Loans Act 1968 (meaning of liabilities and assets of the Fund) after the words " the assets of that Fund shall be " there shall be inserted the words " the aggregate of any balance in that Fund and ".

### **153 Variable rates of interest for government lending**

- (1) For section 5 of the National Loans Act 1968 (rates of interest) there shall be substituted the following section—

#### **“5 Rates of interest.**

- (1) This section has effect as respects any rate of interest—
  - (a) which under any provision in Schedule 1 to this Act is to be determined in accordance with this Act, or
  - (b) which is to be determined by the Treasury under section 3 of this Act, and, where any enactment passed after this Act provides for the payment of interest on advances or loans made out of the National Loans Fund, and for the rate at which that interest is to be payable to be determined or approved by the Treasury, then, except as otherwise expressly provided, this section has effect as respects that rate of interest.
- (2) For any loan or class of loans the Treasury may determine or approve either—
  - (a) a fixed rate of interest, that is to say a specified rate or a formula rate which is to be applied, throughout the period of the loan or any loan of that class, with the value which it has when the loan is made, or
  - (b) a variable rate of interest, that is to say a formula rate which is to be applied, for each of the successive periods of the loan or any loan of that class which are of a length specified in the determination or

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- approval (in this section referred to as interest periods), with the value which it has at the beginning of that period ;
- and in this subsection " formula rate " means a rate which is so expressed (whether by means of a formula or otherwise) that it will or may have different values at different times.
- (3) The Treasury shall, on each occasion when they determine or approve a fixed rate of interest for a loan or class of loans, satisfy themselves that the rate would be at least sufficient to prevent a loss if—
- (a) the loan, or any loan of that class—
    - (i) were made forthwith, and
    - (ii) were met out of money borrowed by the Treasury at the lowest rate at which the Treasury are for the time being able to borrow money (of whatever amount) for a comparable period, and on other comparable terms, and
  - (b) the interest on the money so borrowed, together with the Treasury's expenses of borrowing, were set off against the interest received on the loan.
- (4) The Treasury shall, on each occasion when they determine or approve a variable rate of interest for a loan or class of loans, satisfy themselves that the rate would be at least sufficient to prevent a loss if—
- (a) the loan, or any loan of that class.—
    - (i) were made forthwith,
    - (ii) were to be repaid at the end of its first interest period, and
    - (iii) were met out of money borrowed by the Treasury at the lowest rate at which the Treasury are for the time being able to borrow money (of whatever amount) for a comparable period, and
  - (b) the interest on the money so borrowed were set off against the interest received on the loan.
- (5) If at any time the Treasury are satisfied that a rate of interest determined or approved for a class of loans, or for a loan not yet made, would not meet the requirements of subsection (3) or, as the case may be, subsection (4) above if it were determined or approved at that time, that determination or approval shall be withdrawn; and another rate shall be determined or approved in accordance with that subsection for further loans of that class or, as the case may be, for that loan.
- (6) The Treasury may in determining or approving a rate of interest take into account any consideration justifying a rate higher than that required by subsection (3) or (4) above.
- (7) Different fixed rates of interest may be determined or approved in respect of loans which are to be made for the same length of time; and different variable rates of interest may be determined or approved for loans which are to have interest periods of the same length.
- (8) The Treasury shall cause—
- (a) all rates of interest determined from time to time by them in respect of local loans, and

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(b) all other rates of interest determined from time to time by them otherwise than by virtue of subsection (6) above,  
to be published in the London and Edinburgh Gazettes as soon as may be after the determination of those rates.”

- (2) The enactments amended by Schedule 1 to that Act (government lending and advances) shall have effect as if in the third column of that Schedule for the word "fixed", wherever it occurs, there were substituted the word "determined".
- (3) In subsection (9) of section 47 of the Housing (Financial Provisions) Act 1958 (loans for certain housing purposes) for the word "prescribed" there shall be substituted the word "determined".
- (4) In subsection (5) of section 20 of the Crown Agents Act 1979 (grants and loans by Minister) for the words "section 5(2) of the National Loans Act 1968 (criteria for fixing)" there shall be substituted the words "section 5(3) and (4) of the National Loans Act 1968 (criteria for determining)".

#### **154 Local loans**

- (1) Loans in pursuance of section 3 of the National Loans Act 1968 may be made by the Public Works Loan Commissioners, in addition to any loans made by them under section 78 of the Finance Act 1978, but the aggregate of—
  - (a) the commitments of the Commissioners outstanding at any time in respect of undertakings entered into by them to grant such loans; and
  - (b) the advances in respect of such loans made by them under this section up to that time,
shall not exceed £4,000 million or such greater amount as may be specified in an order under subsection (2) below.
- (2) The Treasury may, on not more than three occasions, by order made by statutory instrument increase or further increase the limit imposed by subsection (1) above by such sum not exceeding £4,000 million as may be specified in the order.
- (3) No order shall be made under this section unless a draft of it has been laid before and approved by a resolution of the Commons House of Parliament.

#### **155 Extinguishment of deferred liability of charities for development land tax**

- (1) In so far as any charity continues, on 9th March 1982, to have a liability for development land tax which is deferred by virtue of section 25 of the Development Land Tax Act 1976 (development by charities on land acquired after 12th September 1974) that liability is hereby extinguished with effect from that date.
- (2) Subsection (1) above shall be construed as one with the Development Land Tax Act 1976 and the reference in that subsection to section 25 of that Act is a reference to that section as it had effect before it was replaced by section 111 of the Finance Act 1980.

#### **156 Dissolution of Board of Referees**

- (1) The Board of Referees mentioned in section 26 of the Capital Allowances Act 1968 is hereby dissolved and the functions of the Board transferred to the tribunal established under section 463 of the Taxes Act.



- (2) Schedule 21 to this Act shall have effect for the purpose of making provision consequential on this section.

**157 Short title, interpretation, construction and repeals**

- (1) This Act may be cited as the Finance Act 1982.
- (2) In this Act " the Taxes Act" means the Income and Corporation Taxes Act 1970.
- (3) Part III of this Act, so far as it relates to income tax, shall be construed as one with the Income Tax Acts, so far as it relates to corporation tax, shall be construed as one with the Corporation Tax Acts and, so far as it relates to capital gains tax, shall be construed as one with the Capital Gains Tax Act 1979.
- (4) Part IV of this Act shall be construed as one with Part III of the Finance Act 1975.
- (5) Part VI of this Act shall be construed as one with Part I of the Oil Taxation Act 1975 or, in the case of section 136, with Part II of that Act and references in Part VI to the principal Act are references to that Act.
- (6) The enactments and Orders mentioned in Schedule 22 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.
- (7) The provisions of Part XI of Schedule 22 to this Act, except in so far as they relate to the Wellington Museum Act 1947 and the Finance (No. 2) Act 1975, shall have effect in substitution for the provisions of Section B of Part VI of Schedule 20 to the Finance Act 1980 and, accordingly, that Section shall be deemed not to have taken effect at the beginning of the year 1982-83.

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## 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.	106.80
exceeding 15 but not exceeding 18 per cent	137.90
exceeding 18 but not exceeding 22 per cent	162.30
exceeding 22 per cent.	162.30 plus £14.47 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 £23.45 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. exceeding 10 but not exceeding	73.10
15 per cent	103.80
exceeding 15 but not exceeding 18 per cent	127.80
exceeding 18 per cent.	127.80 plus £14.47 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 £10.75 per hectolitre.

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SCHEDULE 3

Section 5(2).

PROVISIONS SUBSTITUTED IN **VEHICLES (EXCISE) ACT 1971 (c. 10)**

**I**

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE I

Description of vehicle	Rate of duty
	£
1. Bicycles and tricycles of which the cylinder capacity of the engine does not exceed 150 cubic centimetres	8.00
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	16.00
3. Bicycles and tricycles not in the foregoing paragraphs	32.00

**II**

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 2

Description of vehicle	Rate of duty
	£
Hackney carriages	40.00 with an additional 80p for each person above 20 (excluding the driver) for which the vehicle has seating capacity.

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### III

#### PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 3

1.	Weight unladen of vehicle		Rate of duty	
	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.	—	—	13.50	—
2. Haulage vehicles, being showmen's vehicles.	—	7¼ tons	130.00	—
	7¼ tons	8 tons	156.00	—
	8 tons	10 tons	183.00	—
	10 tons	—	183.00	28.00
3. Haulage vehicles, not being showmen's vehicles.	—	2 tons	155.00	—
	2 tons	4 tons	278.00	—
	4 tons	6 tons	402.00	—
	6 tons	7¼ tons	525.00	—
	7¼ tons	8 tons	642.00	—
	8 tons	10 tons	642.00	109.00
	10 tons	—	860.00	123.00

## IV

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 4 TABLES  
SHOWING ANNUAL RATES OF DUTY ON GOODS VEHICLES

TABLE A

## GENERAL RATES OF DUTY

1.	Weight unladen of vehicle		Rate of duty	
	2.	3.	4.	5.
Description of vehicle	Exceeding	Not exceeding	Initial	Additional for each $\frac{1}{4}$ ton or part of a $\frac{1}{4}$ ton in excess of the weight in column 2
			£	£
1. Farmers' goods vehicles	—	12 cwt.	46	—
	12 cwt.	16 cwt.	50	—
	16 cwt.	1 ton	54	—
	1 ton	3 tons	53	7
	3 tons	4 tons	106	5
	4 tons	7 tons	126	4
	7 tons	9 tons	176	2
	9 tons	—	233	6
2. Showmen's goods vehicles	—	12 cwt.	46	—
	12 cwt.	16 cwt.	50	—
	16 cwt.	1 ton	54	—
	1 ton	3 tons	53	7
	3 tons	4 tons	106	5
	4 tons	6 tons	126	4
	6 tons	9 tons	156	7
	9 tons	—	278	10
3. Tower wagons	—	12 cwt.	62	—
	12 cwt.	16 cwt.	69	—
	16 cwt.	1 ton	78	—
	1 ton	4 tons	77	8
	4 tons	6 tons	171	9
	6 tons	9 tons	242	8

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

1.	Weight unladen of vehicle		Rate of duty	
	2.	3.	4.	5.
Description of vehicle	Exceeding	Not exceeding	Initial	Additional for each $\frac{1}{4}$ ton or part of a $\frac{1}{4}$ 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.	9 tons	—	394	15
	—	1 ton	80	—
	1 ton	$1\frac{1}{4}$ tons	90	—
	$1\frac{1}{4}$ tons	$1\frac{1}{2}$ tons	100	—
	$1\frac{1}{2}$ tons	3 tons	130	22
	3 tons	4 tons	264	23
	4 tons	9 tons	340	40
	9 tons	10 tons	1,351	48
	10 tons	—	1,537	57

TABLE B

RATES OF DUTY ON GOODS VEHICLES USED FOR DRAWING TRAILERS

1.	Weight unladen of vehicle		4.
	2.	3.	
Description of vehicle	Exceeding	Not exceeding	Rate of duty
			£
1. Showmen's goods vehicles	—	—	41
2. Other goods vehicles	—	$1\frac{1}{2}$ tons	41
	$1\frac{1}{2}$ tons	3 tons	55
	3 tons	4 tons	92
	4 tons	6 tons	139
	6 tons	9 tons	173
	9 tons	—	210

## V

## PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 5

Description of vehicle	Rate of duty
	£
1. Vehicles not exceeding seven horse-power, if registered under the Roads Act 1920 for the first time before 1st January 1947	57.00
2. Vehicles not included above	80.00

## SCHEDULE 4

Section 6(2).

PROVISIONS SUBSTITUTED IN [VEHICLES \(EXCISE\)  
ACT \(NORTHERN IRELAND\) 1972 \(N.I. C. 10\)](#)

## 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	8.00
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	16.00
3. Bicycles and tricycles not in the foregoing paragraphs	32.00

## II

## PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 2

Description of vehicle	Rate of duty
	£

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

Description of vehicle	Rate of duty
Hackney carriages	40.00 with an additional 80p for each person above 20 (excluding the driver) for which the vehicle has seating capacity.

### III

#### PROVISIONS SUBSTITUTED FOR PART 11 OF SCHEDULE 3

1. Description of vehicle	Weight unladen of vehicle		Rate of duty	
	2. Exceeding	3. Not exceeding	4. Initial	5. 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.	—	—	13.50	—
2. Haulage vehicles, being showmen's vehicles.	—	7¼ tons	130.00	—
	7¼ tons	8 tons	156.00	—
	8 tons	10 tons	183.00	—
	10 tons	—	183.00	28.00
3. Haulage vehicles, not being showmen's vehicles.	—	2 tons	139.00	—
	2 tons	4 tons	248.00	—
	4 tons	6 tons	355.00	—
	6 tons	7¼ tons	464.00	—
	7¼ tons	8 tons	572.00	—
	8 tons	—	572.00	123.00



## IV

PROVISIONS SUBSTITUTED FOR PART II OF SCHEDULE 4 TABLES  
SHOWING ANNUAL RATES OF DUTY ON GOODS VEHICLES

TABLE A

## GENERAL RATES OF DUTY

1.	Weight unladen of vehicle		Rate of duty	
	2.	3.	4.	5.
Description of vehicle	Exceeding	Not exceeding	Initial	Additional for each $\frac{1}{4}$ ton or part of a $\frac{1}{4}$ ton in excess of the weight in column 2
			£	£
1. Farmers' goods vehicles	—	12 cwt.	46	—
	12 cwt.	16 cwt.	50	—
	16 cwt.	1 ton	54	—
	1 ton	3 tons	53	7
	3 tons	6 tons	111	2
	6 tons	8 tons	143	1
	8 tons	9 tons	157	2
	9 tons	—	201	4
2. Showmen's goods vehicles; tower wagons.	—	12 cwt.	60	—
	12 cwt.	16 cwt.	62	—
	16 cwt.	1 ton	70	—
	1 ton	2 tons	73	3
	2 tons	3 tons	84	4
	3 tons	5 tons	97	6
	5 tons	6 tons	144	5
	6 tons	9 tons	158	7
3. Goods vehicles not included in any of the foregoing provisions of this Part	—	1 ton	80	—
	1 ton	1 $\frac{1}{4}$ tons	90	—
	1 $\frac{1}{4}$ tons	1 $\frac{1}{2}$ tons	100	—
	1 $\frac{1}{2}$ tons	3 tons	116	16
	3 tons	4 tons	209	25

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

1.	Weight unladen of vehicle		Rate of duty	
	2.	3.	4.	5.
Description of vehicle	Exceeding	Not exceeding	Initial	Additional for each $\frac{1}{4}$ ton or part of a $\frac{1}{4}$ ton in excess of the weight in column 2
	4 tons	6 tons	310	32
	6 tons	9 tons	569	37
	9 tons	—	1,218	50

TABLE B

RATES OF DUTY ON GOODS VEHICLES USED FOR DRAWING TRAILERS

1.	Weight unladen of vehicle		4.
	2.	3.	
Description of vehicle	Exceeding	Not exceeding	Rate of duty
			£
1. Showmen's goods vehicles	—	—	41
2. Other goods vehicles	—	1½ tons	41
	1½ tons	3 tons	55
	3 tons	4 tons	92
	4 tons	6 tons	139
	6 tons	9 tons	173
	9 tons	—	210

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 its first registration for taxation purposes had been effected in Northern Ireland would	

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

Description of vehicle	Rate of duty
have been so first registered as aforesaid under the Act as in force in Northern Ireland:	
(i) not exceeding 6 horse-power	48.00
(ii) exceeding 6 horse-power but not exceeding 9 horsepower—for each unit or part of a unit of horse-power	8.00
2. Other vehicles	80.00

SCHEDULE 5

Sections 5(4) and 6(4).

ANNUAL RATES OF DUTY ON GOODS VEHICLES

**PART A**

PROVISIONS HAVING EFFECT AS SCHEDULE 4 TO THE VEHICLES (EXCISE) ACT 1971 AND (AS MODIFIED BY PART B OF THIS SCHEDULE) AS SCHEDULE 4 TO THE VEHICLES (EXCISE) ACT (NORTHERN IRELAND) 1972

**PART I**

GENERAL PROVISIONS

*Vehicles chargeable at the basic rate of duty*

- 1 (1) Subject to paragraphs 5 and 6 below, the annual rate of duty applicable to a goods vehicle—
- (a) which has a plated gross weight or a plated train weight which does not exceed 7<sup>5</sup> tonnes ; or
  - (b) which has neither a plated gross weight nor a plated train weight but which has an unladen weight which exceeds 1,525 kilograms ; or
  - (c) which is a tower wagon, having an unladen weight which exceeds 1,525 kilograms;
- shall be £170.
- (2) Any reference in the following provisions of this Schedule to the basic rate of duty is a reference to the annual rate of duty for the time being applicable to vehicles falling within sub-paragraph (1) above.

*Vehicles exceeding 75 but not exceeding 12 tonnes plated weight*

- 2 Subject to paragraphs 1(1)(c) above and 6 below, the annual rate of duty applicable to a goods vehicle which has a plated gross weight or a plated train weight which exceeds 75 tonnes but does not exceed 12 tonnes shall be £360.

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

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*Rigid goods vehicles exceeding 12 tonnes plated gross weight*

- 3 (1) Subject to the provisions of this Schedule, the annual rate of duty applicable to a goods vehicle which is a rigid goods vehicle and has a plated gross weight which exceeds 12 tonnes shall be determined in accordance with Table A in Part II of this Schedule by reference to—
- (a) the plated gross weight of the vehicle ; and
  - (b) the number of axles on the vehicle.
- (2) If a rigid goods vehicle to which sub-paragraph (1) above applies is used for drawing a trailer which—
- (a) has a plated gross weight exceeding 4 tonnes ; and
  - (b) when so drawn, is used for the conveyance of goods or burden;
- the annual rate of duty applicable to it in accordance with that sub-paragraph shall be increased by the amount of the supplement which, in accordance with Table B in Part II of this Schedule, is appropriate to the gross plated weight of the trailer being drawn.

*Tractor units exceeding 12 tonnes plated train weight*

- 4 (1) This paragraph applies to a tractor unit which has a plated train weight exceeding 12 tonnes.
- (2) The annual rate of duty applicable to a tractor unit to which this paragraph applies and which has not more than two axles shall be determined, subject to the following provisions of this Schedule, in accordance with Table C in Part II of this Schedule by reference to—
- (a) the plated train weight of the tractor unit; and
  - (b) the types of semi-trailers, distinguished according to the number of their axles, which are to be drawn by it.
- (3) The annual rate of duty applicable to a tractor unit to which this paragraph applies and which has three or more axles shall be determined subject to the following provisions of this Schedule in accordance with Table D in Part II of this Schedule by reference to—
- (a) the plated train weight of the tractor unit; and
  - (b) the types of semi-trailers, distinguished according to the number of their axles, which are to be drawn by it.

*Special types of vehicles*

- 5 (1) This paragraph applies to a goods vehicle—
- (a) which has an unladen weight exceeding 1,525 kilograms ; and
  - (b) which does not comply with regulations under section 40 of the Road Traffic Act 1972 (construction and use regulations) ; and
  - (c) which is for the time being authorised for use on roads by virtue of an order under section 42 of that Act (authorisation of special vehicles).
- (2) The annual rate of duty applicable to a goods vehicle to which this paragraph applies and which falls within a class specified by an order of the Secretary of State made for the purposes of this paragraph shall be determined, on the basis of the assumptions in sub-paragraph (3) below, by the application of Table A, Table C or Table D in Part II of this Schedule, according to whether the vehicle is a rigid goods vehicle or a tractor unit and, in the latter case, according to the number of its axles.

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- (3) The assumptions referred to in sub-paragraph (2) above are—
- (a) where Table A applies, that the vehicle has a plated gross weight which exceeds 30 tonnes but does not exceed 30.49 tonnes; and
  - (b) where Table C or Table D applies, that the vehicle has a plated train weight which exceeds 32 tonnes but does not exceed 32.52 tonnes.
- (4) In the case of a goods vehicle to which this paragraph applies and which does not fall within such a class as is referred to in sub-paragraph (2) above, the annual rate of duty shall be the basic rate of duty.
- (5) The power to make an order under sub-paragraph (2) above shall be exercisable by statutory instrument; but no such order shall be made unless a draft of it has been laid before Parliament and approved by a resolution of each House of Parliament.

*Farmer's goods vehicles and showmen's goods vehicles*

- 6 (1) If the unladen weight of—
- (a) a farmer's goods vehicle ; or
  - (b) a showman's goods vehicle ;
- does not exceed 1,525 kilograms, the annual rate of duty applicable to it shall be £60.
- (2) If a farmer's goods vehicle or a showman's goods vehicle has a plated gross weight or a plated train weight, the annual rate of duty applicable to it shall be—
- (a) £100, if that weight does not exceed 7.5 tonnes;
  - (b) £130, if that weight exceeds 7.5 tonnes but does not exceed 12 tonnes; and
  - (c) the appropriate Part II rate, if that weight exceeds 12 tonnes.
- (3) In sub-paragraph (2) above the "appropriate Part II rate" means the rate determined in accordance with paragraph 3 or, as the case may be, 4 above but by reference—
- (a) in the case of a farmer's goods vehicle, to Table A(1), Table B(1), Table C(1) or, as the case may be, Table D(1) in Part II of this Schedule, in place of the corresponding Table referred to in that paragraph ; and
  - (b) in the case of a showman's goods vehicle, to Table A(2), Table B(2), Table C(2) or, as the case may be, Table D(2) in Part II of this Schedule, in place of the corresponding Table referred to in that paragraph.
- (4) In the case of any other farmer's goods vehicle or showman's goods vehicle, the annual rate of duty applicable to it shall be £100.

*Smaller goods vehicles*

- 7 If a goods vehicle—
- (a) has an unladen weight which does not exceed 1,525 kilograms ; and
  - (b) does not fall within paragraph 6 above;
- the annual rate of duty applicable to it shall be £80.

*Vehicles treated as having reduced plated weights*

- 8 (1) The Secretary of State may by regulations provide that, on an application made in accordance with the regulations, the goods vehicle to which the application relates shall be treated for the purposes of this Schedule as if its plated gross weight or plated

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

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train weight were the lower gross weight or train weight (the "operating weight") specified in the application.

- (2) Where, following an application duly made in accordance with the regulations, a licence is issued for the vehicle concerned at the rate of duty applicable to the operating weight, that weight shall be shown on the licence.
- (3) The regulations may provide that the use of any vehicle in respect of which a lower rate of duty is chargeable by virtue of this paragraph shall be subject to prescribed conditions and to such further conditions as the Secretary of State may think fit to impose in any particular case.
- (4) In any case where a vehicle in respect of which a lower rate of duty has been charged by virtue of this paragraph is used in contravention of a condition imposed by virtue of sub-paragraph (3) above, then—
  - (a) the higher rate of duty applicable to its plated gross weight or plated train weight shall become chargeable as from the date of the contravention ; and
  - (b) section 19 of this Act shall apply as if—
    - (i) that higher rate had become chargeable under subsection (1) of that section by reason of the vehicle being used as mentioned in that subsection ; and
    - (ii) subsections (5) to (9) were omitted.

*Plated and unladen weights*

- 9 (1) Any reference in this Schedule to the plated gross weight of a goods vehicle or trailer is a reference—
  - (a) to that plated weight, within the meaning of Part II of the Road Traffic Act 1972, which is the maximum gross weight which may not be exceeded in Great Britain for the vehicle or trailer in question ; or
  - (b) in the case of any trailer which may lawfully be used in Great Britain without a plated gross weight, to the maximum laden weight at which the trailer may lawfully be used in Great Britain.
- (2) Any reference in this Schedule to the plated train weight of a vehicle is a reference to that plated weight, within the meaning of the said Part II, which is the maximum gross weight which may not be exceeded in Great Britain for an articulated vehicle consisting of the vehicle in question and any semi-trailer which may be drawn by it.
- (3) A mechanically propelled vehicle which—
  - (a) is constructed or adapted for use and used for the conveyance of a machine or contrivance and no other load except articles used in connection with the machine or contrivance ; and
  - (b) is not a vehicle for which an annual rate of duty is specified in Schedule 3 to this Act; and
  - (c) has neither a plated gross weight nor a plated train weight,
 shall, notwithstanding that the machine or contrivance is built in as part of the vehicle, be chargeable with duty at the rate which would be applicable if the machine or contrivance were burden.

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

*Goods vehicles used partly for private purposes*

- 10 (1) Where a goods vehicle is partly used for private purposes, the annual rate of duty applicable to it shall, if apart from this paragraph it would be less, be the rate determined in accordance with Schedule 5 to this Act.
- (2) A vehicle shall not be prevented from being a farmer's goods vehicle for the purposes of this Schedule solely by reason of its being used partly for private purposes.
- (3) In this paragraph " partly used for private purposes " means used partly otherwise than for the conveyance of goods or burden for hire or reward or for or in connection with a trade or business.

*Exempted vehicles*

- 11 Duty shall not be chargeable by virtue of this Schedule in respect of—
- (a) a vehicle chargeable with duty by virtue of Schedule 1 to this Act;
  - (b) an agricultural machine which is a goods vehicle by reason of the fact that it is constructed or adapted for use, and used, for the conveyance of farming or forestry implements fitted to it for operation while so fitted ;
  - (c) a mobile crane, works truck or fisherman's tractor ; or
  - (d) a vehicle which, though constructed or adapted for use for the conveyance of goods or burden, is not so used for hire or reward or for or in connection with a trade or business.
- 12 (1) This paragraph and paragraph 13 below apply to agricultural machines which do not draw trailers.
- (2) Subject to paragraph 13 below, a vehicle to which this paragraph applies shall not be chargeable with duty by virtue of this Schedule by reason of the fact that it is constructed or adapted for use and used for the conveyance of permitted goods or burden if they are carried in or on not more than one appliance and the conditions mentioned in sub-paragraph (3) below are satisfied.
- (3) The conditions are that—
- (a) the appliance is fitted either to the front or to the back of the vehicle;
  - (b) the appliance is removable ;
  - (c) the area of the horizontal plane enclosed by vertical lines passing through the outside edges of the appliance is not, when the appliance is in the position in which it is carried when the vehicle is travelling and the appliance is loaded, greater than—
    - (i) 0.65 of a square metre, if the appliance is carried at the front; or
    - (ii) 1.394 square metres, if it is carried at the back.
- (4) In sub-paragraph (2) above "permitted goods or burden" means goods or burden the haulage of which is permissible under paragraph 2(1) of Schedule 3 to this Act.
- (5) Sub-paragraph (2) above does not apply—
- (a) to the use of a vehicle on a public road more than 15 miles from a farm occupied by the person in whose name the vehicle is registered under this Act;
  - (b) to three-wheeled vehicles ; or

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

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- (c) to any vehicle in respect of which the distance between the centre of the area of contact with the road surface of the relevant wheel and that of the nearest wheel on the other side of the vehicle is less than 1.22 metres.
- (6) In sub-paragraph (5)(c) above "relevant wheel" means—
- (a) in a case where only one appliance is being used for the carriage of goods or burden and that appliance is fitted to the back of the vehicle, a back wheel; and
  - (b) in any other case, any wheel on a side of the vehicle.
- (7) For the purposes of this paragraph a vehicle which has two wheels at the front shall, if the distance between them (measured between the centres of their respective areas of contact with the road) is less than 46 centimetres, be treated as a three-wheeled vehicle.
- 13 (1) This paragraph shall have effect in relation to any vehicle fitted with an appliance of any description prescribed for the purposes of all or any of the provisions of this paragraph by regulations under this paragraph.
- (2) The limitation in paragraph 12(2) above to one appliance shall have effect as a limitation to two appliances of which at least one must be an appliance prescribed for the purposes of this sub-paragraph; but if two appliances are used they must be fitted at opposite ends of the vehicle.
- (3) Regulations under this paragraph may provide for all or any of the following matters where an appliance prescribed for the purposes of this paragraph is being used, that is to say, that paragraph 12(2) above shall not apply unless the prescribed appliance is fitted to the prescribed end of the vehicle, or unless the use of the prescribed or any appliance is limited to prescribed goods or burden or to use in prescribed circumstances.
- (4) Regulations under this paragraph may provide that paragraph 12(3)(c) above shall not have effect in relation to appliances prescribed for the purposes of this sub-paragraph, but that in relation to those appliances paragraph 12(5)(a) above shall have effect with the substitution of such shorter distance as may be prescribed.
- (5) In sub-paragraphs (2) to (4) above references to use are references to use for the carriage of goods or burden; and regulations under this paragraph may make different provision in relation to different descriptions of prescribed appliances.

*Tractor units used with semi-trailers having only one axle when duty paid by reference to use with semi-trailers having more than one axle*

- 14 (1) This paragraph applies in any case where—
- (a) a vehicle licence has been taken out for a tractor unit having two axles which is to be used only with semi-trailers with not less than two axles or for a tractor unit having two axles which is to be used only with semi-trailers with not less than three axles ; and
  - (b) the rate of duty paid on taking out the licence is equal to or exceeds the rate of duty applicable to a tractor unit having two axles—
    - (i) which has a plated train weight equal to the maximum laden weight at which a tractor unit having two axles may lawfully be used in Great Britain with a semitrailer with a single axle ; and
    - (ii) which is to be used with semi-trailers with any number of axles.



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

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- (2) If, in a case to which this paragraph applies, the tractor unit is used with a semi-trailer with a single axle and, when so used, the laden weight of the tractor unit and semi-trailer taken together does not exceed the maximum laden weight mentioned in subparagraph (1)(b)(i) above, the tractor unit shall, when so used, be taken to be licensed in accordance with the requirements of this Act.

#### *Interpretation*

- 15 (1) In this Schedule, unless the context otherwise requires—
- " agricultural machine " has the same meaning as in Schedule 3 to this Act;
  - " axle " includes—
    - (i) two or more stub axles which are fitted on opposite sides of the longitudinal axis of the vehicle so as to form—
      - (a) a pair in the case of two stub axles, and
      - (b) pairs in the case of more than two stub axles,
    - (ii) a single stub axle which is not one of a pair ; and
    - (iii) a retractable axle ;
  - " basic rate of duty " has the meaning given by paragraph 1(2);
  - " business " includes the performance by a local or public authority of its functions ;
  - " farmer's goods vehicle " means, subject to paragraph 10(2) above, a goods vehicle registered under this Act in the name of a person engaged in agriculture and used on public roads solely by him for the purpose of the conveyance of the produce of, or of articles required for the purposes of, the agricultural land which he occupies, and for no other purposes ;
  - " fisherman's tractor " has the same meaning as in Schedule 3 to this Act;
  - " goods vehicle " means a mechanically propelled vehicle (including a tricycle as defined in Schedule 1 to this Act and weighing more than 425 kilograms unladen) constructed or adapted for use and used for the conveyance of goods or burden of any description, whether in the course of trade or otherwise ;
  - " mobile crane " has the same meaning as in Schedule 3 to this Act;
  - " rigid goods vehicle " means a goods vehicle which is not a tractor unit;
  - " showman's goods vehicle " means a showman's vehicle which is a goods vehicle and is permanently fitted with a living van or some other special type of body or superstructure, forming part of the equipment of the show of the person in whose name the vehicle is registered under this Act;
  - " showman's vehicle " has the same meaning as in Schedule 3 to this Act;
  - " stub axle " means an axle on which only one wheel is mounted ;
  - " tower wagon " means a goods vehicle—
    - (a) into which there is built, as part of the vehicle, any expanding or extensible contrivance designed for facilitating the erection, inspection, repair or maintenance of overhead structures or equipment; and
    - (b) which is neither constructed nor adapted for use nor used for the conveyance of any load, except such a contrivance and articles used in connection therewith ;
  - " tractor unit " means a goods vehicle to which a semi-trailer may be so attached that part of the semi-trailer is superimposed on part of the goods

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vehicle and that when the semi-trailer is uniformly loaded not less than 20 per cent, of the weight of its load is borne by the goods vehicle ;

" trailer" shall be construed in accordance with sub-paragraph (2) below ;

" unladen weight" has the same meaning as it has for the purposes of the Road Traffic Act 1972 by virtue of section 194 of that Act; and

" works truck " has the same meaning as in Schedule 3 to this Act.

(2) In this Schedule " trailer " does not include—

- (a) an appliance constructed and used solely for the purpose of distributing on the road loose gritting material;
- (b) a snow plough ;
- (c) a road construction vehicle as defined in section 4(2) of this Act;
- (d) a farming implement not constructed or adapted for the conveyance of goods or burden of any description, when drawn by a farmer's goods vehicle ;
- (e) a trailer used solely for the carriage of a container for holding gas for the propulsion of the vehicle by which it is drawn, or plant and materials for producing such gas.

## PART II

### TABLE A

#### RATES OF DUTY ON RIGID GOODS VEHICLES EXCEEDING 12 TONNES PLATED GROSS WEIGHT

##### GENERAL RATES

Plated gross weight of vehicle		Rate of duty		
1	2	3	4	5
Exceeding	Not exceeding	Two axle vehicle	Three axle vehicle	Four or more axle vehicle
tonnes	tonnes	£	£	£
12	13	450	360	360
13	14	550	360	360
14	15	610	360	360
15	16	670	360	360
16	17	730	360	360
17	18	—	420	360
18	19	—	490	360
19	20	—	560	360
20	21	—	640	360
21	22	—	730	430
22	23	—	820	520
23	24	—	920	620

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

Plated gross weight of vehicle		Rate of duty		
1	2	3	4	5
Exceeding	Not exceeding	Two axle vehicle	Three axle vehicle	Four or more axle vehicle
24	25	—	1,030	730
25	26	—	—	850
26	27	—	—	980
27	28	—	—	1,120
28	29	—	—	1,270
29	30	—	—	1,430
30	30.49	—	—	1,620

TABLE A(1)

RATES OF DUTY ON RIGID GOODS VEHICLES  
 EXCEEDING 12 TONNES PLATED GROSS WEIGHT

RATES FOR FARMERS' GOODS VEHICLES

Plated gross weight of vehicle		Rate of duty		
1	2	3	4	5
Exceeding	Not exceeding	Two axle vehicle	Three axle vehicle	Four or more axle vehicle
tonnes	tonnes	£	£	£
12	13	150	130	130
13	14	155	130	130
14	15	160	135	130
15	16	165	140	130
16	17	170	145	130
17	18	—	150	130
18	19	—	155	135
19	20	—	160	140
20	21	—	165	145
21	22	—	170	150
22	23	—	175	155
23	24	—	180	160
24	25	—	190	165
25	26	—	—	180
26	27	—	—	200

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

Plated gross weight of vehicle		Rate of duty		
1	2	3	4	5
Exceeding	Not exceeding	Two axle vehicle	Three axle vehicle	Four or more axle vehicle
27	28	—	—	220
28	29	—	—	240
29	30	—	—	260
30	30.49	—	—	280

TABLE A(2)

RATES OF DUTY ON RIGID GOODS VEHICLES  
 EXCEEDING 12 TONNES PLATED GROSS WEIGHT

RATES FOR SHOWMEN'S GOODS VEHICLES

Plated gross weight of vehicle		Rate of duty		
1	2	3	4	5
Exceeding	Not exceeding	Two axle vehicle	Three axle vehicle	Four or more axle vehicle
tonnes	tonnes	£	£	£
12	13	150	130	130
13	14	155	130	130
14	15	160	135	130
15	16	165	140	130
16	17	170	145	130
17	18	—	150	135
18	19	—	155	140
19	20	—	165	145
20	21	—	175	155
21	22	—	185	165
22	23	—	195	175
23	24	—	210	185
24	25	—	225	200
25	26	—	—	220
26	27	—	—	245
27	28	—	—	270
28	29	—	—	295
29	30	—	—	320

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

Plated gross weight of vehicle		Rate of duty		
1	2	3	4	5
Exceeding	Not exceeding	Two axle vehicle	Three axle vehicle	Four or more axle vehicle
30	30-49	—	—	350

TABLE B

SUPPLEMENTARY RATES OF DUTY ON RIGID GOODS  
 VEHICLES OVER 12 TONNES USED FOR DRAWING  
 TRAILERS EXCEEDING 4 TONNES PLATED GROSS WEIGHT

GENERAL RATES

Gross weight of trailer		Duty supplement
Exceeding	Not exceeding	
tonnes	tonnes	£
4	8	75
8	10	100
10	12	125
12	14	175
14	—	250

TABLE B(1)

SUPPLEMENTARY RATES OF DUTY ON RIGID GOODS  
 VEHICLES OVER 12 TONNES USED FOR DRAWING  
 TRAILERS EXCEEDING 4 TONNES PLATED GROSS WEIGHT

RATES FOR FARMERS' GOODS VEHICLES

Gross weight of trailer		Duty supplement
Exceeding	Not exceeding	
tonnes	tonnes	£
4	8	75
8	10	100
10	12	125
12	14	175
14	—	250

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

TABLE B(2)

SUPPLEMENTARY RATES OF DUTY ON RIGID GOODS  
VEHICLES OVER 12 TONNES USED FOR DRAWING  
TRAILERS EXCEEDING 4 TONNES PLATED GROSS WEIGHT

## RATES FOR SHOWMEN'S GOODS VEHICLES

Gross weight of trailer		Duty supplement
Exceeding	Not exceeding	
—	—	£ 75

TABLE C

RATES OF DUTY ON TRACTOR UNITS EXCEEDING 12 TONNES  
PLATED TRAIN WEIGHT AND HAVING ONLY 2 AXLES

## GENERAL RATES

Plated train weight of tractor unit		Rate of duty		
1.	2.	3.	4.	5.
Exceeding	Not exceeding	For a tractor unit to be used with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
tonnes	tonnes	£	£	£
12	13	470	470	470
13	14	520	470	470
14	15	570	470	470
15	16	620	470	470
16	17	680	470	470
17	18	730	470	470
18	19	790	470	470
19	20	850	470	470
20	21	920	520	470
21	22	990	580	470
22	23	1,060	650	470
23	24	1,130	730	470
24	25	1,210	820	470
25	26	1,210	920	550

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

Plated train weight of tractor unit		Rate of duty		
1.	2.	3.	4.	5.
Exceeding	Not exceeding	For a tractor unit to be used with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
26	27	1,210	1,040	650
27	28	1,210	1,160	750
28	29	1,280	1,280	870
29	30	1,400	1,400	990
30	31	1,530	1,530	1,110
31	32	1,670	1,670	1,230
32	32-52	1,820	1,820	1,350

TABLE C(1)

RATES OF DUTY ON TRACTOR UNITS EXCEEDING 12 TONNES  
 PLATED TRAIN WEIGHT AND HAVING ONLY 2 AXLES

RATES FOR FARMERS' GOODS VEHICLES

Plated train weight of tractor unit		Rate of duty		
1.	2.	3.	4.	5.
Exceeding	Not exceeding	For a tractor unit to be used with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
tonnes	tonnes	£	£	£
12	13	150	150	150
13	14	155	150	150
14	15	160	150	150
15	16	165	150	150
16	17	170	150	150
17	18	175	150	150
18	19	180	150	150
19	20	185	150	150
20	21	190	150	150
21	22	195	155	150

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

Plated train weight of tractor unit		Rate of duty		
1.	2.	3.	4.	5.
Exceeding	Not exceeding	For a tractor unit to be used with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
22	23	200	160	150
23	24	210	165	150
24	25	220	170	150
25	26	220	180	150
26	27	220	190	160
27	28	220	200	170
28	29	220	215	180
29	30	235	235	190
30	31	255	255	210
31	32	275	275	230
32	32.52	295	295	250

TABLE C(2)

RATES OF DUTY ON TRACTOR UNITS EXCEEDING 12 TONNES  
 PLATED TRAIN WEIGHT AND HAVING ONLY 2 AXLES

RATES FOR SHOWMEN'S GOODS VEHICLES

Plated train weight of tractor unit		Rate of duty		
1.	2.	3.	4.	5.
Exceeding	Not exceeding	For a tractor unit to be used with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
tonnes	tonnes	£	£	£
12	13	150	150	150
13	14	155	150	150
14	15	160	150	150
15	16	165	150	150
16	17	170	150	150
17	18	175	150	150



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

Plated train weight of tractor unit		Rate of duty		
1.	2.	3.	4.	5.
Exceeding	Not exceeding	For a tractor unit to be used with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
18	19	180	150	150
19	20	190	155	150
20	21	200	160	150
21	22	215	170	150
22	23	230	180	160
23	24	245	190	170
24	25	260	200	180
25	26	260	215	190
26	27	260	235	200
27	28	260	255	210
28	29	275	275	225
29	30	295	295	240
30	31	320	320	260
31	32	345	345	285
32	32.52	370	370	310

TABLE D

RATES OF DUTY ON TRACTOR UNITS EXCEEDING 12 TONNES  
 PLATED TRAIN WEIGHT AND HAVING 3 OR MORE AXLES

GENERAL RATES

Plated train weight of tractor unit		Rate of duty		
1.	2.	3.	4.	5.
Exceeding	Not exceeding	For a tractor unit to be used with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
tonnes	tonnes	£	£	£
12	20	470	470	470
20	21	520	470	470

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

Plated train weight of tractor unit		Rate of duty		
1.	2.	3.	4.	5.
Exceeding	Not exceeding	For a tractor unit to be used with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
21	22	580	470	470
22	23	650	470	470
23	24	730	470	470
24	25	820	470	470
25	26	920	470	470
26	27	1,040	470	470
27	28	1,160	470	470
28	29	1,280	540	470
29	30	1,400	610	470
30	31	1,530	680	470
31	32	1,670	750	470
32	32.52	1,820	820	470

TABLE D(1)

RATES OF DUTY ON TRACTOR UNITS EXCEEDING 12 TONNES  
 PLATED TRAIN WEIGHT AND HAVING 3 OR MORE AXLES

RATES FOR FARMERS' GOODS VEHICLES

Plated train weight of tractor unit		Rate of duty		
1.	2.	3.	4.	5.
Exceeding	Not exceeding	For a tractor unit to be used with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
tonnes	tonnes	£	£	£
12	20	150	150	150
20	21	150	150	150
21	22	155	150	150
22	23	160	150	150
23	24	165	150	150

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

Plated train weight of tractor unit			Rate of duty	
1.	2.	3.	4.	5.
Exceeding	Not exceeding	For a tractor unit to be used with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
24	25	170	150	150
25	26	180	155	150
26	27	190	165	150
27	28	200	175	160
28	29	215	190	170
29	30	235	210	185
30	31	255	230	205
31	32	275	250	225
32	32.52	295	270	245

TABLE D(2)

RATES OF DUTY ON TRACTOR UNITS EXCEEDING 12 TONNES  
 PLATED TRAIN WEIGHT AND HAVING 3 OR MORE AXLES

RATES FOR SHOWMEN'S GOODS VEHICLES

Plated train weight of tractor unit			Rate of duty	
1.	2.	3.	4.	5.
Exceeding	Not exceeding	For a tractor unit to be used with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
tonnes	tonnes	£	£	£
12	18	150	150	150
18	19	150	150	150
19	20	155	155	150
20	21	160	160	150
21	22	170	165	150
22	23	180	170	150
23	24	190	175	150
24	25	200	180	160

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

Plated train weight of tractor unit		Rate of duty		
1.	2.	3.	4.	5.
Exceeding	Not exceeding	For a tractor unit to be used with semi-trailers with any number of axles	For a tractor unit to be used only with semi-trailers with not less than two axles	For a tractor unit to be used only with semi-trailers with not less than three axles
25	26	215	190	170
26	27	235	200	180
27	28	255	220	190
28	29	275	240	210
29	30	295	260	230
30	31	320	285	255
31	32	345	310	280
32	32.52	370	335	305

## PART B

### MODIFICATIONS FOR NORTHERN IRELAND

- 16 (1) The following are the modifications subject to which, by virtue of section 6(4) of this Act, the preceding provisions of this Schedule have effect as Schedule 4 to the Vehicles (Excise) Act (Northern Ireland) 1972.
- (2) For any reference to a plated gross weight or a plated train weight there shall be substituted a reference to a relevant maximum weight or a relevant maximum train weight.
- (3) For any reference in paragraph 5(1) to section 40 or 42 of the Road Traffic Act 1972 there shall be substituted a reference to Article 28 or 29(3) of the Road Traffic (Northern Ireland) Order 1981.
- (4) In paragraph 8(4)(b)(ii) for the words " subsections (5) to (9)" there shall be substituted the words " subsections (5) to (8) ".
- (5) For paragraph 9(1) and (2) there shall be substituted—
- “(1) Any reference in this Schedule to the relevant maximum weight of a goods vehicle or trailer is a reference—
- (a) where the vehicle or trailer is required by regulations under Article 28 of the Road Traffic (Northern Ireland) Order 1981 to have a maximum gross weight in Great Britain for the vehicle or trailer marked on a plate attached to the vehicle or trailer, to the maximum gross weight in Great Britain marked on such a plate ;
- (b) where a vehicle or trailer on which the maximum gross weight in Great Britain is marked by the same means as would be required by regulations under the said Article 28 if those regulations applied to

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

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the vehicle or trailer, to the maximum gross weight in Great Britain so marked on the vehicle or trailer ;

- (c) where a maximum gross weight is not marked on a vehicle or trailer as mentioned in sub-paragraph (a), to the notional maximum gross weight of the vehicle or trailer ascertained in accordance with the Goods Vehicles (Ascertainment of Maximum Gross Weights) Regulations (Northern Ireland) 1976 (or any regulations replacing those regulations, whether with or without amendments).

(2) Any reference in this Schedule to the relevant maximum train weight of a vehicle is a reference to the maximum gross weight which may not be exceeded in Great Britain for an articulated vehicle consisting of the vehicle in question and any semi-trailer which may be drawn by it.”

- (6) In paragraph 12(5)(a) for the words " a farm " there shall be substituted the words " agricultural land ".
- (7) In paragraph 15(1), in the definition of " unladen weight", for the references to the Road Traffic Act 1972 and section 194 of that Act there shall be substituted, respectively, references to the Road Traffic (Northern Ireland) Order 1981 and Article 2(3) of that Order.

## SCHEDULE 6

Section 8.

### BETTING AND GAMING DUTIES

#### PART I

##### GENERAL

- 1 In this Schedule—  
the " 1981 Act" means the Betting and Gaming Duties Act 1981; and  
the " 1972 Act" means the Miscellaneous Transferred Excise Duties Act (Northern Ireland) 1972.

#### PART II

##### POOL BETTING DUTIES

- 2 In section 7 of the 1981 Act and section 18(1) of the 1972 Act (rates of duty), as modified by section 2(2) of the Finance Act 1974, for the words " 40 per cent." there shall be substituted the words " 42½ per cent ".

#### PART III

##### GAMING LICENCE DUTY

- 3 In section 14 of the 1981 Act (rate of duty) for the Table set out in subsection (1) there shall be substituted the following Table—

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

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“TABLE

<i>Part of gross gaming yield</i>	<i>Rate</i>
The first £500,000	5 per cent.
The next £1,750,000	12½ per cent.
The remainder	25 per cent.”.

**PART IV**

BINGO DUTY

- 4 In section 17 of the 1981 Act (bingo duty) in subsection (2)(a) (duty by reference to amount paid for bingo cards) after the words " the money taken " there shall be inserted the words " (if any) ".
- 5 (1) Schedule 3 to the 1981 Act (exemptions from bingo duty) shall have effect subject to the following provisions of this paragraph.
- (2) For paragraphs 2, 3 and 4 there shall be substituted the following paragraph—

*“Small-scale bingo*

- 2 (1) Bingo duty shall not be charged in respect of bingo promoted by any person and played on any day in a week (the " chargeable week ") at any premises, other than premises which are licensed under the Gaming Act 1968, if—
- (a) where a person's eligibility to participate in that bingo depends upon his being a member of a particular society or his being a guest of such a member or of the society—
- (i) the total value of the prizes won on any day in a relevant week at those premises in bingo played by members of that society or by guests of such members or of the society does not exceed £300 ; and
- (ii) the total value of prizes won during any relevant week at those premises in bingo played by any such persons does not exceed £1,000 ; and
- (b) in any other case—
- (i) the total value of the prizes won on any day in a relevant week at those premises in bingo promoted by that person does not exceed £300 ; and
- (ii) the total value of the prizes won during any relevant week at those premises in bingo promoted by that person does not exceed £1,000.
- (2) In sub-paragraph (1) above—
- " relevant week", in relation to any chargeable week, means (subject to sub-paragraph (3) below that week or any of the preceding twelve weeks ; and

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

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" society" includes any club, institution, organisation or association of persons, by whatever name called, and any separate branch or section of such club, institution, organisation or association but a branch or section shall not be treated as a separate branch or section unless it occupies separate premises.

- (3) For the purposes of this paragraph there shall be disregarded any bingo which—
- (a) is played in any week beginning before 27th September 1982; or
  - (b) is exempt from duty by virtue of paragraph 5 or 6 below.”
- (3) In paragraph 10 (registration of bingo promoters)—
- (a) the following sub-paragraph shall be inserted after subparagraph (1)—
    - “(1A) Any person who is a bingo-promoter but is not registered as such and is not a person to whom sub-paragraph (1) above applies shall within five days of the date on which he became a bingo-promoter (disregarding any day which is a Saturday or a Sunday or a Bank Holiday) notify the Commissioners of that fact and of the place where the bingo was and (if he intends to continue to promote the playing of bingo which will or may be chargeable with duty) is to be played and apply to be registered as a bingo-promoter.”; and
    - (b) in sub-paragraph (2) of that paragraph for the words " notifies his intention as aforesaid " there shall be substituted the words " gives notice to the Commissioners under sub-paragraph (1) or (1A) above " and at the end of that sub-paragraph there shall be inserted the words—
      - “Conditions shall not be imposed under this sub-paragraph if the premises at which the bingo in question is or is to be played are not licensed under the Gaming Act 1968.”.
- (4) In paragraph 12 (preservation of records by bingo-promoters)—
- (a) in sub-paragraph (1) for the word " bingo-promoter " there shall be substituted the words " promoter of bingo other than bingo which is exempt from duty by virtue of paragraph 1, 5 or 6 above ";
  - (b) in sub-paragraph (3) for the words "A bingo-promoter" there shall be substituted the words " Any such promoter of bingo ";
  - (c) in sub-paragraph (4) for the word " bingo-promoters " there shall be substituted the words " such promoters of bingo as aforesaid ".
- (5) In paragraph 15 (computation of amount of payments for cards and of the value of prizes) in sub-paragraph (1)—
- (a) for the words from " a bingo-promoter" to " any prize " there shall be substituted the words " a promoter of bingo as to the amount taken by him or on his behalf on a particular occasion as payment by players for cards or as to the value of the prizes won in bingo promoted by him or by any other promoter on one or more occasions, ";
  - (b) in sub-paragraph (a) for the words " the bingo-promoter " there shall be substituted the words " the promoter ";
  - (c) in sub-paragraph (b) after the words " amount of duty " there shall be inserted the words " (if any) ".

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

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- (6) The following sub-paragraph shall be inserted in paragraph 15 after sub-paragraph (3)—

“(4) In any case where a promoter of bingo disputes the amount of duty chargeable to and recoverable from him by reference to bingo which is chargeable to duty by reason only that one or other (or both) of the conditions specified in sub-paragraph (1)(a) of paragraph 2 above is not satisfied with respect to that bingo, any information obtained in pursuance of this Schedule relating to bingo promoted by any other person may be disclosed to him and shall be admissible in evidence in any proceedings against him.”

## PART V

### GAMING MACHINE LICENCE DUTY

#### *Great Britain*

- 6 In sections 21(1) and 24(1) of the 1981 Act (gaming machines which require licences) for the words " a penny machine " there shall be substituted the words " a two-penny machine ".
- 7 In subsection (2) of section 21 of the 1981 Act (duration of licences) at the end of paragraph (b) there shall be added the words “or
- (c) a quarter-year licence for any period of three months beginning on 1st January, 1st April, 1st July or 1st October.”
- 8 In subsection (1) of section 22 of the 1981 Act (charge to duty) in paragraph (b) for the words " the higher or the peak rate " there shall be substituted the words " or the higher rate ".
- 9 In subsection (5) of section 22 of the 1981 Act (lower rate, higher rate and peak rate machines)—
- (a) in paragraph (a) for " 2p " there shall be substituted the words " 5p ; and "; and
- (b) in paragraph (b) for sub-paragraphs (i) and (ii) there shall be substituted the words " in any other case "; and
- (c) paragraph (c) shall be omitted.
- 10 In section 23 of the 1981 Act (amount of duty) the following Tables shall be substituted for the Tables set out in subsection (1)—

#### “TABLE A

#### *PREMISES WITH LOCAL AUTHORITY APPROVAL*

Description of machines authorised by the licence	Duty on whole-year licence
Chargeable at the lower rate	£120 per machine
Chargeable at the higher rate	£300 per machine



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

TABLE B

*PREMISES WITHOUT LOCAL AUTHORITY APPROVAL*

	Description of machines authorised by the licence	Duty on whole-year licence
	Chargeable at the lower rate	£300 per machine
	Chargeable at the higher rate	£750 per machine”
11	In subsection (2) of section 23 (rate of duty for half-year licence) after the word " eleven-twentieths " there shall be inserted the words " , and on a quarter-year licence six-twentieths, ".	
12	In subsection (6) of section 24 of the 1981 Act (penalty for knowingly or recklessly contravening section 24) for sub-paragraph (a) there shall be substituted the following sub-paragraph— “(a) on summary conviction to a penalty— (i) of the prescribed sum, or (ii) of an amount equal to three times the amount of duty payable on a whole-year gaming machine licence for those premises and that machine or, where more than one machine has been provided on those premises in contravention of this section, those machines (whether or not the duty has been paid), whichever is the greater, or to imprisonment for a term not exceeding six months or to both such penalty and imprisonment;”	
13	In subsection (4) of section 25 of the 1981 Act (gaming machines playable by more than one person)— (a) after the words " a machine " in the second place where they occur, there shall be inserted the words " other than a two-penny machine "; (b) in paragraph (a) for " 2p " there shall be substituted " 5p "; (c) in paragraph (b) for the words from the beginning to " 5p " there shall be substituted the words " in a case not falling within paragraph (a) above ; " and (d) paragraph (c) shall be omitted.	
14	(1) In section 26 of the 1981 Act, in subsection (2) (interpretation) for the definition of " penny machine" there shall be substituted the following definition: — “" two-penny machine " means a gaming machine which can only be played by the insertion into the machine of a coin or coins of a denomination, or aggregate denomination, not exceeding 2p”. (2) At the end of that section there shall be inserted the following subsection: — “(4) Where the game playable by means of a gaming machine can be played more than once for the insertion of a coin or coins of a denomination, or aggregate denomination, exceeding any sum in pence mentioned in section 22(5) or subsection (2) above, the machine is to be treated for the purposes of those provisions 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	

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

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play the game once does not exceed that sum or, where the machine provides differing numbers of games in differing circumstances, cannot exceed that sum.”

- 15 In paragraph 4 of Schedule 4 to 1981 Act (licences not required for March or October in certain cases) for the words from " during March or October " to the end there shall be substituted the words "which have local authority approval under the Gaming Acts—
- (a) during March of any year if the provision of the machine on the premises during April of that year has been authorised by a half-year licence or a quarter-year licence ;
  - (b) during October of any year if the provision of the machine on the premises during September of that year has been authorised by a half-year licence or a quarter-year licence."
- 16 At the end of sub-paragraph (3) of paragraph 7 of Schedule 4 to the 1981 Act (expiry of licences) there shall be added the words " and a quarter-year licence shall expire at the end of 31st March, 30th June, 30th September or 31st December, as the case may be, after the date on which it is expressed to take effect ".
- 17 In paragraph 13 of Schedule 4 to the 1981 Act (regulations as to the marking of gaming machines) for the words from " the higher rate" to " penny machines" there shall be substituted the words " or the higher rate or, as the case may be, as being twopenny machines ".

*Northern Ireland*

- 18 At the end of subsection (3) of section 43 of the 1972 Act (duration of licences) there shall be added the words " or a quarter-year licence for any period of three months beginning on 1st January, 1st April, 1st July or 1st October ".
- 19 (1) In subsection (2) of section 44 of the 1972 Act (charge to duty) for the words " the higher or the peak rate " there shall be substituted the words " or the higher rate ".
- (2) In subsection (3) of that section (lower rate, higher rate and peak rate machines)—
- (a) in paragraph (a) for " £0.02" there shall be substituted " £005 ";
  - (b) in paragraph (b) for the words from " if it can " to the end of the paragraph there shall be substituted the words " in any other case "; and
  - (c) paragraph (c) shall be omitted.
- (3) In subsection (4) of that section (rate of duty) for the Table there set out there shall be substituted the following Table—

“TABLE

Description of machines authorised by the licence	Duty on whole-year licence
Chargeable at the lower rate	£300 per machine
Chargeable at the higher rate	£750 per machine”

- (4) In subsection (5) of that section (rate of duty for half-year licences) after the word " eleven-twentieths " there shall be inserted the words " , and on a quarter-year licence six-twentieths, ".

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

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- (5) In subsection (6) of that section—
- (a) after the words " a machine ", in the first place where they occur, there shall be inserted the words " other than a twopenny machine ";
  - (b) in paragraph (a) for " £0.02 " there shall be substituted " £0.05 ";
  - (c) paragraph (aa) shall be omitted; and
  - (d) in paragraph (b) for the word "peak" there shall be substituted the word " higher ".
- 20 In section 46 of the 1972 Act (gaming machine licences) at the end of subsection (1) there shall be inserted the words " or the machine is a two-penny machine ".
- 21 In subsection (4) of section 48 of the 1972 Act (interpretation) after the definition of " coin " there shall be inserted the following definition—
- “" two-penny machine " means a gaming machine which can only be played by the insertion into the machine of a coin or coins of a denomination, or aggregate denomination, not exceeding 2p”.
- 22 At the end of sub-paragraph (2) of paragraph 9 of Schedule 3 to the 1972 Act (expiry of licences) there shall be added the words " and a quarter-year licence shall expire at the end of 31st March 30th June, 30th September or 31st December, as the case may be, after the date on which it is expressed to take effect ".
- 23 In paragraph 13 of Schedule 3 to the 1972 Act (regulations as to marking of gaming machines) the words " the peak rate " shall cease to have effect.
- 24 In paragraph 14(1) of Schedule 3 to the 1972 Act (penalties for knowingly or recklessly contravening section 46) the following sub-paragraphs shall be substituted for sub-paragraphs (i) and (ii)—
- “(i) on summary conviction to a penalty not exceeding £1,000 or, if greater, of an amount equal to three times the amount of duty payable on a whole-year gaming machine licence for those premises and that machine or, where more than one machine has been provided on those premises in contravention of this section, those machines (whether or not the duty has been paid), or to imprisonment for a term not exceeding 6 months or to both such penalty and imprisonment ;
  - (ii) on conviction on indictment to a penalty of any amount or to imprisonment for a term not exceeding 2 years or to both such penalty and imprisonment.”

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## SCHEDULE 7

Section 26.

## DEDUCTION OF TAX FROM CERTAIN LOAN INTEREST

## PART I

## RELEVANT LOAN INTEREST

*Interpretation*

1 In this Schedule—

- " the 1967 Act " means the Housing Subsidies Act 1967 ;
- "the 1972 Schedule" means Schedule 9 to the Finance Act 1972 (relief for interest on loans for purchase or improvement of land etc.);
- " the 1974 Schedule" means Schedule 1 to the Finance Act 1974 (modification of rules for relief for interest) ;
- " the 1981 Order " means the Housing (Northern Ireland) Order 1981 ;
- " notice " means notice in writing ;
- "prescribed", except in Part IV, means prescribed by the Board;
- " the principal section " means section 26 of this Act; and
- " regulations" means regulations made by the Board under section 29 of this Act.

*Qualifying conditions*

- 2 (1) Subject to the following provisions of this Schedule, interest which is paid and payable in the United Kingdom to a qualifying lender and to which sub-paragraph (2) or sub-paragraph (3) below applies is " relevant loan interest",
- (2) This sub-paragraph applies to interest if—
- (a) it is interest falling within paragraph 1 of the 1972 Schedule (interest on loans for purchase or improvement of land) or paragraph 24 of the 1974 Schedule (interest on loans to purchase life annuities) ; and
  - (b) apart from subsection (1) or subsection (8) of the principal section and, where applicable, paragraph 5 or paragraph 24(3) of the 1974 Schedule (the tax relief limit) the whole of the interest either would be eligible for relief under section 75 of the Finance Act 1972 or would be taken into account in a computation of profits or gains or losses for the purposes of Case I, Case II or Case VI of Schedule D for any year of assessment; and
  - (c) except in the case of interest falling within paragraph 24 of the 1974 Schedule, at the time the interest is paid, the condition in either paragraph 4 or paragraph 4A of the 1974 Schedule is fulfilled with respect to the land, caravan or houseboat to which the loan concerned relates ;
- but, unless sub-paragraph (4) or sub-paragraph (5) below applies, this sub-paragraph does not apply to interest which becomes due before 6th April 1983.
- (3) This sub-paragraph applies to interest which becomes due on or after 1st April 1983 and is payable on a loan—
- (a) in respect of which there is in force on 31st March 1983—

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- (i) an option notice given under section 24(2) of the 1967 Act (option mortgages), other than one falling within section 27(3)(b) of this Act; or
      - (ii) an option notice given under Article 142(2) of the 1981 Order (option mortgages in Northern Ireland), other than one falling within section 27(4)(b) of this Act; and
    - (b) which relates to a dwelling in respect of which, at the time the interest is paid, the condition in paragraph 4 of the 1974 Schedule is fulfilled.
  - (4) Sub-paragraph (2) above applies to interest which becomes due on or after 1st April 1983 (instead of 6th April 1983) if the qualifying lender to whom it is payable is either a building society, within the meaning of the Building Societies Act 1962 or the Building Societies Act (Northern Ireland) 1967, or a local authority.
  - (5) If an application in that behalf is made to the Board by a qualifying lender, sub-paragraph (2) above applies to interest which becomes due on or after such date as may be specified by the Board for the purposes of that sub-paragraph (instead of 6th April 1983).
  - (6) The Board shall not under sub-paragraph (5) above specify a date earlier than 1st March 1983 or later than 5th April 1983 and the Board shall notify the qualifying lender concerned of the date specified under that sub-paragraph.
  - (7) Sub-paragraph (2) above does not apply to interest payable on a loan the only security for which is a contract of insurance on human life or a contract to pay an annuity on human life.
- 3
- (1) In determining whether sub-paragraph (2) of paragraph 2 above applies to any interest, paragraph 1 of the 1972 Schedule and paragraph 24 of the 1974 Schedule shall each have effect as if the words " or the Republic of Ireland " were omitted.
  - (2) In determining whether sub-paragraph (2)(c) of paragraph 2 above applies to any interest, sub-paragraph (1) of paragraph 4 of the 1974 Schedule (restrictions on reliefs under the 1972 Schedule) shall have effect as if—
    - (a) in paragraph (a) after the word " used ", where it first occurs, there were inserted the words " wholly or to a substantial extent "; and
    - (b) paragraph (6) (commercial lettings) and the word "or" immediately preceding it were omitted.
  - (3) In determining for the purposes of paragraph 2(3)(b) above whether the condition in paragraph 4 of the 1974 Schedule is for the time being fulfilled with respect to any dwelling.—
    - (a) sub-paragraph (1) of that paragraph shall have effect as if for the words from " Part I of Schedule 9" to " used " (where it first occurs) there were substituted the words " interest shall not be relevant loan interest for the purposes of section 26 of the Finance Act 1982 unless the dwelling to which the loan relates is at the time the interest is paid used wholly or partly " and paragraph (b) and the word " or " immediately preceding it were omitted ; and
    - (b) sub-paragraph (3) of that paragraph shall have effect as if for the words " land, caravan or house-boat" there were substituted the word " dwelling ".
  - (4) Where at a time when interest on a loan (in this sub-paragraph referred to as " the first loan ") is relevant loan interest, the borrower raises another loan to defray money to be applied as mentioned in paragraph 1 of the 1972 Schedule with a view—

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- (a) to the use of other land or another caravan or house-boat wholly or partly as that person's only or main residence, and
- (b) to the disposal of the land, caravan, house-boat or dwelling to which the first loan relates,

then, in relation to interest payable within twelve months from the making of the other loan, the condition in paragraph 4 of the 1974 Schedule shall be treated as continuing to be fulfilled.

- (5) If in a case falling within sub-paragraph (4) above, the interest on the first loan referred to in that sub-paragraph is interest to which paragraph 2(2) above applies and a direction is given under paragraph 6 of the 1974 Schedule extending the period within which Part I of the 1972 Schedule applies to that first loan, sub-paragraph (4) above shall have effect in relation to that case as if for the reference to twelve months there were substituted a reference to such longer period as is specified in the direction.
  - (6) If, in a case falling within sub-paragraph (4) above, the interest on the first loan is interest to which paragraph 2(3) above applies and, having regard to the circumstances of that case, it appears to the Board reasonable to do so, they may direct that, in relation to that case, that sub-paragraph shall have effect as if for the reference to twelve months there were substituted a reference to such longer period as meets the circumstances of that case.
- 4 (1) Notwithstanding anything in paragraph 2 above, interest on a home improvement loan is not relevant loan interest unless—
- (a) the qualifying lender to whom the interest is payable is a building society, within the meaning of the Building Societies Act 1962 or the Building Societies Act (Northern Ireland) 1967, or a local authority or the Northern Ireland Housing Executive ; or
  - (b) the qualifying lender to whom the interest is payable has given notice to the Board in accordance with regulations that he is prepared to have those home improvement loans in respect of which he is the lender and which were made after such date as he may specify in the notice brought within the tax deduction scheme.
- (2) A qualifying lender may not specify a date in a notice under sub-paragraph (1) above which is earlier than the earliest date on which paragraph 2 above applies to interest on any loan (whether or not a home improvement loan) made by him.
- (3) In this paragraph " home improvement loan" means a loan made to defray money applied wholly in improving or developing land or buildings on land or in paying off another loan which was itself to defray money so applied.
- (4) Paragraphs 3 and 4 of the 1972 Schedule (construction of references to money applied in improving or developing land or buildings) shall apply for the purposes of this paragraph as they apply for the purposes of Part I of that Schedule.

*Loans over the tax relief limit*

- 5 (1) The provisions of this paragraph have effect in relation to a loan where, by virtue of sub-paragraphs (1) and (2) of paragraph 5 or paragraph 24(3) of the 1974 Schedule (the limit on eligibility for tax relief), only part of the interest on the loan would (apart from the principal section) be eligible for relief under section 75 of the Finance Act 1972; and in this paragraph any such loan is referred to as a " limited loan ".

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- (2) None of the interest on a limited loan is relevant loan interest unless the qualifying lender to whom the interest is payable has given notice to the Board in accordance with regulations that he is prepared to have limited loans of a description which includes that limited loan brought within the tax deduction scheme.
- (3) If, in a case where sub-paragraph (2) above applies, paragraph 5(2) of the 1974 Schedule requires another loan to be taken into account for the purpose of determining that part of the limited loan interest on which would (apart from the principal section) be eligible for relief as mentioned in sub-paragraph (1) above, none of the interest on the limited loan is relevant loan interest unless that other loan was made by the same qualifying lender as the limited loan.
- (4) Where notice has been given as mentioned in sub-paragraph (2) above and, if sub-paragraph (3) above also applies, the condition in that sub-paragraph is fulfilled only so much of the interest as (apart from the principal section) would be eligible for relief under section 75 of the Finance Act 1972 is relevant loan interest.

#### *Joint borrowers*

- 6 (1) Where a loan on which interest is payable by the borrower was made jointly to the borrower and another person who is not the borrower's husband or wife, the interest on the loan is not relevant loan interest unless—
  - (a) each of the persons to whom the loan was made is a qualifying borrower; and
  - (b) in relation to each of them considered separately, the whole of that interest is relevant loan interest, in accordance with the preceding provisions of this Part of this Schedule.
- (2) References in this paragraph to the borrower's husband or wife do not include references to a separated husband or wife, and for this purpose " separated " has the same meaning as in Part II of the 1974 Schedule.

## **PART II**

### APPLICATION OF THE PRINCIPAL SECTION

- 7 (1) The principal section does not apply to any relevant loan interest unless either—
  - (a) in the case of a loan of a description specified by regulations for the purposes of this sub-paragraph, the borrower or, in the case of joint borrowers, each of them has given notice to the lender in the prescribed form certifying—
    - (i) that he is a qualifying borrower ; and
    - (ii) that the interest is relevant loan interest; and
    - (iii) such other matters as may be prescribed ; or
  - (b) the Board have given notice to the lender and the borrower that the interest may be paid under deduction of tax ; or
  - (c) it is interest to which paragraph 2(3) above applies ; or
  - (d) the loan to which the interest relates was made, subject to sub-paragraph (4) below, before 1st April 1983 and is of a description specified by regulations for the purposes of this sub-paragraph.
- (2) Where notice has been given as mentioned in paragraph (a) or paragraph (b) of sub-paragraph (1) above, the principal section applies to any relevant loan interest to

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which the notice relates and which becomes due on or after the relevant date, as denned in sub-paragraph (3) below; and in a case falling within paragraph (c) or paragraph (d) of sub-paragraph (1) above, the principal section applies to the relevant loan interest referred to in that paragraph.

- (3) In the case of a notice under paragraph (a) of sub-paragraph (1) above, the relevant date is the date the notice is given and, in the case of a notice under paragraph (b) of that paragraph, the relevant date is a date specified in the notice as being the relevant date (which may be earlier than the date so specified as the date from which the interest may be paid under deduction of tax).
- (4) In the case of relevant loan interest—
- (a) which falls within sub-paragraph (2) of paragraph 2 above, and
  - (b) to which sub-paragraph (4) or sub-paragraph (5) of that paragraph does not apply, for the reference in sub-paragraph (1)(4) above to 1st April 1983 there shall be substituted a reference to 6th April 1983.
- (5) In the case of relevant loan interest—
- (a) which falls within sub-paragraph (2) of paragraph 2 above, and
  - (b) to which sub-paragraph (5) of that paragraph applies,
- for the reference in sub-paragraph (1)(d) above to 1st April 1983 there shall be substituted a reference to the date specified by the Board and notified under sub-paragraph (6) of paragraph 2 to the qualifying lender to whom the interest is payable.
- 8 (1) If at any time—
- (a) the interest on a loan ceases to be relevant loan interest, or
  - (b) a person making payments of relevant loan interest ceases to be a qualifying borrower,
- the borrower shall give notice of that fact to the lender.
- (2) Without prejudice to sub-paragraph (3) below, in relation to a payment of interest—
- (a) which is due after the time referred to in sub-paragraph (1) above and before the date on which notice is given under that sub-paragraph, and
  - (b) from which a deduction was made as mentioned in subsection (1) of the principal section,
- the principal section, except subsection (8), shall have effect as if the payment were a payment of relevant loan interest made by a qualifying borrower.
- (3) Nothing in sub-paragraph (2) above entitles the borrower to any relief from tax or other benefit and, accordingly, where the amount of any such relief or other benefit which is allowed by virtue of that sub-paragraph exceeds that which ought to have been allowed, he shall be liable to make good the excess and an inspector may make such assessments as may in his judgment be required for recovering the excess.
- (4) The Taxes Management Act 1970 shall apply to an assessment under this paragraph as if it were an assessment to tax for the year of assessment in which the relief was given and as if—
- (a) the assessment were among those specified in sections 55(1) (recovery of tax not postponed) and 86(2) (interest on overdue tax) of that Act; and
  - (b) the sum charged by the assessment were tax specified in paragraph 3 of the Table in section 86(4) of that Act (reckonable date).



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- 9 (1) If, as a result of receiving a notice under paragraph 8 above or otherwise, a qualifying lender has reason to believe that any interest is no longer relevant loan interest or that a borrower is no longer a qualifying borrower, the lender shall furnish the Board with such information as is in his possession with respect to those matters.
- (2) At the end of the second column of the Table in section 98 of the Taxes Management Act 1970 (penalty for failure to furnish information etc.) there shall be inserted—

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“Paragraph 9(1) of Schedule 7 to the Finance Act 1982”.

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- 10 (1) Where it appears to the Board that any of the provisions of Part I of this Schedule is not or may not be fulfilled with respect to any interest, or that a qualifying borrower has or may have ceased to be a qualifying borrower, they shall give notice of that fact to the lender and the borrower specifying the description of relevant loan interest concerned or, as the case may be, that the borrower has or may have ceased to be a qualifying borrower.
- (2) The principal section shall not apply to any payment of relevant loan interest of a description to which a notice under sub-paragraph (1) above relates and which becomes due or is made after such date as may be specified in the notice and before such date as may be specified in a further notice given by the Board to the lender and the borrower.
- 11 In any case where—
- (a) the principal section applies to any relevant loan interest by virtue of a notice under paragraph 7(1)(b) above, and
  - (b) the relevant date specified in the notice is earlier than the date from which the interest begins to be paid under deduction of tax, and
  - (c) a payment of that interest was made on or after the relevant date but not under deduction of tax,
- regulations may provide for a sum to be paid by the Board of an amount equal to that which the borrower would have been able to deduct from that payment by virtue of the principal section if it had been made after the relevant date.
- 12 (1) No obligation as to secrecy imposed by statute or otherwise on persons employed in relation to Inland Revenue shall prevent information relating to any loan in respect of which an option notice has been given as mentioned in paragraph 2(3) (a) above from being disclosed to the Secretary of State or the Department of the Environment for Northern Ireland, or to an officer of either of them authorised to receive such information, in connection with the exercise by the Secretary of State or that Department of any of his or their functions in relation to any such loan.
- (2) Sub-paragraph (1) above extends only to disclosure by or under the authority of the Inland Revenue; and information which is disclosed to any person by virtue of sub-paragraph (1) above shall not be further disclosed to any other person unless—
- (a) it could have been disclosed to that other person in accordance with sub-paragraph (1) above ; or
  - (b) the disclosure is made for the purposes of any civil or criminal proceedings concerned with the loan to which the disclosure relates.

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### PART III

#### QUALIFYING BORROWERS

- 13 (1) Subject to the provisions of this paragraph, an individual is for the purposes of the principal section and this Schedule a qualifying borrower with respect to the interest on any loan.
- (2) In relation to interest paid at a time when the borrower or the borrower's husband or wife holds an office or employment in respect of the emoluments of which he or she would but for some special exemption or immunity from tax be chargeable to tax under Case I, Case II or Case III of Schedule E, the borrower is not a qualifying borrower.
- (3) In sub-paragraph (2) above references to the borrower's husband or wife do not include references to a separated husband or wife, and for this purpose "separated" has the same meaning as in Part II of the 1974 Schedule.

### PART IV

#### QUALIFYING LENDERS

- 14 (1) The following bodies are qualifying lenders for the purposes of the principal section and Parts I to III of this Schedule: —
- (a) a building society within the meaning of the Building Societies Act 1962 or the Building Societies Act (Northern Ireland) 1967;
  - (b) a local authority ;
  - (c) the Bank of England ;
  - (d) the Post Office ;
  - (e) a company which is authorised under section 3 or section 4 of the Insurance Companies Act 1981 to carry on in the United Kingdom any of the classes of business specified in Schedule 1 to that Act;
  - (f) a trustee savings bank within the meaning of the Trustee Savings Bank Act 1981 ;
  - (g) a registered friendly society or branch, within the meaning of the Friendly Societies Act 1974 or the Friendly Societies Act (Northern Ireland) 1970 ;
  - (h) a development corporation within the meaning of the New Towns Act 1981 or the New Towns (Scotland) Act 1968 ;
  - ((j)) the Commission for the New Towns ;
  - (k) the Housing Corporation;
  - (l) the Northern Ireland Housing Executive ;
  - (m) the Scottish Special Housing Association ;
  - (n) the Development Board for Rural Wales ;
  - (o) any of the following which is prescribed under sub-paragraph (2) below, namely, a recognised bank or licensed institution, within the meaning of the Banking Act 1979, a company which is authorised as mentioned in paragraph (e) above to carry on in the United Kingdom any of the classes of business specified in Schedule 2 to the Insurance Companies Act 1981, and a 90 per cent, subsidiary of any such bank, institution or company or of a company within paragraph (e) above.

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- (2) The Treasury may by order prescribe for the purposes of this Part of this Schedule generally or in relation to any specified description of loan any of the bodies referred to in paragraph (o) of sub-paragraph (1) above ; and a body which is prescribed by such an order shall become a qualifying lender for the purposes referred to in that sub-paragraph generally or, as the case may be, in relation to such description of loan as is specified in the order with effect from the beginning of the first year of assessment which begins after the date on which the order is made.
- 15 Without prejudice to paragraph 14 above, in relation to interest to which sub-paragraph (3) of paragraph 2 above applies, the person who, as a qualifying lender for the purposes of Part II of the 1967 Act or Part VIU of the 1981 Order, was the lender in relation to the loan referred to in that sub-paragraph shall also be a qualifying lender for the purposes of the principal section and Parts I to III of this Schedule.

## SCHEDULE 8

Section 47.

### SUB-CONTRACTORS IN THE CONSTRUCTION INDUSTRY

- 1 In section 70 of the Finance (No. 2) Act 1975, at the beginning of subsection (1) there shall be inserted the words " Subject to the provisions of regulations under this section or section 70A of this Act ".
- 2 In subsection (2)(c) of that section, for the words "by virtue of " there shall be substituted the words " in accordance with ".
- 3 In subsection (4) of that section, at the end there shall be added the words " (not being a certificate to the holder of which section 70A below would apply) ".
- 4 In subsection (7) of that section, after paragraph (g) there shall be inserted the words "and
- (h) excluding payments from the operation of this section where, in such circumstances as may be specified in the regulations, the requirements of regulations relating to the production of certificates or the obtaining, production or surrender of vouchers have not been complied with ; ”.
- 5 After that section there shall be inserted—

#### **“70A Provision for limited exception from section 69.**

- (1) This section applies to the holder of a certificate in force under section 70 of this Act if it was issued to him on the basis—
- (a) that the condition in paragraph 2 of Part I of Schedule 12 to this Act was inapplicable to him by reason of sub-paragraph (1)(b) of that paragraph, or
- (b) that he satisfied that condition by virtue of sub-paragraph (5) of that paragraph.
- (2) The Board may make regulations securing that a person to whom this section applies shall not be excepted from section 69 of this Act in relation to a payment to the extent that the amount of the payment, or the aggregate

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amount of the payment and such other payments as may be prescribed by the regulations, exceeds a limit so prescribed.

(3) Regulations under this section shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the House of Commons.”

6 In section 71 of that Act, for subsection (5) there shall be substituted—

“(5) A payment (including a payment by way of loan) that has the effect of discharging an obligation under a contract relating to construction operations shall be taken to be made under the contract; and if—

- (a) the obligation is to make a payment to a person within paragraphs (i) to (iii) of section 69(1) of this Act, but
- (b) the payment discharging that obligation is made to a person not within those paragraphs,

the payment shall be taken to be made to the first-mentioned person.”

7 In paragraph 2 of Part I of Schedule 12 to that Act, in sub-paragraph (1) for the words from the beginning to " must" there shall be substituted the words

“Unless the applicant—

- (a) is the holder of a certificate in force under section 70 of this Act (other than a holder to whom section 70A applies), or
- (b) supplies the Board with a guarantee by such person, for such amount and in such form as may be prescribed in regulations made by the Board,

he must”.

8 In sub-paragraph (2) of that paragraph for the words from " who " to " this condition" there shall be substituted the words " shall be treated as satisfying the condition in sub-paragraph (1) above ".

9 (1) At the end of that paragraph there shall be added—

“(5) If the applicant satisfies the Board that he has during any period within six years before the date of his application attended a school or other establishment for the purpose of receiving full-time education or full-time training, this paragraph shall have effect as if that period were one during which he was employed as mentioned in sub-paragraph (1) above.”

(2) This paragraph shall not have effect in relation to applications made before the coming into operation of regulations under section 70A of the Finance (No. 2) Act 1975.

10 After paragraph 2 of Part I of Schedule 12 to that Act there shall be inserted—

“2A The applicant must not be receiving full-time education or full-time training”.

11 In paragraph 3 of Part I of that Schedule, in sub-paragraph (1) for the words " the Income Tax Acts " there shall be substituted the words " the Tax Acts ".

12 After sub-paragraph (1) of that paragraph there shall be inserted—

“(1A) An applicant who at any time in the qualifying period had control of a company shall be taken not to satisfy the condition in sub-paragraph (1) above unless the company has satisfied that condition in relation to

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periods ending at a time within that period when he had control of it; and for this purpose "control" has the meaning assigned to it by section 534 of the Taxes Act."

- 13 In sub-paragraph (2) of that paragraph for the word "who" there shall be substituted the words "or company that".
- 14 In paragraph 1 of Part II of that Schedule, in sub-paragraph (1) after the words "this Act" where they first appear there shall be inserted the words "(other than a holder to whom section 70A applies)".
- 15 In paragraph 2 of Part IV of that Schedule, in sub-paragraph (1) for the words "the Income Tax Acts, the Corporation Tax Acts" there shall be substituted the words "the Tax Acts".

## SCHEDULE 9

Section 53.

### PURCHASE OF OWN SHARES BY UNQUOTED TRADING COMPANY

#### *Conditions for application of section 53(1)*

- 1 (1) The vendor must be resident and ordinarily resident in the United Kingdom in the year of assessment in which the purchase is made and if the shares are held through a nominee the nominee must also be so resident and ordinarily resident.
- (2) The residence and ordinary residence of trustees shall be determined for the purposes of this paragraph as they are determined under section 52 of the Capital Gains Tax Act 1979 for the purposes of that Act.
- (3) The residence and ordinary residence of personal representatives shall be taken for the purposes of this paragraph to be the same as the residence and ordinary residence of the deceased immediately before his death.
- (4) The references in this paragraph to a person's ordinary residence shall be disregarded in the case of a company.
- 2 (1) The shares must have been owned by the vendor throughout the period of five years ending with the date of the purchase.
- (2) If at any time during that period the shares were transferred to the vendor by a person who was then his spouse living with him then, unless that person is alive at the date of the purchase but is no longer the vendor's spouse living with him, any period during which the shares were owned by that person shall be treated for the purposes of sub-paragraph (1) above as a period of ownership by the vendor.
- (3) Where the vendor became entitled to the shares under the will or on the intestacy of a previous owner—
- (a) any period during which the shares were owned by the previous owner or his personal representatives shall be treated for the purposes of sub-paragraph (1) above as a period of ownership by the vendor, and
- (b) that sub-paragraph shall have effect as if it referred to three years instead of five.
- (4) Where the vendor is a personal representative of a deceased owner—

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- (a) any period during which the shares were owned by the deceased shall be treated for the purposes of sub-paragraph (1) above as a period of ownership by the vendor, and
  - (b) that sub-paragraph shall have effect as if it referred to three years instead of five.
- (5) In determining whether the condition in this paragraph is satisfied in a case where the vendor acquired shares of the same class at different times—
- (a) shares acquired earlier shall be taken into account before shares acquired later, and
  - (b) any previous disposal by him of shares of that class shall be assumed to be a disposal of shares acquired later rather than of shares acquired earlier.
- (6) If for the purposes of capital gains tax the time when shares were acquired would be determined under any provision of Chapter II of Part IV of the Capital Gains Tax Act 1979 (reorganisation of share capital, conversion of securities, etc.) then, subject to sub-paragraph (7) below, it shall be determined in the same way for the purposes of this paragraph.
- (7) Sub-paragraph (6) above shall not apply to shares allotted for payment or comprised in share capital to which section 34 of the Finance (No. 2) Act 1975 (stock dividends) applies.
- 3 (1) If immediately after the purchase the vendor owns shares of the company, then, subject to paragraph 9 below, his interest as a shareholder must be substantially reduced.
- (2) Subject to sub-paragraph (3) below the vendor's interest as a shareholder shall be taken to be substantially reduced if and only if the total nominal value of the shares owned by him immediately after the purchase, expressed as a fraction of the issued share capital of the company at that time, does not exceed 75 per cent, of the corresponding fraction immediately before the purchase.
- (3) The vendor's interest as a shareholder shall not be taken to be substantially reduced where—
- (a) he would, if the company distributed all its profits available for distribution immediately after the purchase, be entitled to a share of those profits, and
  - (b) that share, expressed as a fraction of the total of those profits, exceeds 75 per cent, of the corresponding fraction immediately before the purchase.
- (4) In determining for the purposes of sub-paragraph (3) above the division of profits among the persons entitled to them, a person entitled to periodic distributions calculated by reference to fixed rates or amounts shall be regarded as entitled to a distribution of the amount or maximum amount to which he would be entitled for a year.
- (5) In sub-paragraph (3) above " profits available for distribution " has the same meaning as it has for the purposes of Part III of the Companies Act 1980, but subject to sub-paragraph (6) below.
- (6) For the purposes of sub-paragraph (3) above the amount of the profits available for distribution (whether immediately before or immediately after the purchase) shall be treated as increased—
- (a) in the case of every company, by £100, and

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(b) in the case of a company from which any person is entitled to periodic distributions of the kind mentioned in sub-paragraph (4) above, by a further amount equal to that required to make the distribution to which he is entitled in accordance with that sub-paragraph :

and where the aggregate of the sums payable by the company on the purchase and on any contemporaneous redemption, repayment or purchase of other shares of the company exceeds the amount of the profits available for distribution immediately before the purchase, that amount shall be treated as further increased by an amount equal to the excess.

(7) References in this paragraph to entitlement are, except in the case of trustees and personal representatives, references to beneficial entitlement.

4 (1) If immediately after the purchase any associate of the vendor owns shares of the company then, subject to paragraph 9 below, the combined interests as shareholders of the vendor and his associates must be substantially reduced.

(2) The question whether the combined interests as shareholders of the vendor and his associates are substantially reduced shall be determined in the same way as is (under paragraph 3 above) the question whether a vendor's interest as a shareholder is substantially reduced, except that the vendor shall be assumed to have the interests of his associates as well as his own.

5 (1) This paragraph applies where the company making the purchase is immediately before the purchase a member of a group and either—

(a) immediately after the purchase the vendor owns shares of one or more other members of the group (whether or not he then owns shares of the company making the purchase), or

(b) immediately after the purchase the vendor owns shares of the company making the purchase and immediately before the purchase he owned shares of one or more other members of the group;

and in the following provisions of this paragraph "relevant company" means the company making the purchase and any other member of the group in which the vendor owns shares immediately before or immediately after the purchase.

(2) Where this paragraph applies then, subject to paragraph 9 below, the vendor's interest as a shareholder in the group must be substantially reduced.

(3) The vendor's interest as a shareholder in the group shall be ascertained by-

(a) expressing the total nominal value of the shares owned by him in each relevant company as a fraction of the issued share capital of the company,

(b) adding together the fractions so obtained, and

(c) dividing the result by the number of relevant companies (including any in which he owns no shares).

(4) Subject to sub-paragraph (5) below, the vendor's interest as a shareholder in the group shall be taken to be substantially reduced if and only if it does not exceed 75 per cent, of the corresponding interest immediately before the purchase.

(5) The vendor's interest as a shareholder in the group shall not be taken to be substantially reduced if—

(a) he would, if every member of the group distributed all its profits available for distribution immediately after the purchase (including any profits received

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- by it on a distribution by another member), be entitled to a share of the profits of one or more of them, and
- (b) that share, or the aggregate of those shares, expressed as a fraction of the aggregate of the profits available for distribution of every member of the group which is—
- (i) a relevant company, or
- (ii) a 51 per cent, subsidiary of a relevant company,
- exceeds 75 per cent, of the corresponding fraction immediately before the purchase.
- (6) Sub-paragraphs (4) to (6) of paragraph 3 above shall apply for the purposes of sub-paragraph (5) above as they apply for the purposes of paragraph 3(3).
- (7) Subject to the following sub-paragraphs, in this paragraph " group " means a company which has one or more 51 per cent, subsidiaries, but is not itself a 51 per cent, subsidiary of any other company, together with those subsidiaries.
- (8) Where the whole or a significant part of the business carried on by an unquoted company (" the successor company ") was previously carried on by—
- (a) the company making the purchase, or
- (b) a company which is (apart from this sub-paragraph) a member of a group to which the company making the purchase belongs,
- the successor company and any company of which it is a 51 per cent, subsidiary shall be treated as being a member of the same group as the company making the purchase (whether or not, apart from this sub-paragraph, the company making the purchase is a member of a group).
- (9) Sub-paragraph (8) above shall not apply if the successor company first carried on the business there referred to more than three years before the time of the purchase.
- (10) For the purposes of this paragraph a company which has ceased to be a 51 per cent, subsidiary of another company before the time of the purchase shall be treated as continuing to be such a subsidiary if at that time there exist arrangements under which it could again become such a subsidiary.
- 6 (1) This paragraph applies where the company making the purchase is immediately before the purchase a member of a group and at that time an associate of the vendor owns shares of any member of the group.
- (2) Where this paragraph applies then, subject to paragraph 9 below, the combined interests as shareholders in the group of the vendor and his associates must be substantially reduced.
- (3) The question whether the combined interests as shareholders in the group of the vendor and his associates are substantially reduced shall be determined in the same way as is (under paragraph 5 above) the question whether a vendor's interest as a shareholder in a group is substantially reduced, except that the vendor shall be assumed to have the interests of his associates as well as his own (and references in paragraph 5(3) to (5) to a relevant company shall be construed accordingly).
- (4) For the purposes of this paragraph "group" has the same meaning as it has for the purposes of paragraph 5 above.



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- 7 (1) The vendor must not immediately after the purchase be connected with the company making the purchase or with any company which is a member of the same group as that company.
- (2) For the purposes of this paragraph "group" has the same meaning as it has for the purposes of paragraph 5 above.
- (3) This paragraph has effect subject to paragraph 9 below.
- 8 (1) The purchase must not be part of a scheme or arrangement which is designed or likely to result in the vendor or any associate of his having interests in any company such that, if he had those interests immediately after the purchase, any of the conditions in paragraphs 3 to 7 above could not be satisfied.
- (2) A transaction occurring within one year after the purchase shall be deemed for the purposes of sub-paragraph (1) above to be part of a scheme or arrangement of which the purchase is also part.
- (3) This paragraph has effect subject to paragraph 9 below.
- 9 (1) Where—
- (a) any of the conditions in paragraphs 3 to 8 above which are applicable are not satisfied in relation to the vendor, but
  - (b) he proposed or agreed to the purchase in order that the condition in paragraph 4(1) or 6(2) could be satisfied in respect of the redemption, repayment or purchase of shares owned by a person of whom he is an associate,
- this paragraph applies to the purchase to the extent that that result is produced by virtue of the purchase.
- (2) Where this paragraph applies, section 53(1) of this Act shall have effect as if the conditions in paragraphs 3 to 8 above were satisfied in relation to the vendor.

#### *Administration*

- 10 (1) A payment made by a company on the redemption, repayment or purchase of its own shares shall be deemed to be one to which section 53 of this Act applies if, before it is made, the Board have on the application of the company notified the company that they are satisfied that the section will apply.
- (2) A payment made by a company on the redemption, repayment or purchase of its own shares shall be deemed to be one to which section 53 of this Act does not apply if, before it is made, the Board have on the application of the company notified the company that they are satisfied that the section will not apply.
- (3) An application under this paragraph 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.
- (4) If a notice under sub-paragraph (3) above 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.

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- (5) 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 (3) above, within thirty days of the notice being complied with.
- (6) If particulars furnished under this paragraph do not fully and accurately disclose all facts and circumstances material for the decision of the Board, any resulting notification by the Board shall be void.
- 11 (1) A company which treats a payment made by it as one to which section 53 of this Act applies shall within sixty days after making the payment make a return to the inspector giving particulars of the payment and of the circumstances by reason of which section 53 is regarded as applying to it.
- (2) Where a company treats a payment made by it as one to which section 53(1) of this Act applies, any person connected with the company who knows of any such scheme or arrangement affecting the payment as is mentioned in paragraph 8 above shall, within sixty days after he first knows of both the payment and the scheme or arrangement, give a notice in writing to the inspector containing particulars of the scheme or arrangement.
- 12 (1) Where the inspector has reason to believe that a payment treated by the company making it as one to which section 53(1) of this Act applies may form part of a scheme or arrangement of the kind referred to in subsection (1)(b) of that section or in paragraph 8 above, he may by notice in writing require the company or any person who is connected with the company to furnish him within such time, not being less than sixty 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 arrangement exists or has existed, and
- (b) such other information as the inspector may reasonably require for the purposes of the provision in question and the company or that person has or can reasonably obtain.
- (2) The recipient of a payment treated by the company making it as one to which section 53 of this Act applies, 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.
- 13 (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 added—

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“Paragraph 12 of Schedule 9 to the Finance Act 1982.”

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- (3) At the end of the second column there shall be added—

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“Paragraph 11 of Schedule 9 to the Finance Act 1982.”

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### *Interpretation*

- 14 (1) Any question whether a person is an associate of another in relation to a company shall be determined for the purposes of this Schedule in accordance with the following provisions of this paragraph.
- (2) A husband and wife living together are associates of one another.
- (3) A person under the age of eighteen is an associate of his parents, and his parents are his associates.
- (4) A person connected with a company is an associate of the company and of any company controlled by it, and the company and any company controlled by it are his associates.
- (5) Where a person connected with one company has control of another company, the second company is an associate of the first.
- (6) Where shares of a company are held by trustees (other than bare trustees) then in relation to that company, but subject to sub-paragraph (9) below, the trustees are associates of—
- (a) any person who directly or indirectly provided property to the trustees or has made a reciprocal arrangement for another to do so, and
  - (b) any person who is, by virtue of sub-paragraph (2) or (3) above, an associate of a person within paragraph (a) above, and
  - (c) any person who is or may become beneficially entitled to a significant interest in the shares ;
- and any such person is an associate of the trustees.
- (7) Where shares of a company are comprised in the estate of a deceased person, then in relation to that company the deceased's personal representatives are associates of any person who is or may become beneficially entitled to a significant interest in the shares, and any such person is an associate of the personal representatives.
- (8) Where one person is accustomed to act on the directions of another in relation to the affairs of a company, then in relation to that company the two persons are associates of one another.
- (9) Sub-paragraph (6) above shall not apply to shares held on trusts which—
- (a) relate exclusively to an exempt approved scheme as defined in Chapter II of Part II of the Finance Act 1970, or
  - (b) are exclusively for the benefit of the employees, or the employees and directors, of the company referred to in that sub-paragraph or of companies in a group to which that company belongs, or their dependants (and are not wholly or mainly for the benefit of directors or their relatives);
- and for the purposes of this sub-paragraph " group " means a company which has one or more 51 per cent, subsidiaries, together with those subsidiaries.
- (10) For the purposes of sub-paragraphs (6) and (7) above a person's interest is significant if its value exceeds 5 per cent, of the value of all the property held on the trusts or, as the case may be, comprised in the estate concerned, excluding any property in which he is not and cannot become beneficially entitled to an interest.

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- 15 (1) Any question whether a person is connected with a company shall be determined for the purposes of this Schedule in accordance with the following provisions of this paragraph.
- (2) A person is connected with a company if he directly or indirectly possesses or is entitled to acquire more than 30 per cent, of—
- (a) the issued ordinary share capital of the company, or
  - (b) the loan capital and issued share capital of the company, or
  - (c) the voting power in the company.
- (3) Where a person—
- (a) acquired or became entitled to acquire loan capital of a company in the ordinary course of a business carried on by him, being a business which includes the lending of money, and
  - (b) takes no part in the management or conduct of the company,
- his interest in that loan capital shall be disregarded for the purposes of sub-paragraph (2) above.
- (4) A person is connected with a company if he directly or indirectly possesses or is entitled to acquire such rights as would, in the event of the winding up of the company or in any other circumstances, entitle him to receive more than 30 per cent, of the assets of the company which would then be available for distribution to equity holders of the company; and for the purposes of this sub-paragraph—
- (a) the persons who are equity holders of the company, and
  - (b) the percentage of the assets of the company to which a person would be entitled,
- shall be determined in accordance with paragraphs 1 and 3 of Schedule 12 to the Finance Act 1973, taking references in paragraph 3 to the first company as references to an equity holder and references to a winding up as including references to any other circumstances in which assets of the company are available for distribution to its equity holders.
- (5) A person is connected with a company if he has control of it.
- (6) References in this paragraph to the loan capital of a company are references to any debt incurred by the company—
- (a) for any money borrowed or capital assets acquired by the company, or
  - (b) for any right to receive income created in favour of the company, or
  - (c) for consideration the value of which to the company was (at the time when the debt was incurred) substantially less than the amount of the debt (including any premium thereon).
- (7) For the purposes of this paragraph a person shall be treated as entitled to acquire anything which he is entitled to acquire at a future date or will at a future date be entitled to acquire.
- (8) For the purposes of this paragraph a person shall be assumed to have the rights or powers of his associates as well as his own.
- 16 (1) In section 53 of this Act and in this Schedule—
- " control" has the meaning assigned to it by section 534 of the Taxes Act;

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"holding company" means a company whose business (disregarding any trade carried on by it) consists wholly or mainly of the holding of shares or securities of one or more companies which are its 75 per cent, subsidiaries ;

" personal representatives " means persons responsible for administering the estate of a deceased person ;

" quoted company " means a company whose shares (or any class of whose shares) are listed in the official list of a stock exchange ;

" shares " includes stock ;

" trade " does not include dealing in shares, securities, land or 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 of the carrying on of a trade or trades, and for this purpose "group" means a company which has one or more 75 per cent, subsidiaries together with those subsidiaries ;

" unquoted company " means a company which is neither a quoted company nor a 51 per cent, subsidiary of a quoted company.

- (2) References in section 53 of this Act and in this Schedule to the owner of shares are references to the beneficial owner except where the shares are held on trusts (other than bare trusts) or are comprised in the estate of a deceased person, and in such a case are references to the trustees or, as the case may be, to the deceased's personal representatives.
- (3) References in section 53 of this Act and in this Schedule to a payment made by a company include references to anything else that is, or would but for section 53 be, a distribution.

## SCHEDULE 10

Section 62.

### INCOME TAX : MAINTENANCE FUNDS FOR HISTORIC BUILDINGS

#### *Finance Act 1977*

- 1 (1) Section 38 of the Finance Act 1977 shall be amended as follows.
  - (2) In subsection (1) for the words from "the Treasury" to " 1976 " there shall be substituted the words " a direction has effect under section 93 of the Finance Act 1982 ".
  - (3) For subsection (5) there shall be substituted—
    - “(5) Where—
      - (a) for part of a year of assessment a direction under the said section 93 has effect and circumstances obtain by virtue of which income arising from property comprised in the settlement is treated as income of a settlor under the said Part XVI; and
      - (b) for the remainder of that year either no such direction has effect, or no such circumstances obtain, or both,

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the foregoing provisions of this section shall apply as if each of those parts were a separate year of assessment and separate elections may be made accordingly.”

*Finance Act 1980*

- 2 (1) Section 52 of the Finance Act 1980 shall be amended as follows.
- (2) In subsection (1)—
- (a) for the words from " the Treasury " to " 1976 " there shall be substituted the words " a direction has effect under section 93 of the Finance Act 1982 ";
  - (b) after paragraph (b) there shall be inserted the words " or (c) the direction ceases to have effect".
- (3) In subsections (2) and (3) for the words " subsection (3)(a)(i) or (ii) of the said section 84" there shall be substituted the words " subsection (3)(a)(i) or (ii) of the said section 93 ".
- (4) In subsection (7) for the words from "if" to the end there shall be substituted the words "if either—
- (a) it ceases to be comprised in the first-mentioned settlement and becomes comprised in the other settlement in circumstances such that by virtue of paragraph 3(1) of Schedule 16 to the Finance Act 1982 there is (or, but for paragraph 3(4), there would be) no charge to capital transfer tax in respect of the property, or
  - (b) both immediately before and immediately after the transfer it is property in respect of which a direction has effect under section 93 of that Act."
- 3 (1) Section 53 of the Finance Act 1980 shall be amended as follows.
- (2) In subsection (1)—
- (a) for the words " subsection (3) of section 84 of the Finance Act 1976" there shall be substituted the words " subsection (3) of section 93 of the Finance Act 1982 ";
  - (b) in paragraph (a) for the words " section 84 " there shall be substituted the words " section 93 ";
  - (c) at the beginning of paragraph (b) there shall be inserted the words " while such a direction has effect ".
- (3) In subsection (2) after the word "shall" there shall be inserted the words " (while such a direction has effect) ".
- (4) In subsection (4) for the words from " if " to the end there shall be substituted the words " if either—
- (a) it becomes comprised in another settlement in circumstances such that by virtue of paragraph 3(1) of Schedule 16 to the Finance Act 1982 there is (or, but for paragraph 3(4), there would be) no charge to capital transfer tax in respect of the property so ceasing, or
  - (b) both immediately before and immediately after its so ceasing it is property in respect of which a direction has effect under section 93 of that Act."

SCHEDULE 11

Section 70.

CAPITAL ALLOWANCES FOR ASSETS LEASED OUTSIDE THE UNITED KINGDOM

*Interpretation*

- 1 In this Schedule " the principal section " means section 70 of this Act.

*Separate pooling of writing-down allowances*

- 2 In any case where section 44 of the Finance Act 1971 has effect as mentioned in paragraphs (a) to (e) of subsection (2) of the principal section, section 44 shall apply separately with respect to expenditure falling within subsection (1) of the principal section and with respect to other expenditure.

*Recovery of excess relief*

- 3 (1) In relation to expenditure falling within subsection (1) of the principal section, section 66 of the Finance Act 1980 shall apply subject to the following modifications:
- 
- (a) any reference in that section to machinery or plant (or a new ship) being used otherwise than for a qualifying purpose shall be construed as a reference to its being used as mentioned in paragraphs (a) and (b) of subsection (3) of the principal section ; and
  - (b) any reference in section 66 to a first-year allowance shall be construed as including a reference to a writing-down allowance of an amount determined without regard to subsection (2) of the principal section ; and
  - (c) the reference in subsection (1)(b) of section 66 to section 44 of the Finance Act 1971, as it has effect in accordance with section 65 of the Finance Act 1980, shall be construed as including a reference to section 44 as it has effect as mentioned in paragraphs (b) to (e) of subsection (2) of the principal section; and
  - (d) in determining the amount of any excess relief under section 66 in a case where that section had previously applied, account shall be taken of the relief already recovered.
- (2) If subsection (7) of section 66 of the Finance Act 1980 has already applied in relation to expenditure on a new ship before subsection (1) of the principal section applied to that expenditure, then, on the subsequent application of the said subsection (7) by virtue of sub-paragraph (1)(a) above, paragraph (b) of that subsection shall not again apply.
- 4 (1) Subject to sub-paragraph (3) below, the provisions of sub-paragraph (2) below apply where—
- (a) by virtue of subsection (5) of the principal section any amount falls to be treated as if it were a balancing charge, and
  - (b) the person on whom the balancing charge is, by virtue of that subsection, to be made acquired the machinery or plant in question as a result of a transaction which was, or a series of transactions each of which was, between connected persons, and

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- (c) a first-year allowance, a balancing allowance, or a writing down allowance in respect of expenditure on the provision of that machinery or plant has been made to any of those persons.
- (2) Where this sub-paragraph applies—
- (a) subsection (5) of the principal section shall have effect as if it referred to the allowances specified in sub-paragraph (1)(c) above; and
  - (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 relief falling to be taken into account by virtue of paragraph (a) above as are just and reasonable in the circumstances.
- (3) Sub-paragraph (2) above does not apply where section 154(2), section 155(1), or section 255 (2) of the Taxes Act or sub-paragraph
- (a) or sub-paragraph (b) of paragraph 13 of Schedule 8 to the Finance Act 1971 (succession to trades) applied on the occasion of the transaction or transactions referred to in sub-paragraph (1)(6).
- (4) Section 533 of the Taxes Act (connected persons) applies for the purposes of this paragraph.

#### *Information*

- 5
- (1) The obligation to give notice by virtue of subsection (2) or subsection (3) of section 67 of the Finance Act 1980 where machinery or plant becomes used otherwise than for a qualifying purpose shall arise a second time where machinery or plant which has been used otherwise than for a qualifying purpose but not as mentioned in paragraphs (a) and (b) of subsection (3) of the principal section subsequently becomes used as mentioned in those paragraphs.
  - (2) In the case of any expenditure in respect of which a first-year allowance has not been made but a writing-down allowance of an amount determined without regard to subsection (2) of the principal section has been or may be made, then—
    - (a) any reference in subsections (2), (3) and (4) of section 67 of the Finance Act 1980 to a first-year allowance shall be construed as a reference to a writing-down allowance of an amount so determined ; and
    - (b) any reference in those subsections to the use of machinery or plant otherwise than for a qualifying purpose shall be construed as a reference to the use of machinery or plant as mentioned in paragraphs (a) and (b) of subsection (3) of the principal section.

#### *Joint lessees*

- 6
- (1) The provisions of this paragraph have effect where machinery or plant is leased to two or more persons jointly and at least one of the joint lessees is a person falling within paragraphs (a) and (b) of subsection (1) of the principal section (in this paragraph referred to as a " non-resident lessee ").
  - (2) Where this paragraph applies, any reference in section 68 of the Finance Act 1980 to the requisite period shall be construed in accordance with subsection (3) of the



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principal section, whether or not there is also a joint lessee who is not a non-resident lessee.

- (3) If the circumstances are such that no first-year allowance has been or may be made in respect of any part of the expenditure on the provision of the machinery or plant in question, the principal section shall apply in relation to that expenditure as if all the joint lessees were non-resident lessees.
- (4) Where, by virtue of subsection (3), subsection (4) or subsection (5) of section 68 of the Finance Act 1980 (cases of joint lessees where first-year allowances may be or have been made) section 44 of the Finance Act 1971 has effect (directly or through the operation of section 66 of the Finance Act 1980) in relation to the whole or any part of the expenditure on the machinery or plant in question, it shall have effect, in accordance with subsection (2) of the principal section, as if that expenditure were expenditure falling within subsection (1) of that section.

## SCHEDULE 12

Section 76.

### CAPITAL ALLOWANCES FOR DWELLING-HOUSES LET ON ASSURED TENANCIES

#### *Initial allowances*

- 1 (1) Subject to the provisions of this Schedule, where an approved body incurs capital expenditure on the construction of a building which is to be or to include a qualifying dwelling-house, then, for the chargeable period related to the incurring of that expenditure an allowance (in this Schedule referred to as an "initial allowance") shall be made to that body in respect of each qualifying dwelling-house to be comprised in the building.
- (2) An initial allowance in respect of a qualifying dwelling-house shall be of an amount equal to three-quarters of the capital expenditure appropriate to that dwelling-house.
- (3) No initial allowance shall be made in respect of any expenditure if, when the dwelling-house to which it relates comes to be used, it is not a qualifying dwelling-house; and where an initial allowance has been granted in respect of any expenditure otherwise than in accordance with the provisions of this paragraph, all such assessments shall be made as are necessary to secure that effect is given to those provisions.
- (4) For the purposes of this Schedule, the capital expenditure appropriate to a dwelling-house shall be determined as follows:—
  - (a) if the building concerned consists of a single qualifying dwelling-house, then, subject to the relevant limit, the whole of the capital expenditure referred to in sub-paragraph (1) above is appropriate to that dwelling-house; and
  - (b) in the case of a dwelling-house which forms part of a building, the capital expenditure appropriate to it is, subject to the relevant limit, the aggregate of—
    - (i) that proportion of the capital expenditure referred to in sub-paragraph (1) above which is properly attributable to the construction of that dwelling-house; and

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- (ii) where there are common parts of the building, such proportion of the capital expenditure on those common parts as it is just and reasonable to attribute to the dwelling-house and as does not exceed one-tenth of that proportion of the capital expenditure referred to in paragraph (i) above;

and in this Schedule "the relevant limit" means £60,000, if the dwelling-house is in Greater London, and £40,000 if it is elsewhere

- (5) In sub-paragraph (4) above "common parts", in relation to a building, means common parts of the building which—
- (a) are not intended to be in separate occupation (whether for domestic, commercial or other purposes); and
  - (b) are intended to be of benefit to some or all of the qualifying dwelling-houses included in the building;

and the capital expenditure on any such parts of the building is so much of the expenditure referred to in sub-paragraph (1) above as it is just and reasonable to attribute to those parts.

#### *Writing-down allowances*

- 2 (1) Subject to the provisions of this Schedule, where—
- (a) an approved body or a body which has been an approved body is, at the end of a chargeable period or its basis period, entitled to an interest in a building, and
  - (b) at the end of that chargeable period or its basis period, the building is or includes a qualifying dwelling-house or two or more qualifying dwelling-houses, and
  - (c) that interest is the relevant interest in relation to the capital expenditure incurred on the construction on that building,
- an allowance (in this Schedule referred to as "a writing-down allowance") shall be made to that body for that chargeable period in respect of the dwelling-house or, as the case may be, each dwelling-house falling within paragraph (b) above.
- (2) The writing-down allowance in respect of a dwelling-house shall be equal to one twenty-fifth of the capital expenditure which is appropriate to that dwelling-house, except that for a chargeable period of less than a year that fraction shall be proportionately reduced.
- (3) If, in the case of a building which is or includes a qualifying dwelling-house.—
- (a) the interest which is the relevant interest in relation to any expenditure is sold, and
  - (b) the sale is an event to which paragraph 4(1) below applies,
- then (subject to any further adjustment under this sub-paragraph on a later sale) the writing-down allowance in respect of that dwelling-house for any chargeable period, if that chargeable period or its basis period ends after the time of the sale, shall be the residue, as denned in paragraph 7(1) below, of that expenditure immediately after the sale, reduced in the proportion (if it is less than one) which the length of the chargeable period bears to the part unexpired at the date of the sale of the period of 25 years beginning with the time when the building was first used.
- (4) Notwithstanding anything in the preceeding provisions of this paragraph, in no case shall the amount of a writing-down allowance made to a body for any chargeable

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period in respect of any expenditure exceed what, apart from the writing-off falling to be made by reason of the making of that allowance, would be the residue of that expenditure at the end of that chargeable period of its basis period.

#### *Qualifying dwelling-house*

- 3 (1) In this Schedule " qualifying dwelling-house " means, subject to the following provisions of this paragraph, a dwelling-house let on a tenancy which is for the time being an assured tenancy, within the meaning of section 56 of the Housing Act 1980.
- (2) Without prejudice to section 57 of the Housing Act 1980 (by virtue of which certain tenancies continue to be treated as assured tenancies notwithstanding that the landlord has ceased to be an approved body by reason of a variation in the description of bodies for the time being approved) a dwelling-house which has been a qualifying dwelling-house by virtue of sub-paragraph (1) above shall be regarded as a qualifying dwelling-house at any time when—
- (a) it is for the time being subject to regulated tenancy or a housing association tenancy ; and
  - (b) the landlord under that tenancy either is an approved body or was an approved body but has ceased to be such for any reason.
- (3) Notwithstanding that a dwelling-house is let as mentioned in sub-paragraph (1) or sub-paragraph (2) above, it is not a qualifying dwelling-house for the purposes of this Schedule—
- (a) unless the landlord is for the time being entitled to the relevant interest in the dwelling-house or is the person who incurred the capital expenditure on the construction of the building in which the dwelling-house is comprised ; or
  - (b) if the landlord is a housing association which is approved for the purposes of section 341 of the Taxes Act (cooperative housing associations) or is a self-build society, within the meaning of Part I of the Housing Act 1974 ; or
  - (c) if the landlord and the tenant are connected persons ; or
  - (d) if the tenant is a director of a company which is or is connected with the landlord ; or
  - (e) if the landlord is a close company and the tenant is, for the purposes of Chapter III of Part XI of the Taxes Act, a participator in that company or an associate of such a participator ; or
  - (f) if the tenancy is entered into as part of an arrangement between the landlords (or owners) of different dwelling houses under which one landlord takes a person as a tenant in circumstances where, if that person was the tenant of a dwelling-house let by the other landlord, that dwelling-house would not be a qualifying dwelling-house by virtue of any of paragraphs (c) to (e) above ;
- and section 533 of the Taxes Act (connected persons) applies for the purposes of this sub-paragraph.
- (4) In this paragraph " regulated tenancy " and " housing association tenancy " have the same meaning as in the Rent Act 1977.

#### *Balancing allowances and balancing charges*

- 4 (1) Where any capital expenditure has been incurred on the construction of such a building as is referred to in paragraph 1(1) above and any of the following events

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occur while a dwelling-house comprised in that building is a qualifying dwelling-house, that is to say—

- (a) the relevant interest in the dwelling-house is sold, or
- (b) that interest, being a leasehold interest, comes to an end otherwise than on the person entitled to it acquiring the interest which is reversionary on it, or
- (c) the dwelling-house is demolished or destroyed or, without being demolished or destroyed, ceases altogether to be used,

then, subject to sub-paragraph (2) below, for the chargeable period related to that event an allowance or charge (in this Schedule referred to as a "balancing allowance" or a "balancing charge") shall, in the circumstances mentioned below, be made to or, as the case may be, on the person entitled to the relevant interest immediately before that event occurs.

- (2) No balancing allowance or balancing charge shall be made by reason of any event occurring more than twenty-five years after the dwelling-house was first used.
- (3) Subject to paragraph 5 below, where there are no sale, insurance, salvage or compensation moneys, or where the residue of the expenditure immediately before the event exceeds those moneys, a balancing allowance shall be made and the amount of it shall be the amount of that residue or, as the case may be, of the excess of that residue over those moneys.
- (4) Subject to paragraph 5 below, if the sale, insurance, salvage or compensation moneys exceed the residue, if any, of the expenditure immediately before the event, a balancing charge shall be made, and the amount on which it is made shall be an equal amount to the excess or, where the residue is nil, to those moneys.
- (5) The provisions of section 78 of and Schedule 7 to the Capital Allowances Act 1968 (special provisions as to certain sales) apply for the purposes of this Schedule as they apply in relation to the sale of an industrial building and as if—
  - (a) any reference in those provisions to Part I of that Act included a reference to this Schedule; and
  - (b) for the words in sub-paragraph (2)(a) of paragraph 4 of that Schedule following "the case of" there were substituted the words "a qualifying dwelling-house, the residue of the expenditure immediately before the sale, computed in accordance with paragraph 7 of Schedule 12 to the Finance Act 1982"; and
  - (c) for paragraphs (a) and (b) of sub-paragraph (3) of paragraph 4 of that Schedule there were substituted the words "both the seller and the buyer are at the time of the sale approved bodies, as denned in section 56(4) of the Housing Act 1980".
- (6) For the purposes of this Schedule, any transfer of the relevant interest in a dwelling-house, otherwise than by way of sale, shall be treated as a sale of that interest for a price other than that which it would have fetched if sold on the open market; and if Schedule 7 to the Capital Allowances Act 1968 would not, apart from this sub-paragraph have effect in relation to a transfer treated as a sale by virtue of this sub-paragraph, that Schedule shall have effect in relation to it as if it were a sale falling within paragraph 1(1)(a) of that Schedule.
- (7) Notwithstanding anything in the preceding provisions of this paragraph (or in paragraph 5 below), in no case shall the amount on which a balancing charge is made on any person in respect of any expenditure on the construction of a dwelling-house comprised in a building exceed the amount of the initial allowance, if any, made to

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him in respect of the expenditure appropriate to that dwelling-house together with the amount of any writing-down allowances made to him in respect of that expenditure for chargeable periods which end on or before the date of the event giving rise to the charge or of which the basis periods ends on or before that date.

- 5 (1) If, in a case where paragraph 4(1) above applies, a dwelling-house which had been a qualifying dwelling-house was not, for any part of the relevant period, such a dwelling-house, the provisions of this paragraph shall have effect instead of sub-paragraphs (3) and (4) of paragraph 4 above.
- (2) Subject to sub-paragraph (4) below, where the sale, insurance, salvage or compensation moneys are not less than the capital expenditure appropriate to the dwelling-house, a balancing charge shall be made and the amount on which it is made shall be an amount equal to the allowances given.
- (3) Subject to sub-paragraph (4) below, where there are no sale, insurance, salvage or compensation moneys or where those moneys are less than the capital expenditure appropriate to the dwelling-house, then—
- (a) if the adjusted net cost of the dwelling-house exceeds the allowances given, a balancing allowance shall be made and the amount thereof shall be an amount equal to the excess ;
  - (b) if the adjusted net cost of the dwelling-house is less than the allowances given, a balancing charge shall be made and the amount on which it is made shall be an amount equal to the shortfall.
- (4) No balancing charge or allowance shall be made under this paragraph on the occasion of a sale if, by virtue of paragraph 4 of Schedule 7 to the Capital Allowances Act 1968, as applied by paragraph 4(5) above, the dwelling-house is treated as having been sold for a sum equal to the residue of the expenditure before sale.
- (5) In this paragraph—
- " the relevant period " means the period beginning at the time when the dwelling-house was first used for any purpose and ending with the event giving rise to the balancing allowance or balancing charge, except that where there has been a sale of the dwelling-house after that time and before that event the relevant period shall begin on the day following that sale or, if there has been more than one such sale, the last such sale ;
  - " the capital expenditure " means—
    - (a) where paragraph (b) of this definition does not apply, the capital expenditure incurred (or by virtue of paragraph 8 below deemed to have been incurred) on the construction of the dwelling-house ;
    - (b) where the person to or on whom the balancing allowance or balancing charge falls to be made is not the person who incurred (or is deemed to have incurred) that expenditure the residue of that expenditure at the beginning of the relevant period, together (in either case) with any amount to be added to the residue of that expenditure by virtue of paragraph 7(9) below;
  - " the allowances given " means the allowance referred to in paragraph 4(7) above ;
  - " the adjusted net cost " means—
    - (a) where there are no sale, insurance, salvage or compensation moneys, the capital expenditure appropriate to the dwelling-house ; and

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(b) where those moneys are less than that expenditure, the amount by which they are less,  
 reduced (in either case) in the proportion that the part or the aggregate of the parts, of the relevant period for which the building is a qualifying dwelling-house bears to the whole of that period.

- 6 (1) If a dwelling-house ceases to be a qualifying dwelling-house otherwise than by reason of a sale or transfer of the relevant interest in it, that relevant interest shall be treated for the purposes of this Schedule as having been sold, at the time the dwelling-house ceases to be a qualifying dwelling-house, for the price which it would have fetched if sold in the open market.
- (2) For the purposes of this Schedule, a dwelling-house shall not be regarded as ceasing altogether to be used by reason that it falls temporarily out of use, and where, immediately before any period of temporary disuse, it is a qualifying dwelling-house, it shall be regarded as continuing to be a qualifying dwelling-house during the period of temporary disuse.

*Writing off of expenditure and meaning of "residue of expenditure"*

- 7 (1) Any expenditure appropriate to a qualifying dwelling-house shall be treated for the purposes of this Schedule as written off to the extent and as at the times specified below, and the references in this Schedule to the residue of any such expenditure shall be construed accordingly.
- (2) Where an initial allowance is made in respect of a qualifying dwelling-house, the amount of that allowance shall be treated as written off as at the time when the qualifying dwelling-house is first used.
- (3) Where, by reason of the whole or part of a building being at any time a qualifying dwelling-house, a writing-down allowance is made for any chargeable period in respect of the expenditure, the amount of that allowance shall, subject to sub-paragraph (4) below, be treated as written off as at that time.
- (4) Where, at a time which is material for the purposes of sub-paragraph (3) above, an event occurs which gives rise or may give rise to a balancing allowance or balancing charge, the amount directed to be treated as written off by that sub-paragraph as at that time shall be taken into account in computing the residue of that expenditure immediately before that event for the purpose of determining whether any and if so what balancing allowance or balancing charge is to be made.
- (5) If, for any period or periods between the time when the whole or part of a building was first used for any purpose and the time at which the residue of the expenditure falls to be ascertained, the building or part, as the case may be, has not been a qualifying dwelling-house, there shall in ascertaining that residue be treated as having been previously written off in respect of the said period or periods amounts equal to writing-down allowances made for chargeable periods of a total length equal thereto at such rate or rates as would have been appropriate having regard to any sale on which paragraph 2(3) above operated.
- (6) Where, on the occasion of a sale, a balancing allowance is made in respect of the expenditure, there shall be treated as written off as at the time of the sale the amount by which the residue of the expenditure before the sale exceeds the net proceeds of the sale.

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- (7) Where, on the occasion of a sale, a balancing charge is made in respect of the expenditure, the residue of the expenditure shall be deemed for the purposes of this Schedule to be increased as at the time of the sale by the amount on which the charge is made.
- (8) Where, on the occasion of a sale, a balancing charge is made under paragraph 5(3)(b) above in respect of the expenditure and, apart from this sub-paragraph, the residue of the expenditure immediately after the sale would by virtue of sub-paragraph (7) above be deemed to be greater than the net proceeds of the sale, the residue immediately after the sale shall be deemed for the purposes of this Schedule to be equal to the net proceeds.
- (9) Where a dwelling-house is demolished, and the demolition gives rise, or might give rise, to a balancing allowance or charge under this Schedule to or on the person incurring the cost of demolition, the net cost to him of the demolition (that is to say the excess, if any, of the cost of the demolition over any moneys received for the remains of the property) shall be added for the purposes of this Schedule to the residue, immediately before the demolition, of the expenditure appropriate to the dwelling-house; and if this sub-paragraph applies to the net cost to a person of the demolition of any property, the cost or net cost shall not be treated, for the purpose of this Schedule, as expenditure incurred in respect of any other property by which that property is replaced.

*Buildings bought unused*

- 8 (1) Subject to sub-paragraph (2) below, where expenditure is incurred on the construction of such a building as is referred to in paragraph 1(1) above and the relevant interest in that building is sold before any of the dwelling-houses comprised in it are used.—
  - (a) the expenditure actually incurred on the construction of the building shall be left out of account for the purposes of the preceding provisions of this Schedule ; but
  - (b) the person who buys that interest shall be deemed for those purposes to have incurred, on the date when the purchase price becomes payable, expenditure on the construction of the building equal to the expenditure actually incurred or to the net price paid by him for that interest, whichever is the less.
- (2) Where the relevant interest in such a building as is referred to in paragraph 1(1) above is sold more than once before any of the dwelling-houses comprised in it is used, the provisions of sub-paragraph (1)(b) above shall have effect only in relation to the last of those sales.
- (3) Where the expenditure incurred on the construction of such a building as is referred to in paragraph 1(1) above was incurred by a person carrying on a trade which consists, as to the whole or any part thereof, in the construction of buildings with a view to their sale, and, before any of the dwelling-houses comprised in it is used, he sells the relevant interest in the building in the course of that trade, or, as the case may be, of that part of that trade, paragraph (b) of sub-paragraph (1) above shall have effect subject to the following modifications—
  - (a) if that sale is the only sale of the relevant interest before any of the dwelling-houses comprised in the building is used that paragraph shall have effect as if the words " the expenditure actually incurred or to " and the words " whichever is the less " were omitted, and

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- (b) in any other case, that paragraph shall have effect as if the reference to the expenditure actually incurred on the construction of the building were a reference to the price paid on that sale.

*Manner of making allowances and charges*

- 9 (1) Any allowance under this Schedule shall be made to a person by way of discharge or repayment of tax and shall be available primarily against the following income, that is to say—
- (a) income taxed under Schedule A in respect of any premises which at any time in the chargeable period consist of a qualifying dwelling-house ; or
  - (b) income which is subject of a balancing charge under this Schedule.
- (2) Effect shall be given to a balancing charge to be made on a person—
- (a) if it is a charge to income tax, by making the charge under Case VI of Schedule D,
  - (b) if it is a charge to corporation tax, by treating the amount on which the charge is to be made as income of the description in sub-paragraph (1)(a) above.

*Expenditure on repair of buildings*

- 10 This Schedule shall have effect in relation to capital expenditure incurred by a person on repairs to any part of a building as if it were capital expenditure incurred by him in the construction for the first time of that part of the building.

*Exclusion of double allowances*

- 11 No allowance shall be made under this Schedule in respect of any expenditure on a building or in respect of a dwelling-house if for the same or any other chargeable period an allowance is or can be made under any provisions of Chapter V of Part I of the Capital Allowances Act 1968 (agricultural land or buildings) in respect of that expenditure or that dwelling-house.

*Holding over by lessee etc.*

- 12 (1) Where the relevant interest in relation to the capital expenditure incurred on the construction of a building is an interest under a lease, this Schedule shall have effect subject to the following provisions of this paragraph, and in those provisions—
- (a) except in sub-paragraph (5), any reference to a lessor or lessee is a reference to the lessor or lessee under that lease ; and
  - (b) in sub-paragraph (5) the reference to the first lease is a reference to that lease.
- (2) Where, with the consent of the lessor, a lessee of any building remains in possession thereof after the termination of the lease without a new lease being granted to him, that lease shall be deemed for the purposes of this Schedule to continue so long as he remains in possession as aforesaid.
- (3) Where, on the termination of a lease, a new lease is granted to the lessee in pursuance of an option available to him under the terms of the first lease, the provisions of this Schedule shall have effect as if the second lease were a continuation of the first lease.
- (4) Where, on the termination of a lease, the lessor pays any sum to the lessee in respect of a building comprised in the lease, the provisions of this Schedule shall have effect



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as if the lease had come to an end by reason of the surrender thereof in consideration of the payment.

- (5) Where, on the termination of a lease, another lease is granted to a different lessee and, in connection with the transaction, that lessee pays a sum to the person who was the lessee under the first lease, the provisions of this Schedule shall have effect as if both leases were the same lease and there had been an assignment thereof by the lessee under the first lease to the lessee under the second lease in consideration of the payment.

*Meaning of " the relevant interest"*

- 13 (1) Subject to the provisions of this paragraph, in this Schedule " the relevant interest" means.—
- (a) in relation to any expenditure incurred on the construction of a building, the interest in that building to which the person who incurred the expenditure was entitled when he incurred it; and
  - (b) in relation to a dwelling-house comprised in such a building as is referred to in paragraph 1(1) above, that interest, to the extent that it subsists in the dwelling-house, which is the relevant interest in relation to the capital expenditure incurred on the construction of that building.
- (2) Where, when it incurs expenditure on the construction of a building, a body is entitled to two or more interests in the building and one of those interests is an interest which is reversionary on all the others, that interest shall be the relevant interest for the purposes of this Schedule.
- (3) An interest shall not cease to be the relevant interest for the purposes of this Schedule by reason of the creation of any lease or other interest to which that interest is subject, and where the relevant interest is a leasehold interest and is extinguished by reason of the surrender thereof or on the body entitled thereto acquiring the interest which is reversionary on it, the interest into which that leasehold interest merges shall thereupon become the relevant interest.

*Application of provisions of Capital Allowances Act 1968*

- 14 The following provisions of the Capital Allowances Act 1968, namely—  
section 71 to 74 (income tax and corporation tax allowances and charges),  
section 76 (companies not resident in the United Kingdom), subsections (1) to (3) of section 77 (apportionment of consideration etc.),  
section 81 (procedure on apportionments),  
subsections (1) and (3) of section 82 (interpretation of certain references to expenditure etc.), section 84 (subsidies),  
section 86 (meaning of " sale, insurance, salvage or compensation moneys " ),  
and  
subsections (1), (3) and (6) of section 87 (interpretation of Part I).  
shall apply for the purposes of this Schedule as they apply for the purposes of Part I of that Act and, accordingly, any reference in those provisions to Part I of that Act shall include a reference to this Schedule.

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### *Interpretation*

- 15 (1) In this Schedule—
- " approved body " has the meaning given by section 56(4) of the Housing Act 1980 ;
  - " building", except where the context otherwise requires, includes part of a building ;
  - " dwelling-house " except where the context otherwise requires, has the same meaning as in the Rent Act 1977 ;
  - " expenditure appropriate to a dwelling-house" has the meaning given by paragraph 1(4) above ; and
  - " qualifying dwelling-house " has the meaning given by paragraph 3 above.
- (2) References in this Schedule to expenditure incurred on the construction of a building do not include any expenditure incurred on the acquisition of, or of rights in or over any land.
- (3) A person who has incurred expenditure on the construction of a building shall be deemed, for the purposes of any provision of this Schedule referring to his interest therein at the time when the expenditure was incurred, to have had the same interest therein as if the construction thereof had been completed at that time.
- (4) Without prejudice to any of the other provisions of this Schedule relating to the apportionment of sale, insurance, salvage or compensation moneys, the sum paid on the sale of the relevant interest in a building or structure, or any other sale, insurance, salvage or compensation moneys payable in respect of any building or structure, shall, for the purposes of this Schedule, be deemed to be reduced by an amount equal to so much thereof, as, on a just apportionment, is attributable to assets representing expenditure other than expenditure in respect of which an allowance can be made under this Schedule.

## SCHEDULE 13

Sections 86 and 88.

### THE INDEXATION ALLOWANCE

#### PART I

#### GENERAL

#### *Part disposals*

- 1 For the purpose of determining the indexation allowance (if any) on the occasion of a part disposal of an asset, the apportionment under section 35 of the Capital Gains Tax Act 1979 of the sums which make up the relevant allowable expenditure shall be effected before the application of section 87 of this Act and, accordingly, in relation to a part disposal—
- (a) references in section 87 to an item of expenditure shall be construed as references to that part of that item which is so apportioned for the purposes

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of the computation under Chapter II of Part II of that Act of the gross gain on the part disposal; and

- (b) no indexation allowance shall be determined by reference to the part of each item of relevant allowable expenditure which is apportioned to the property which remains undisposed of.

*Disposals on a no-gain / no-loss basis*

- 2 (1) This paragraph applies to a disposal of an asset which falls within subsection (1)(a) of section 86 of this Act if, by virtue of any enactment other than subsection (5)(b) of that section or any provision of this Schedule, the disposal is treated as one on which neither a gain nor a loss accrues to the person making the disposal.
- (2) In relation to a disposal to which this paragraph applies—  
" the transferor " means the person making the disposal of the asset concerned ; and  
" the transferee " means the person acquiring the asset on the disposal.
- (3) On a disposal to which this paragraph applies and which falls within subsection (1)(b) of section 86 of this Act, the amount of the consideration shall be calculated for the purposes of the Capital Gains Tax Act 1979 on the assumptions that—  
(a) the disposal is one to which that section applies ; and  
(b) on the disposal a gross gain accrues to the transferor which is equal to the indexation allowance on the disposal;  
and, accordingly, the disposal shall be one on which, after taking account of the indexation allowance, neither a gain nor a loss accrues.
- (4) Except as provided by paragraph 3 below, for the purposes of the application of sections 86 and 87 of this Act there shall be disregarded so much of any enactment as provides that, on the subsequent disposal by the transferee of the asset acquired by him on a disposal to which this paragraph applies, the transferor's acquisition of the asset is to be treated as the transferee's acquisition of it.

*Subsequent disposals following no-gain / no-loss disposals*

- 3 (1) The provisions of this paragraph apply in relation to a disposal by the transferee of the asset acquired by him on a disposal to which paragraph 2 above applies ; and in this paragraph—  
(a) " the initial disposal " means the disposal to which paragraph 2 above applies ;  
(b) " the subsequent disposal " means the disposal to which this paragraph applies; and  
(c) " the transferor " and " the transferee " have the same meaning as in paragraph 2 above.
- (2) If the subsequent disposal is one on which a loss accrues (and, accordingly, is one to which section 86 of this Act does not apply) then, for the purposes of the Capital Gains Tax Act 1979, the amount of that loss shall be taken to be reduced by—  
(a) an amount equal to the indexation allowance (if any) on the initial disposal;  
or  
(b) such an amount as will secure that, on the subsequent disposal, neither a gain nor a loss accrues,

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whichever is the less.

- (3) The following provisions of this paragraph apply where the initial disposal is one to which paragraph 2 above applies by reason only of any of the following enactments applying to the initial disposal, namely—
- (a) section 267 or section 273 of the Taxes Act; or
  - (b) section 44 of the Capital Gains Tax Act 1979 ; or
  - (c) section 148 of this Act.
- (4) For the purpose of calculating the indexation allowance (if any) to which the transferee is entitled on the subsequent disposal in a case where the initial disposal falls within sub-paragraph (3) above and the transferor made that disposal outside the qualifying period.—
- (a) subsection (1) of section 86 of this Act shall have effect with the omission of paragraph (b); and
  - (b) the indexed rise in any item of relevant allowable expenditure falling within section 32(1)(a) of the Capital Gains Tax Act 1979 shall be calculated as if, in the definition of RI in the formula in section 87(2) of this Act, the words " which is the twelfth month after that" were omitted, and as if section 87(3) (a) of this Act were also omitted.
- (5) For the purpose of calculating the indexation allowance (if any) to which the transferee is entitled on the subsequent disposal in a case where the initial disposal falls within sub-paragraph (3) above and the transferor made that disposal within the qualifying period (so that he was not entitled to any indexation allowance) the transferor's acquisition of the asset shall be treated as being the transferee's acquisition of it.
- (6) If, in a case where sub-paragraph (5) above applies, the subsequent disposal is itself a disposal to which paragraph 2 above applies, that sub-paragraph shall again apply so that the original transferor's acquisition of the asset shall be treated as being the acquisition of it by the transferee under the subsequent disposal; and so on if there is a series of disposals to which paragraph 2 above applies, all occurring within twelve months of the first such disposal.

*Receipts etc. which are not treated as disposals but affect relevant allowable expenditure*

- 4 (1) This paragraph applies where, in determining the relevant allowable expenditure in relation to a disposal to which section 86 of this Act applies, account is required to be taken, as mentioned in subsection (3) of that section, of any provision of any enactment which, by reference to a relevant event occurring after the beginning of the qualifying period, reduces the whole or any part of an item of expenditure as mentioned in that subsection.
- (2) For the purpose of determining, in a case where this paragraph applies, the indexation allowance (if any) to which the person making the disposal is entitled, no account shall in the first instance be taken of the provision referred to in sub-paragraph (1) above in calculating the indexed rise in the item of expenditure to -which that provision applies but, from that indexed rise as so calculated, there shall be deducted a sum equal to the indexed rise (determined as for the purposes of the actual disposal) in a notional item of expenditure which—
- (a) is equal to the amount of the reduction effected by the provision concerned; and

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(b) was incurred on the date of the relevant event referred to in sub-paragraph (1) above.

(3) In this paragraph "relevant event" means any event which does not fall to be treated as a disposal for the purposes of the Capital Gains Tax Act 1979.

*Reorganisations, reconstructions etc.*

5 (1) This paragraph applies where.—

(a) by virtue of section 78 of the Capital Gains Tax Act 1979, on a reorganisation the original shares (taken as a single asset) and the new holding (taken as a single asset) fall to be treated as the same asset acquired as the original shares were acquired; and

(b) on the reorganisation, a person gives or becomes liable to give any consideration for his new holding or any part of it.

(2) Where this paragraph applies, so much of the consideration referred to in sub-paragraph (1)(b) above as, on a disposal to which section 86 of this Act applies of the new holding, will, by virtue of section 79(1) of the Capital Gains Tax Act 1979, be treated as having been given for the original shares, shall be treated for the purposes of section 87 of this Act as an item of relevant allowable expenditure incurred not at the time the original shares were acquired but at the time the person concerned gave or became liable to give the consideration (and, accordingly, subsection (5) of section 87 of this Act shall not apply in relation to that item of expenditure).

(3) In the preceding provisions of this paragraph the expressions "reorganisation", "the original shares" and "the new holding" have the meanings assigned by section 77 of the Capital Gains Tax Act 1979 except that in a case where, by virtue of any other provision of Chapter II of Part IV of that Act (which extends to conversion of securities, company reconstructions and amalgamations etc.) sections 78 and 79 of that Act apply in circumstances other than a reorganisation (within the meaning of section 77 of that Act), those expressions shall be construed in like manner as they fall to be construed in sections 78 and 79 as so applied.

*Calls on shares etc.*

6 (1) Sub-paragraph (2) below applies where.—

(a) on a disposal to which section 86 of this Act applies, the relevant allowable expenditure is or includes the amount or value of the consideration given for the issue of shares or securities in, or debentures of, a company; and

(b) the whole or some part of that consideration was given after the expiry of the qualifying period.

(2) For the purpose of computing the indexation allowance (if any) on the disposal referred to in sub-paragraph (1)(a) above.—

(a) so much of the consideration as was given after the expiry of the qualifying period shall be regarded as an item of expenditure separate from any consideration given during that period; and

(b) subsection (5) of section 87 of this Act shall not apply to that separate item of expenditure which, accordingly, shall be regarded as incurred at the time the consideration in question was actually given.

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### *Options*

- 7 (1) This paragraph applies where, on a disposal to which section 86 of this Act applies, the relevant allowable expenditure includes both—
- (a) the cost of acquiring an option binding the grantor to sell (in this paragraph referred to as " the option consideration "); and
  - (b) the cost of acquiring what was sold as a result of the exercise of the option (in this paragraph referred to as " the sale consideration ").
- (2) Where this paragraph applies, the qualifying period in relation to the disposal referred to in sub-paragraph (1) above shall not begin until the date of the sale resulting from the exercise of the option.
- (3) For the purpose of computing the indexation allowance (if any) on the disposal referred to in sub-paragraph (1) above.—
- (a) the option consideration and the sale consideration shall be regarded as separate items of expenditure ; and
  - (b) subsection (5) of section 87 of this Act shall apply to neither of those items and, accordingly, they shall be regarded as incurred when the option was acquired and when the sale took place, respectively.
- (4) The preceding provisions of this paragraph have effect notwithstanding section 137 of the Capital Gains Tax Act 1979 (under which the grant of an option and the transaction entered into by the grantor in fulfilment of his obligations under the option are to be treated as a single transaction); but expressions used in this paragraph have the same meaning as in that section and subsection (6) of that section (division of consideration for option both to sell and to buy) applies for the purpose of determining the cost of acquiring an option binding the grantor to sell.

## **PART II**

### EXISTING SHARE POOLS

- 8 (1) The provisions of this Part of this Schedule have effect in relation to a number of securities of the same class which, immediately before the operative date, are held by one person in one capacity and, by virtue of section 65 of the Capital Gains Tax Act 1979 are to be regarded for the purposes of that Act as indistinguishable parts of a single asset (in that section and in this Part of this Schedule referred to as a holding).
- (2) Subject to paragraph 9 below, on and after the operative date.—
- (a) the holding shall continue to be regarded as a single asset for the purposes of the Capital Gains Tax Act 1979 (but one which cannot grow by the acquisition of additional securities of the same class); and
  - (b) the holding shall be treated for the purposes of section 86 of this Act as having been acquired twelve months before the operative date ; and
  - (c) every sum which, on a disposal of the holding occurring after the operative date, would be an item of relevant allowable expenditure shall be regarded for the purposes of section 87 of this Act as having been incurred at such a time that the month which determines RI, in the formula in subsection (2) of that section, is March 1982.

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- (3) Nothing in sub-paragraph (2) above affects the operation of section 78 of the Capital Gains Tax Act 1979 (equation of original shares and new holding on a reorganisation etc.) in relation to the holding, but without prejudice to paragraph 5 above.
- (4) In this Part of this Schedule " the operative date " means—
- (a) where the holding is held by a company, 1st April 1982 ; and
  - (b) in any other case, 6th April 1982.
- 9 (1) For the purposes of this paragraph there shall be ascertained—
- (a) the amount which would be the relevant allowable expenditure on a disposal of the whole of the holding on the day in 1982 which immediately precedes the operative date ; and
  - (b) the amount which would have been the relevant allowable expenditure on a disposal of the whole of the holding (as then constituted) on the same day in 1981 ;
- and in this paragraph these amounts are referred to as the 1982 amount and the 1981 amount respectively.
- (2) If the 1982 amount exceeds the 1981 amount, paragraph 8(2) above shall not apply to the holding and the following provisions of this paragraph shall have effect in relation to it.
- (3) Where sub-paragraph (2) above applies, the identification rules set out in sub-paragraph (4) below shall be assumed to have applied in relation to every acquisition or disposal of securities which occurred after the day referred to in sub-paragraph (1) (b) above and before the operative date and which, apart from this paragraph, would have increased or reduced the size of the holding; and accordingly—
- (a) only such of the securities (if any) which constituted the holding on that day as are not identified, by virtue of those rules, with securities disposed of before the operative date shall be regarded as constituting the holding on the operative date; and
  - (b) all securities acquired after that day and before the operative date, so far as they are not so identified with securities disposed of before the operative date, shall be regarded as separate assets.
- (4) The identification rules referred to in sub-paragraph (3) above are—
- (a) that securities disposed of on an earlier date shall be identified before securities disposed of on a later date, and the identification of the securities first disposed of shall accordingly determine the securities which could be comprised in the later disposal; and
  - (b) that securities disposed of shall be identified with securities acquired on a later date rather than with securities acquired on an earlier date ; and
  - (c) that securities disposed of shall be identified with securities acquired at different times on any one day in as nearly as may be equal proportions ;
- and these rules shall have priority according to the order in which they are set out above.
- (5) In this paragraph and paragraph 10 below—
- (a) "the reduced holding" means the securities referred to in sub-paragraph (3) (a) above ; and

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- (b) " relevant allowable expenditure " has, in relation to a disposal taking place at any time, the meaning assigned to it by subsection (2)(b) of section 86 of this Act in relation to a disposal to which that section applies.
- (6) Sub-paragraph (2) of paragraph 8 above shall apply in relation to the reduced holding but, so far as paragraph (c) of that sub-paragraph is concerned, subject to paragraph 10(1) below.
- 10 (1) For the purpose of computing the indexation allowance (if any) on a disposal of—
- (a) the reduced holding, or
  - (b) any other securities which, by virtue of sub-paragraph (3)(b) of paragraph 9 above, constitute one or more separate assets,
- the 1982 amount, as defined in that paragraph, shall be apportioned between the reduced holding and that asset or those assets in proportion to the number of securities comprised in each of them on the operative date.
- (2) In relation to a disposal on or after the operative date, the amount apportioned to the reduced holding or to any asset by virtue of sub-paragraph (1) above shall be regarded for all purposes of capital gains tax as the relevant allowable expenditure attributable to the securities comprised in the reduced holding or, as the case may be, in the asset in question.
- (3) For the purposes of section 87(5) of this Act any relevant allowable expenditure which is attributable to any securities by virtue of sub-paragraph (2) above shall be deemed to be expenditure falling within paragraph (a) of subsection (1) of section 32 of the Capital Gains Tax Act 1979.
- 11 In paragraph 2(2) of Schedule 5 to the Capital Gains Tax Act 1979 (identification of quoted securities held on 6th April 1965 with—among other cases—shares or securities subsequently disposed of and in paragraph 13(3) of that Schedule (corresponding provisions for unquoted securities etc.) for the words " earlier time " there shall be substituted the words " later time " and for the words "later time" there shall be substituted the words " earlier time ".

## SCHEDULE 14

Section 90.

## RATES OF CAPITAL TRANSFER TAX

## FIRST TABLE

Portion of value		Rate of tax
Lower limit	Upper limit	Per cent.
£	£	
0	55,000	Nil
55,000	75,000	30
75,000	100,000	35
100,000	130,000	40
130,000	165,000	45



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Portion of value		Rate of tax
165,000	200,000	50
200,000	250,000	55
250,000	650,000	60
650,000	1,250,000	65
1,250,000	2,500,000	70
2,500,000	—	75

SECOND TABLE

Portion of value		Rate of tax
Lower limit	Upper limit	Per cent.
£	£	
0	55,000	Nil
55,000	75,000	15
75,000	100,000	17½
100,000	130,000	20
130,000	165,000	22½
165,000	200,000	25
200,000	250,000	30
250,000	650,000	35
650,000	1,250,000	40
1,250,000	2,500,000	45
2,500,000	—	50

SCHEDULE 15

Section 101.

CAPITAL TRANSFER TAX  
 Settlements Commencing Before 27th March 1974

**PART I**

PERMANENT PROVISIONS

*Introductory*

- 1 In relation to settlements which commenced before 27th March 1974, sections 109 to 111 of this Act shall have effect subject to the following provisions of this Part of this Schedule.

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*Rate of ten-yearly charge*

- 2 (1) Section 109(4) shall have effect with the omission of paragraphs (b) and (c).
- (2) Where tax is chargeable under section 107 by reference to a settlement's first ten-year anniversary, section 109(5) shall have effect with the substitution of the following paragraph for paragraph (a)—
- “(a) the amounts of any distribution payments (determined in accordance with the rules applicable before 9th March 1982 under paragraph 11 of Schedule 5 to the Finance Act 1975) made out of the settled property after 26th March 1974 but before 9th March 1982 and within the period of ten years before the anniversary concerned”.
- (3) Where tax is chargeable under section 107 by reference to the second or a subsequent ten-year anniversary of a settlement, section 109(5) shall have effect with the omission of paragraph (a).
- 3 Section 110 shall have effect with the substitution of the following for subsection (3) —
- “(3) Where subsection (1) above applies section 109(5) above shall have effect as if there were added to the aggregate value there mentioned the aggregate of the values transferred by any chargeable transfers made by the settlor in the period of ten years ending with the day on which the chargeable transfer falling within subsection (1) above was made, disregarding transfers made on that day and excluding the values mentioned in subsection (4) below ; and where the settlor made two or more chargeable transfers falling within subsection (1) above, this subsection shall be taken to refer to the transfer in relation to which the aggregate to be added is the greatest.”

*Rate before first ten-year anniversary*

- 4 (1) For the reference in section 111(1) to the appropriate fraction there shall be substituted a reference to three tenths or, in the case of a charge to which sub-paragraph (2) below applies, one fifth.
- (2) This sub-paragraph applies to a charge imposed under section 108 on an occasion before 1st April 1983 or, where the event occasioning the charge could not have occurred except as the result of some proceedings before a court, before 1st April 1984, if the occasion is one on which settled property ceases to be relevant property either—
- (a) on becoming property to which, or to an interest in possession in which, a qualifying person becomes beneficially entitled, or
- (b) on becoming property to which section 114 applies in circumstances where each of the beneficiaries mentioned in section 114(1)(a) and living when the charge is imposed is a qualifying person.
- (3) A person is a qualifying person for the purposes of sub-paragraph (2) above if he is an individual who is domiciled in the United Kingdom when the charge is imposed and has not at or before that time acquired an interest under the settlement for a consideration in money or money's worth directly or indirectly from a person not so domiciled.
- (4) For the purposes of this paragraph a person shall be treated as acquiring an interest for a consideration in money or money's worth from a person not domiciled in the

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United Kingdom if he becomes entitled to it as a result of transactions which include a disposition of that interest or of other property made for such consideration (whether to him or another) by a person not so domiciled.

- 5 Section 111(4) shall have effect with the substitution of the following paragraphs for paragraphs (a) and (b)—
- “(a) the value transferred by which is equal to the amount on which tax is charged under section 108 above;
  - (b) which is made at the time of that charge to tax by a transferor who has in the period of ten years ending with the day of the occasion of the charge made chargeable transfers having an aggregate value equal to the aggregate of—
    - (i) any amounts on which any charges to tax have been imposed under section 108 above in respect of the settlement in that period of ten years ; and
    - (ii) the amounts of any distribution payments (determined in accordance with the rules applicable before 9th March 1982 under paragraph 11 of Schedule 5 to the Finance Act 1975) made out of the settled property after 26th March 1974 but before 9th March 1982 and within the said period of ten years”.

## PART II

### ELECTION DURING TRANSITIONAL PERIOD

- 6 (1) This paragraph shall apply to a settlement which commenced before 27th March 1974 if—
- (a) an event occurs before 1st April 1983 on which tax would (apart from this paragraph) be chargeable under this Chapter in respect of the settlement, and
  - (b) a person who would be liable for the tax gives to the Board, not later than the permitted time, written notice that this paragraph is to apply.
- (2) Where this paragraph applies this Chapter shall have effect in relation to events after 31st March 1983 (and not 8th March 1982); and accordingly—
- (a) for the references to 8th March 1982 in sections 93(10), 95(4), 98(7) and 99(1) of this Act there shall be substituted references to 31st March 1983,
  - (b) for the references to 9th March 1982 in sections 109(5)(a), 111(4)(b)(ii) and 113(8)(b) of this Act there shall be substituted references to 1st April 1983, and
  - (c) sections 62(3), 85 and 131 of this Act and Schedule 10 shall have effect in relation to events after 31st March 1983.
- 7 (1) This paragraph shall apply to a settlement in respect of which a notice is duly given under paragraph 6 above if—
- (a) after 31st March 1983 and before 1st April 1984 an event occurs in respect of the settlement which could not have occurred except as the result of some proceedings before a court,
  - (b) the event is one on which tax would (apart from this paragraph) be chargeable under this Chapter, and

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- (c) the Board have not, before the event occurs, accepted a payment in full satisfaction of tax charged under this Chapter in respect of the settlement on another event.
- (2) Where this paragraph applies, paragraph 6(2) above shall have effect with the substitution of " 1984 " for " 1983 ".
- 8 (1) This paragraph shall apply to a settlement which commenced before 27th March 1974 if—
- (a) no event occurs before 1st April 1983 on which tax would (apart from paragraph 6 above) be chargeable under this Chapter in respect of the settlement,
  - (b) after 31st March 1983 and before 1st April 1984 an event occurs in respect of the settlement which could not have occurred except as the result of some proceedings before a court,
  - (c) the event is one on which tax would (apart from this paragraph) be chargeable under this Chapter, and
  - (d) a person who would be liable for the tax gives to the Board, not later than the permitted time, written notice that this paragraph is to apply.
- (2) Where this paragraph applies, this Chapter shall have effect in relation to events after 31st March 1984 (and not 8th March 1982); and accordingly—
- (a) for the references to 8th March 1982 in sections 93(10), 95(4), 98(7) and 99(1) of this Act there shall be substituted references to 31st March 1984,
  - (b) for the references to 9th March 1982 in sections 109(5)(a), 111(4)(b)(ii) and 113(8)(b) of this Act there shall be substituted references to 1st April 1984, and
  - (c) sections 62(3), 85 and 131 of this Act and Schedule 10 shall have effect in relation to events after 31st March 1984.
- 9 In paragraphs 6 and 8 above " the permitted time ", in relation to an event, means the latest time at which an account could be delivered in respect of the event in accordance with paragraph 2 of Schedule 4 to the Finance Act 1975 or, if earlier, the time when the Board first accept a payment in full satisfaction of tax charged under this Chapter in respect of the settlement on that or another event.

## SCHEDULE 16

Section 117.

### CAPITAL TRANSFER TAX : MAINTENANCE FUNDS FOR HISTORIC BUILDINGS

#### *Property becoming comprised in maintenance funds*

- 1 (1) Subject to sub-paragraphs (2) and (3) below, tax shall not be charged under section 108 of this Act in respect of property which ceases to be relevant property on becoming property in respect of which a direction under section 93 of this Act then has effect.
- (2) If the amount on which tax would be charged apart from sub-paragraph (1) above in respect of any property exceeds the value of the property immediately after it becomes property in respect of which the direction has effect (less the amount of any consideration for its transfer received by the trustees of the settlement in which it was

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comprised immediately before it ceased to be relevant property), that sub-paragraph shall not apply but the amount on which tax is charged shall be equal to the excess.

- (3) Sub-paragraph (1) above shall not apply in relation to any property if, at or before the time when it becomes property in respect of which the direction has effect, an interest under the settlement in which it was comprised immediately before it ceased to be relevant property is or has been acquired for a consideration in money or money's worth by the trustees of the settlement in which it becomes comprised on ceasing to be relevant property.
- (4) For the purposes of sub-paragraph (3) above trustees shall be treated as acquiring an interest for a consideration in money or money's worth if they become entitled to the interest as a result of transactions which include a disposition for such consideration (whether to them or to another person) of that interest or of other property.
- (5) Subject to sub-paragraphs (7) and (8) below, tax shall not be charged under section 108 of this Act in respect of property which ceases to be relevant property if within the permitted period an individual makes a transfer of value—
  - (a) which is exempt under section 95 of this Act, and
  - (b) the value transferred by which is attributable to that property.
- (6) In sub-paragraph (5) above " the permitted period" means the period of thirty days beginning with the day on which the property ceases to be relevant property except in a case where it does so on the death of any person, and in such a case means the period of two years beginning with that day.
- (7) Sub-paragraph (5) above shall not apply if the individual has acquired the property concerned for a consideration in money or money's worth; and for the purposes of this sub-paragraph 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.
- (8) If the amount on which tax would be charged apart from sub-paragraph (5) above in respect of any property exceeds the value of the property immediately after the transfer there referred to (less the amount of any consideration for its transfer received by the individual), that sub-paragraph shall not apply but the amount on which tax is charged shall be equal to the excess.
- (9) The references in sub-paragraphs (2) and (8) above to the amount on which tax would be charged are references to the amount on which it would be charged apart from—
  - (a) paragraph (b) of section 108(2) of this Act, and
  - (b) Schedule 10 to the Finance Act 1976 (business property) and Schedule 14 to the Finance Act 1981 (agricultural property);and the references in those sub-paragraphs to the amount on which tax is charged are references to the amount on which it would be charged apart from that paragraph and those Schedules.

*Property leaving maintenance funds: charge to tax*

- 2 (1) This paragraph applies to settled property which is held on trusts which comply with the requirements mentioned in subsection (3) of section 93 of this Act, and in respect of which a direction given under that section has effect.

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- (2) Subject to paragraphs 3 and 4 below, there shall be a charge to tax under this paragraph—
- (a) where settled property ceases to be property to which this paragraph applies, otherwise than by virtue of an application mentioned in paragraph (a)(i) or (ii) of subsection (3) of section 93 of this Act or by devolving on any such body or charity as is mentioned in paragraph (a)(ii) of that subsection ;
  - (b) in a case in which paragraph (a) above does not apply, where the trustees make a disposition (otherwise than by such an application) as a result of which the value of settled property to which this paragraph applies is less than it would be but for the disposition.
- (3) Subsections (4), (5) and (9) of section 113 of this Act shall apply for the purposes of this paragraph as they apply for the purposes of that section (with the substitution of a reference to sub-paragraph (2)(b) above for the reference in section 113(4) to section 113(2)(b)).
- (4) The rate at which tax is charged under this paragraph shall be determined in accordance with paragraphs 5 to 9 below.
- (5) The devolution of property on a body or charity shall not be free from charge by virtue of sub-paragraph (2)(a) above if, at or before the time of devolution, an interest under the settlement in which the property was comprised immediately before the devolution 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 sub-paragraph any acquisition from another such body or charity shall be disregarded.
- (6) For the purposes of sub-paragraph (5) above a body or charity shall be treated as acquiring an interest for a consideration in money or money's worth if it becomes entitled to the interest as a result of transactions which include a disposition for such consideration (whether to that body or charity or to another person) of that interest or of other property.

*Property leaving maintenance funds: exceptions from charge*

- 3 (1) Subject to sub-paragraphs (3) and (4) below, tax shall not be charged under paragraph 2 above in respect of property which, within the permitted period after the occasion on which tax would be chargeable under that paragraph, becomes comprised in another settlement as a result of a transfer of value which is exempt under section 95 of this Act.
- (2) In sub-paragraph (1) above "the permitted period" means the period of thirty days except in a case where the occasion referred to is the death of the settlor, and in such a case means the period of two years.
- (3) Sub-paragraph (1) above shall not apply to any property if the person who makes the transfer of value has acquired it for a consideration in money or money's worth; and for the purposes of this sub-paragraph a person 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.
- (4) If the amount on which tax would be charged apart from sub-paragraph (1) above in respect of any property exceeds the value of the property immediately after it becomes comprised in the other settlement (less the amount of any consideration

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for its transfer received by the person who makes the transfer of value), that sub-paragraph shall not apply but the amount on which tax is charged shall be equal to the excess.

(5) The reference in sub-paragraph (4) above to the amount on which tax would be charged is a reference to the amount on which it would be charged apart from—

- (a) section 113(5)(b) of this Act (as applied by paragraph 2(3) above), and
- (b) Schedule 10 to the Finance Act 1976 (business property) and Schedule 14 to the Finance Act 1981 (agricultural property);

and the reference in that sub-paragraph to the amount on which tax is charged is a reference to the amount on which it would be charged apart from section 113(5)(b) and those Schedules.

- 4 (1) Subject to the following provisions of this paragraph, tax shall not be charged under paragraph 2 above in respect of property which ceases to be property to which that paragraph applies on becoming—
- (a) property to which the settlor or his spouse is beneficially entitled, or
  - (b) property to which the settlor's widow or widower is beneficially entitled if the settlor has died in the two years preceding the time when it becomes such property.
- (2) If the amount on which tax would be charged apart from sub-paragraph (1) above in respect of any property exceeds the value of the property immediately after it becomes property of a description specified in paragraph (a) or (b) of that sub-paragraph (less the amount of any consideration for its transfer received by the trustees), that sub-paragraph shall not apply but the amount on which tax is charged shall be equal to the excess.
- (3) The reference in sub-paragraph (2) above to the amount on which tax would be charged is a reference to the amount on which it would be charged apart from—
- (a) section 113(5)(b) of this Act (as applied by paragraph 2(3) above), and
  - (b) Schedule 10 to the Finance Act 1976 (business property) and Schedule 14 to the Finance Act 1981 (agricultural property);
- and the reference in sub-paragraph (2) above to the amount on which tax is charged is a reference to the amount on which it would be charged apart from section 113(5)(b) and those Schedules.
- (4) Sub-paragraph (1) above shall not apply in relation to any property if, at or before the time when it becomes property of a description specified in paragraph (a) or (b) of that sub-paragraph, an interest under the settlement in which the property was comprised immediately before it ceased to be property to which paragraph 2 above applies is or has been acquired for a consideration in money or money's worth by the person who becomes beneficially entitled.
- (5) For the purposes of sub-paragraph (4) above a person shall be treated as acquiring an interest for a consideration in money or money's worth if he becomes entitled to the interest as a result of transactions which include a disposition for such consideration (whether to him or to another person) of that interest or of other property.
- (6) Sub-paragraph (1) above shall not apply in respect of property if it was relevant property before it became (or last became) property to which paragraph 2 above applies and, by virtue of paragraph 1(1) or (5) above, tax was not chargeable (or, but for paragraph 1(2) or (8), would not have been chargeable) under section 108

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of this Act in respect of it ceasing to be relevant property before becoming (or last becoming) property to which paragraph 2 above applies.

- (7) Sub-paragraph (1) above shall not apply in respect of property if—
- (a) before it last became property to which paragraph 2 above applies it was comprised in another settlement in which it was property to which that paragraph applies, and
  - (b) it ceased to be comprised in the other settlement and last became property to which that paragraph applies in circumstances such that by virtue of paragraph 3(1) above there was no charge (or, but for paragraph 3(4), there would have been no charge) to tax in respect of it.
- (8) Sub-paragraph (1) above shall 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.

*Property leaving maintenance funds: rates of charge*

- 5 (1) This paragraph applies where tax is chargeable under paragraph 2 above and—
- (a) the property in respect of which the tax is chargeable was relevant property before it became (or last became) property to which that paragraph applies, and
  - (b) by virtue of paragraph 1(1) or (5) above tax was not chargeable (or, but for paragraph 1(2) or (8), would not have been chargeable) under section 108 of this Act in respect of it ceasing to be relevant property on or before becoming (or last becoming) property to which paragraph 2 above applies.
- (2) Where this paragraph applies, the rate at which the tax is charged shall be the aggregate of the following percentages—
- (a) 0.25 per cent, for each of the first forty complete successive quarters in the relevant period,
  - (b) 0.20 per cent, for each of the next forty,
  - (c) 0.15 per cent, for each of the next forty,
  - (d) 0.10 per cent, for each of the next forty, and
  - (e) 0.05 per cent, for each of the next forty.
- (3) In sub-paragraph (2) above "the relevant period " means the period beginning with the latest of—
- (a) the date of the last ten-year anniversary of the settlement in which the property was comprised before it ceased (or last ceased) to be relevant property,
  - (b) the day on which the property became (or last became) relevant property before it ceased (or last ceased) to be such property, and
  - (c) 13th March 1975,
- and ending with the day before the event giving rise to the charge.
- (4) Where the property in respect of which the tax is chargeable has at any time ceased to be and again become property to which paragraph 2 above applies in circumstances such that by virtue of paragraph 3(1) above there was no charge to tax in respect of it (or, but for paragraph 3(4), there would have been no charge), it shall for the purposes of this paragraph be treated as having been property to which paragraph 2 above applies throughout the period mentioned in paragraph 3(1).



- 6 (1) This paragraph applies where tax is chargeable under paragraph 2 above and paragraph 5 above does not apply.
- (2) Where this paragraph applies, the rate at which the tax is charged shall be the higher of—
- (a) the first rate (as determined in accordance with paragraph 7 below), and
  - (b) the second rate (as determined in accordance with paragraph 8 below).
- 7 (1) The first rate is the aggregate of the following percentages—
- (a) 0.25 per cent, for each of the first forty complete successive quarters in the relevant period,
  - (b) 0.20 per cent, for each of the next forty,
  - (c) 0.15 per cent, for each of the next forty,
  - (d) 0.10 per cent, for each of the next forty, and
  - (e) 0.05 per cent, for each of the next forty.
- (2) In sub-paragraph (1) above "the relevant period" means the period beginning with the day on which the property in respect of which the tax is chargeable became (or first became) property to which paragraph 2 above applies, and ending with the day before the event giving rise to the charge.
- (3) For the purposes of sub-paragraph (2) above, any occasion on which property became property to which paragraph 2 above applies, and which occurred before an occasion of charge to tax under that paragraph in respect of the property, shall be disregarded.
- (4) The reference in sub-paragraph (3) above to an occasion of charge to tax under paragraph 2 does not include a reference to—
- (a) the occasion by reference to which the rate is being determined in accordance with this Schedule, or
  - (b) an occasion which would not be an occasion of charge but for paragraph 3(4) above.
- 8 (1) If the settlor is alive, the second rate is the effective rate at which tax would be charged, on the amount on which it is chargeable, under the appropriate Table if the amount were the value transferred by a chargeable transfer made by him on the occasion on which the tax becomes chargeable.
- (2) If the settlor is dead, the second rate is (subject to sub-paragraph (3) below) the effective rate at which tax would have been charged, on the amount on which it is chargeable, under the appropriate Table if the amount had been added to the value transferred on his death and had formed the highest part of it.
- (3) If the settlor died before 13th March 1975, the second rate is the effective rate at which tax would have been charged, on the amount on which it is chargeable ("the chargeable amount"), under the appropriate Table if the settlor had died when the event occasioning the charge under paragraph 2 above occurred, the value transferred on his death had been equal to the amount on which estate duty was chargeable when he in fact died, and the chargeable amount had been added to that value and had formed the highest part of it.
- (4) Where, in the case of a settlement ("the current settlement"), tax is chargeable under paragraph 2 above in respect of property which—
- (a) was previously comprised in another settlement, and

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(b) ceased to be comprised in that settlement and became comprised in the current settlement in circumstances such that by virtue of paragraph 3(1) above there was no charge (or, but for paragraph 3(4), there would have been no charge) to tax in respect of it,

then, subject to sub-paragraph (5) below, references in sub-paragraphs (1) to (3) above to the settlor shall be construed as references to the person who was the settlor in relation to the settlement mentioned in paragraph (a) above (or, if the Board so determine, the person who was the settlor in relation to the current settlement).

(5) Where, in the case of a settlement (" the current settlement"), tax is chargeable under paragraph 2 above in respect of property which—

(a) was previously comprised at different times in other settlements (" the previous settlements "), and

(b) ceased to be comprised in each of them, and became comprised in another of them or in the current settlement, in circumstances such that by virtue of paragraph 3(1) above there was no charge (or, but for paragraph 3(4), there would have been no charge) to tax in respect of it,

references in sub-paragraphs (1) to (3) above to the settlor shall be construed as references to the person who was the settlor in relation to the previous settlement in which the property was first comprised (or, if the Board so determine, any person selected by them who was the settlor in relation to any of the other previous settlements or the current settlement).

(6) Sub-paragraph (7) below shall apply if—

(a) in the period of ten years preceding a charge under paragraph 2 above (the " current charge"), there has been another charge under that paragraph where tax was charged at the second rate, and

(b) the person who is the settlor for the purposes of the current charge is the settlor for the purposes of the other charge (whether or not the settlements are the same and, if the settlor is dead, whether or not he has died since the other charge);

and in sub-paragraph (7) below the other charge is referred to as the " previous charge ".

(7) Where this sub-paragraph applies, the amount on which tax was charged on the previous charge (or, if there have been more than one, the aggregate of the amounts on which tax was charged on each)—

(a) shall, for the purposes of calculating the rate of the current charge under sub-paragraph (1) above, be taken to be the value transferred by a chargeable transfer made by the settlor immediately before the occasion of the current charge, and

(b) shall, for the purposes of calculating the rate of the current charge under sub-paragraph (2) or (3) above, be taken to increase the value there mentioned by an amount equal to that amount (or aggregate).

(8) References in sub-paragraphs (1) to (3) above to the effective rate are to the rate found by expressing the tax chargeable as a percentage of the amount on which it is charged.

(9) For the purposes of sub-paragraph (1) above the appropriate Table is the second Table in section 37 of the Finance Act 1975, and for the purposes of sub-paragraphs (2) and (3) above it is (if the settlement was made on death) the first Table in that section and (if not) the second.

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- 9 Where property is, by virtue of section 94(5) of this Act, treated as property in respect of which a direction has been given under section 93 of this Act, it shall for the purposes of paragraphs 5 to 8 above be treated as having become property to which paragraph 2 above applies when the transfer of value mentioned in section 94(5) was made.

## SCHEDULE 17

Section 127.

### CAPITAL TRANSFER TAX SETTLEMENTS WITHOUT INTERESTS IN POSSESSION

#### *Finance Act 1975*

- 1 In section 25(3) of the Finance Act 1975 after the words " under Schedule 5 to this Act" there shall be inserted the words " or under Chapter II of Part IV of the Finance Act 1982. "
- 2 In section 25(9) of that Act for the words from " any question " to the end there shall be substituted the words " trustees of a settlement shall be regarded as not resident in the United Kingdom unless the general administration of the settlement is ordinarily carried on in the United Kingdom and the trustees or a majority of them (and, where there is more than one class of trustees, a majority of each class) are for the time being resident in the United Kingdom. ".
- 3 For section 43(5) of that Act there shall be substituted—  
“(5) Chargeable transfers under Chapter II of Part IV of the Finance Act 1982 shall if they relate to the same settlement be treated for the purposes of subsections (2) and (3) above as made by the same person.”
- 4 For subsection (1A) of section 47 of that Act there shall be substituted—  
“(1A) Where property comprised in a person's estate immediately before his death is settled by his will and, within the period of two years after his death and before any interest in possession has subsisted in the property, an event occurs on which tax would (apart from this subsection) be chargeable under any provision, other than section 107, of Chapter II of Part IV of the Finance Act 1982, then—  
(a) tax shall not be charged under that Chapter on that event, and  
(b) this Part of this Act shall apply as if the will had provided that on the testator's death the property should be held as it is held after the event.”
- 5 For subsection (2A) of section 51 of that Act there shall be substituted—  
“(2A) Except where the context otherwise requires, references in this Part of this Act to chargeable transfers, to their making or to the values transferred by them shall be construed as including references to occasions on which tax is chargeable under Chapter II of Part IV of the Finance Act 1982, to their occurrence or to the amounts on which tax is then chargeable.”
- 6 In section 51(5) of that Act, the words "(except paragraph 11(10) of Schedule 5) " shall be omitted and at the end there shall be added the words " ; but the preceding provisions of this subsection do not apply for the purposes of section 103 of the Finance Act 1982

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- 7 In paragraph 2 of Schedule 4 to that Act—
- (a) in sub-paragraph (1)(c) for the words from " a capital distribution " to the end there shall be substituted the words " an occasion on which tax is chargeable under Chapter II of Part IV of the Finance Act 1982, or would be so liable if tax were chargeable on the occasion ; ";
  - (b) in sub-paragraphs (1), (2) and (3) for the words " relevant property " there shall be substituted the words " appropriate property ";
  - (c) in sub-paragraph (7) after the words " section 78 " there shall be inserted the words " or 82(3) ".
- 8 For paragraph 4(3) of that Schedule there shall be substituted—
- “(3) For the purposes of this paragraph trustees of a settlement shall be regarded as not resident in the United Kingdom unless the general administration of the settlement is ordinarily carried on in the United Kingdom and the trustees or a majority of them (and, where there is more than one class of trustees, a majority of each class) are for the time being resident in the United Kingdom.”
- 9 In paragraph 6(6) of that Schedule for the words from " capital distributions " to the end there shall be substituted the words " occasions on which tax is chargeable under Chapter II of Part IV of the Finance Act 1982 or to the amounts on which tax is then chargeable. ".
- 10 In paragraph 12(4) of that Schedule after the words " section 78 " there shall be inserted the words " or 82(3) ".
- 11 In paragraph 13 of that Schedule—
- (a) in sub-paragraph (5)(b) for the words " paragraph 4, 6(2), 12 or 15 of Schedule 5 to this Act" there shall be substituted the words " paragraph 4 of Schedule 5 to this Act, or is an occasion on which tax is chargeable under Chapter II of Part IV of the Finance Act 1982, ";
  - (6) in sub-paragraph (6)(c) for the words " made under paragraph 6, 12 or 15 of Schedule 5 to this Act" there shall be substituted the words " an occasion on which tax is chargeable under Chapter II of Part IV of the Finance Act 1982 ".
- 12 In paragraph 14(4)(b) of that Schedule for the words "paragraph 4, 6(2), 12 or 15 of Schedule 5 to this Act" there shall be substituted the words " paragraph 4 of Schedule 5 to this Act, or is an occasion on which tax is chargeable under Chapter II of Part IV of the Finance Act 1982, ".
- 13 In paragraph 19(1)(c) of that Schedule after the words " section 78 " there shall be inserted the words " or 82(3) ".
- 14 In paragraph 20(1)(b) of that Schedule after the words " under Schedule 5 to this Act" there shall be inserted the words " or under Chapter II of Part IV of the Finance Act 1982 ".
- 15 In paragraph 25(5) of that Schedule for the words from " to a capital distribution " to the end there shall be substituted the words " to an occasion on which tax is chargeable under Chapter II of Part IV of the Finance Act 1982 or to the amount on which tax is then chargeable. ".
- 16 In paragraph 1(8) of Schedule 5 to that Act, after the word " Act" there shall be inserted the words " and Chapter II of Part IV of the Finance Act 1982 ".

- 17 In paragraph 16(6) of that Schedule, for the words from the beginning to " settlement is " there shall be substituted the words " Where a benefit has become payable under a fund or scheme to which this paragraph applies, and the benefit becomes comprised in a settlement ".
- 18 In paragraph 17(3)(b) of that Schedule, after the word " Schedule " there shall be inserted the words " and of Chapter II of Part IV of the Finance Act 1982 ".
- 19 (1) Paragraph 3 of Schedule 7 to that Act shall be amended as follows.
- (2) In sub-paragraph (1)(6). for the words " beneficially entitled to an " there shall be substituted the words " entitled to a qualifying ".
- (3) In sub-paragraph (2)—
- (a) for the words " no interest" there shall be substituted the words " no qualifying interest "; and
- (b) after the word " who " there shall be inserted the words " are or ".
- (4) In sub-paragraph (2A) for the words from " by " to " another " there shall be substituted the words—
- “(a) property ceased to be comprised in one settlement before 10th December 1981 and after 19th April 1978 and, by the same disposition, became comprised in another settlement, or
- (b) property ceased to be comprised in one settlement after 9th December 1981 and became comprised in another without any person having in the meantime become beneficially entitled to the property (and not merely to an interest in possession in the property)”.
- (5) After sub-paragraph (3) there shall be added—
- “(4) In this paragraph ' qualifying interest in possession' has the meaning given by section 103 of the Finance Act 1982.”
- 20 In paragraph 4 of Schedule 10 to that Act, for sub-paragraph (2) there shall be substituted—
- “(2) Sub-paragraph (1) above shall not apply where the chargeable transfer is made under Schedule 5 to this Act or under Chapter II of Part IV of the Finance Act 1982 and the gain accrues to the trustees of the settlement; but if in such a case any capital gains tax chargeable on the gain is borne by a person who becomes absolutely entitled to the settled property concerned, the amount of the tax so borne shall be treated as reducing the value transferred by the chargeable transfer”.
- 21 In paragraph 9A of that Schedule for the words "relevant property " (wherever they occur) there shall be substituted the words " property concerned ".
- 22 In paragraph 11 of that Schedule, for sub-paragraph (5) there shall be substituted—
- “(5) References in sub-paragraphs (1) and (4) above to a transfer of value shall be construed as including references to an event on which there is a charge to tax under Chapter IT of Part IV of the Finance Act 1982, other than an event on which tax is chargeable in respect of the policy or contract by reason only that its value (apart from this paragraph) is reduced.”

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*Finance Act 1976*

- 23 In section 73 of the Finance Act 1976, for paragraph (b) there shall be substituted—  
“(b) the amount on which tax is chargeable under Chapter II of Part IV of the Finance Act 1982”.
- 24 (1) Section 79 of that Act shall be amended as follows.
- (2) In subsection (1)(b) for the words " relevant transferor " (in each place) there shall be substituted the words " relevant person ".
- (3) Subsections (2), (5) and (6) shall be omitted.
- (4) After subsection (7) there shall be inserted—  
“(8) In this section " relevant person " and " appropriate Table " have the meanings given by section 82A below.  
(9) Subsection (1)(b) above shall have effect subject to section 82A(6) and (7) below.”
- 25 (1) Section 80 of that Act shall be amended as follows.
- (2) In subsections (2) and (3) for the words " relevant transferor " there shall be substituted the words " relevant person ".
- (3) At the end of the section there shall be inserted—  
“(5) In this section "relevant person" has the meaning given by section 82A below.”
- 26 For sections 81 and 82 of that Act there shall be substituted—

**“81 Conditionally exempt occasions.**

- (1) A transfer of property or other event shall not constitute an occasion on which tax is chargeable under any provision of Chapter II of Part IV of the Finance Act 1982 other than section 107 if the property in respect of which the charge would have been made has been comprised in the settlement throughout the six years ending with the transfer or event, and—
- (a) the property is, on a claim made for the purpose, designated by the Treasury under section 77 above; and
- (b) the requisite undertaking described in that section is given with respect to the property by such person as the Treasury think appropriate in the circumstances of the case.
- (2) References in subsections (3) and (4) below and in sections 82, 82A and 83 below to a conditionally exempt occasion are to—
- (a) a transfer or event which by virtue of subsection (1) above does not constitute an occasion on which tax is chargeable under the Chapter there mentioned;
- (b) a conditionally exempt distribution (within the meaning given by this subsection as it had effect in relation to events before 9th March 1982).
- (3) Sections 78 and 79 above shall have effect as if—

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- (a) references to a conditionally exempt transfer and to such a transfer of property included references respectively to a conditionally exempt occasion and to such an occasion in respect of property;
  - (b) references to a disposal otherwise than by sale included references to any occasion on which tax is chargeable under any provision of that Chapter other than section 107 ; and
  - (c) references to an undertaking given under section 76 above included references to an undertaking given under this section.
- (4) Section 80 above shall not apply where—
- (a) tax has become chargeable under section 78 above by reference to a chargeable event in respect of any property, and
  - (b) the last conditionally exempt transaction regarding the property before the event was a conditionally exempt occasion;
- and for the purposes of this subsection conditionally exempt transactions regarding property are conditionally exempt transfers of it and conditionally exempt occasions in respect of it.

## **82 Exemption from ten-yearly charge.**

- (1) Where property is comprised in a settlement and there has been a conditionally exempt transfer of the property on or before the occasion on which it became comprised in the settlement, section 107 of the Finance Act 1982 (charge at ten-year anniversary) shall not have effect in relation to the property on any ten-year anniversary falling before the first occurrence after the transfer of a chargeable event with respect to the property.
- (2) Where property is comprised in a settlement and there has been, on or before the occasion on which it became comprised in the settlement, a disposal of the property in relation to which subsection (4) of section 147 of the Capital Gains Tax Act 1979 (capital gains tax relief for works of art etc.) had effect, the said section 107 shall not have effect in relation to the property on any ten-year anniversary falling before the first occurrence after the disposal of an event on the happening of which the property is treated as sold under subsection (5) of the said section 147.
- (3) Where property is comprised in a settlement and there has been no such transfer or disposal of the property as is mentioned in subsection (1) or (2) above on or before the occasion on which it became comprised in the settlement, then, if—
  - (a) the property has, on a claim made for the purpose, been designated by the Treasury under section 77 above ; and
  - (b) the requisite undertaking described in that section has been given by such person as the Treasury think appropriate in the circumstances of the case; and
  - (c) the property is relevant property for the purposes of Chapter II of Part IV of the Finance Act 1982,the said section 107 shall not have effect in relation to the property; but there shall be a charge to tax under this subsection on the first occurrence of an event which, if there had been a conditionally exempt transfer of the property when the claim was made and the undertaking had been given under section 76 above, would be a chargeable event with respect to the property.

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- (4) Tax shall not be charged under subsection (3) above in respect of property if, after the occasion and before the occurrence there mentioned, there has been a conditionally exempt occasion in respect of the property.
- (5) The amount on which tax is charged under subsection (3) above shall be an amount equal to the value of the property at the time of the event
- (6) The rate at which tax is charged under subsection (3) above shall be the aggregate of the following percentages—
- (a) 0.25 per cent, for each of the first forty complete successive quarters (that is, periods of three months) in the relevant period,
  - (b) 0.20 per cent, for each of the next forty,
  - (c) 0.15 per cent, for each of the next forty,
  - (d) 0.10 per cent, for each of the next forty, and
  - (e) 0.05 per cent, for each of the next forty.
- (7) In subsection (6) above " the relevant period" means the period beginning with the latest of—
- (a) the day on which the settlement commenced,
  - (b) the date of the last ten-year anniversary of the settlement to fall before the day on which the property became comprised in the settlement, and
  - (c) 13th March 1975,
- and ending with the day before the event giving rise to the charge.
- (8) The persons liable for tax in respect of a charge under subsection (3) above are—
- (a) the trustees of the settlement; and
  - (b) any person for whose benefit any of the property or income from it is applied at or after the time of the event occasioning the charge.
- (9) Subsection (10) below shall have effect where—
- (a) by virtue of subsection (3) above, section 107 of the Finance Act 1982 does not have effect in relation to property on the first ten-year anniversary of the settlement to fall after the making of the claim and the giving of the undertaking,
  - (b) on that anniversary a charge to tax falls to be made in respect of the settlement under the said section 107, and
  - (c) the property became comprised in the settlement, and the claim was made and the undertaking was given, within the period of ten years ending with that anniversary.
- (10) In calculating the rate at which tax is charged under the said section 107, the value of the consideration given for the property on it becoming comprised in the settlement shall be treated for the purposes of section 109(5)(b) of the Finance Act 1982 as if it were an amount on which a charge to tax was imposed in respect of the settlement under section 108 of that Act at the time of the property becoming so comprised.
- (11) In this section "ten-year anniversary " in relation to a settlement has the same meaning as in Chapter II of Part IV of the Finance Act 1982.



## **82A Relevant person; and appropriate Table.**

- (1) Subsections (2) to (4) below have effect to determine, for the purposes of sections 79 and 80 above, the relevant person in relation to a chargeable event in respect of any property.
- (2) In this section references to transactions regarding the property are to conditionally exempt transfers of the property and conditionally exempt occasions in respect of the property ; and " the last transaction " means—
  - (a) if there has been only one transaction regarding the property before the event, that transaction ;
  - (b) if there have been two or more such transactions and the last was before, or only one of them was within, the period of thirty years ending with the event, the last of those transactions ;
  - (c) if there have been two or more such transactions within that period, whichever transaction the Board may select
- (3) If the last transaction was a conditionally exempt transfer the relevant person is the person who made the transfer; and if the last transaction was a conditionally exempt occasion the relevant person is the person who is the settlor in relation to the settlement in respect of which the occasion occurred (or, if there is more than one such person, whichever of them the Board may select).
- (4) The conditionally exempt transfers and occasions to be taken into account for the purpose of subsection (2) above in relation to a chargeable event do not include those made or occurring before any previous chargeable event in respect of the same property or before any event which apart from section 78(4) above would have been such a chargeable event.
- (5) For the purposes of section 79(1)(b)(ii) above—
  - (a) if the relevant person is the person who made a transfer, the appropriate Table is, if the transfer was made on death, the first Table and, if not, the second;
  - (b) if the relevant person is the person who is the settlor in relation to a settlement, the appropriate Table is, if the settlement was created on his death, the first Table and, if not, the second.
- (6) If the last transaction regarding property before a chargeable event was a conditionally exempt occasion, and the relevant person died before 13th March 1975, section 79(1)(b)(ii) above shall (subject to subsection (7) below) be taken to read as follows: —
  - “(ii) the rate or rates that would have applied to that amount (" the chargeable amount") under the appropriate Table in that section if the relevant person had died when the chargeable event occurred, the value transferred on his death had been equal to the amount on which estate duty was chargeable when he in fact died, and the chargeable amount had been added to that value and had formed the highest part of it.”

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- (7) If the last transaction regarding property before a chargeable event was a conditionally exempt occasion, the rate (or each of the rates) mentioned in section 79(IX6)(i) or (ii) above—
- (a) shall, if the occasion occurred before the first ten-year anniversary to fall after the property became comprised in the settlement concerned, be 30 per cent, of what it would be apart from this subsection ; and
  - (b) shall, if the occasion occurred after the first and before the second ten-year anniversary to fall after the property became so comprised, be 60 per cent, of what it would be apart from this subsection, and in this subsection " ten-year anniversary " in relation to a settlement has the same meaning as in Chapter II of Part IV of the Finance Act 1982.”.
- 27 In section 83 of that Act, after subsection (3) there shall be inserted—
- “(3A) References in subsection (3) above to a conditionally exempt transfer of property include references to a conditionally exempt occasion in respect of property.”.
- 28 For subsection (8) of section 114 of that Act there shall be substituted—
- “(8) This section shall apply to occasions on which tax is chargeable under section 108 of the Finance Act 1982 in cases within paragraph 5 of Schedule 15 to that Act in the same way as it applies to transfers of value ; and for this purpose references in this section to transfers made by the same person shall be construed as references to occasions relating to, or distribution payments made out of property comprised in, the same settlement.”.
- 29 For subsection (6) of section 122 of that Act there shall be substituted—
- “(6) Anything which is done in compliance with an order under the said Act of 1975 or occurs on the coming into force of such an order, and which would (apart from this subsection) constitute an occasion on which tax is chargeable under Chapter II of Part IV of the Finance Act 1982, shall not constitute such an occasion ; and where an order under the said Act of 1975 provides for property to be settled or for the variation of a settlement, and (apart from this subsection) tax would be charged under paragraph 4(2) of Schedule 5 to the Finance Act 1975 on the coming into force of the order, the said paragraph 4(2) shall not apply.”.
- 30 For paragraph 1 of Schedule 10 to that Act there shall be substituted—
- “1 In this Schedule references to a transfer of value include references to an occasion on which tax is chargeable under Chapter II of Part IV of the Finance Act 1982, and
- (a) references to the value transferred by a transfer of value include references to the amount on which tax is then chargeable, and
  - (b) references to the transferor include references to the trustees of the settlement concerned.”
- Finance Act 1980*
- 31 In Schedule 15 to the Finance Act 1980, after paragraph 2 there shall be inserted—

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“2A Where tax is chargeable under section 108 of the Finance Act 1982 on any occasion after a reduction and the rate at which it is charged is determined under section 112 of that Act by reference to the rate that was (or would have been) charged under section 107 of that Act on an occasion before the reduction (or before that and one or more previous reductions), the rate charged on the later occasion shall be determined 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 been in force on the earlier occasion.”.

32 For paragraph 6 of that Schedule there shall be substituted—

“6 Where tax is chargeable under paragraph 2 of Schedule 16 to the Finance Act 1982 on any occasion after a reduction and the rate at which it is charged falls to be determined under paragraph 8 of that Schedule by reference to a death which occurred before that reduction (or before that and one or more previous reductions) that paragraph 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.”.

#### *Finance Act 1981*

33 In section 96(1) of the Finance Act 1981, for paragraph (b) there shall be substituted—

“(b) the amount on which tax is chargeable under Chapter II of Part IV of the Finance Act 1982”.

34 In Schedule 14 to that Act, for sub-paragraph (1) of paragraph 1 there shall be substituted—

“(1) In this Schedule references to a transfer of value include references to an occasion on which tax is chargeable under Chapter II of Part IV of the Finance Act 1982, and—

- (a) references to the value transferred by a transfer of value include references to the amount on which tax is then chargeable, and
- (b) references to the transferor include references to the trustees of the settlement concerned”.

### SCHEDULE 18

Section 134.

#### ALTERNATIVE VALUATION OF ETHANE USED FOR PETROCHEMICAL PURPOSES

##### *The election*

1 (1) An election shall be made—

- (a) in so far as it is to apply to ethane which is relevantly appropriated, by the participator alone ; and
- (b) in so far as it is to apply to ethane which is disposed of, by the participator and the person to whom it is disposed of.

(2) An election shall be made in such form as may be prescribed by the Board and shall—

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- (a) identify, by reference to volume, chemical composition and initial treatment, the ethane to which the election is to apply ;
  - (b) specify the period, beginning on or after the date of the election and not exceeding fifteen years, which is covered by the election;
  - (c) specify the price formula which is to apply for determining the market values of ethane during that period ;
  - (d) specify the petrochemical purposes for which ethane to which the election applies will be used ; and
  - (c) specify the place to or at which any such ethane is to be delivered or appropriated.
- (3) The reference in sub-paragraph (2)(a) above to initial treatment is a reference to such initial treatment (if any) as the ethane will have been subjected to before it is disposed of or relevantly appropriated.

*Conditions for acceptance of an election*

- 2 (1) Subject to sub-paragraphs (2) and (3) below, the Board shall accept an election if they are satisfied that, under a relevant contract (as defined in paragraph 3 below) for the sale at arm's length of the ethane to which the election applies, the contract prices would not differ materially from the market values determined in accordance with the price formula specified in the election; and if the Board are not so satisfied they shall reject the election.
- (2) The Board shall reject an election if they are not satisfied that the price formula specified in the election is such that the market value of ethane disposed of or relevantly appropriated at any time during the period covered by the election will be readily ascertainable either by reference to the price formula alone or by reference to that formula and to information—
- (a) which is, or is expected to be at that time, publicly available ; and
  - (b) which is not related or dependent, in whole or to any substantial degree, to or on the activities of the person or persons making the election or any person connected or associated with him or them.
- (3) The Board shall reject an election if, after receiving notice in writing from the Board, the person or, as the case may be, either of the persons by whom the election was made—
- (a) fails to furnish to the Board, before the appropriate date, any information which the Board may reasonably require for the purpose of determining whether the election should be accepted ; or
  - (b) fails to make available for inspection, before the appropriate date, by an officer authorised by the Board any books, accounts or documents in his possession or power which contain any information relevant for that purpose.
- (4) In sub-paragraph (3) above " the appropriate date " means such date as may be specified in the notice concerned, being a date not earlier than one month after the date on which the notice was given.
- (5) Any notice under sub-paragraph (3) above shall be given within the period of three months beginning on the date of the election in question.
- 3 (1) In paragraph 2 above "relevant contract" means a contract which is entered into.—

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- (a) if the price formula specified in the election is derived from an actual contract which is identified in the election and was entered into not more than two years before the date of the election, at the time at which that contract was entered into, and
  - (b) in any other case, at the time of the election in question,
- and which incorporates the terms specified in sub-paragraph 12) below, but is not necessarily a contract for the sale of ethane for petrochemical purposes.

- (2) The terms referred to in sub-paragraph (1) above are—
- (a) that the ethane is required to be delivered at the place in the United Kingdom at which the seller could reasonably be expected to deliver it or, if there is more than one such place, the one nearest to the place of extraction ; and
  - (b) that the price formula may be varied only in the event of a substantial and lasting change in the economic circumstances surrounding or underlying the contract and that any such variation may not take place before the expiry of the period of five years beginning on the date of the first delivery of ethane during the period covered by the election.

*Notice of acceptance or rejection*

- 4 (1) Notice of the acceptance or rejection of an election shall be given to the party or, as the case may be, each of the parties to the election before the expiry of the period of three months beginning on—
- (a) the date of the election, or
  - (b) if a notice has been given under paragraph 2(3) above relating to the election, the date or, as the case may be, the last date which is the appropriate date, as denned in paragraph 2(4) above, in relation to such a notice.
- (2) If no such notice of acceptance or rejection is so given, the Board shall be deemed to have accepted the election and to have given notice of their acceptance on the last day of the period referred to in sub-paragraph (1) above.
- (3) After notice of the acceptance of an election has been given under this paragraph, a change in the identity of the participator or, where appropriate, of the person to whom the ethane in question is disposed of shall not, of itself, affect the continuing operation of the election.

*Market value ceasing to be readily ascertainable*

- 5 (1) In any case where—
- (a) it appears to the Board that, at some time during the period covered by an election, the market value of ethane to which the election applies has ceased or is ceasing to be readily ascertainable as mentioned in paragraph 2(2) above, and
  - (b) the Board give notice of that fact to the party or, as the case may be, each of the parties to the election and in that notice specify a date for the purposes of this paragraph (which may be a date earlier than that on which the notice is given),
- then, subject to sub-paragraph (2) below, on the date so specified the election shall cease to have effect.

- (2) If—

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- (a) within the period of three months beginning on the date of a notice under sub-paragraph (1)(b) above, the party or parties to the election by notice in writing given to the Board specify a new price formula, and
- (b) the new price formula is accepted by the Board in accordance with paragraph 7 below,

the election shall continue to have effect and, subject to paragraph 9 below, for the purpose of determining the market value, on and after the date specified in the notice under sub-paragraph (1)(b) above, of ethane to which the election applies, section 134 of this Act shall have effect as if the new price formula were the formula specified in the election.

*Price formula ceasing to give realistic market values*

- 6 (1) If, at any time after the expiry of the period of five years beginning on the date of the first delivery or relevant appropriation of ethane during the period covered by an election.—
- (a) it appears to the party or parties to the election or, as the case may be, to the Board that, by reason of any substantial and lasting change in any economic circumstances which were relevant at the time referred to in paragraph 3(1) above, the market values determined in accordance with the price formula specified in the election are no longer realistic ; and
  - (b) the party or parties to the election give notice of that fact to the Board, or the Board give notice of that fact to the party or, as the case may be, each of the parties to the election,
- then, subject to the following provisions of this paragraph, sub-paragraph (2) below shall apply.
- (2) Where this sub-paragraph applies, the election shall not have effect with respect to any chargeable period beginning after the date of the notice under sub-paragraph (1) (b) above.
- (3) Before the expiry of the period of three months beginning on the date on which a notice under sub-paragraph (1)(b) above given by the party or parties to the election is received by the Board, the Board shall give notice of acceptance or rejection of that notice to the party or parties concerned ; and
- (a) if the Board give notice of rejection, sub-paragraph (2) above shall not apply ; and
  - (b) if no notice of acceptance or rejection is in fact given as required by this sub-paragraph, the Board shall be deemed to have given notice of acceptance on the last day of the period of three months referred to above.
- (4) If a notice under sub-paragraph (1)(b) above which has been given by the party or parties to the election contains a new price formula, the Board shall first consider the notice without regard to that formula and if, following upon that consideration, the Board give a notice of acceptance under sub-paragraph (3) above, they shall then proceed to consider the new price formula.
- (5) In any case where—
- (a) sub-paragraph (4) above applies and the new price formula contained in the notice under sub-paragraph (1)(6) above is accepted by the Board in accordance with paragraph 7 below, or

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- (b) within the period of three months beginning on the date of a notice given by the Board under sub-paragraph above, the party or parties to the election by notice in writing given to the Board specify a new price formula which is accepted by the Board in accordance with paragraph 7 below,
- sub-paragraph (2) above shall not apply and for the purpose of determining, for any chargeable period beginning after the date of the notice under sub-paragraph (1)(b) above, the market value of ethane to which the election applies, section 134 of this Act shall have effect as if the new price formula were the formula specified in the election.
- (6) If, by virtue of sub-paragraph (5) above or an appeal under paragraph 8 below, a new price formula has effect for determining the market value of ethane to which an election applies, sub-paragraph (1) above shall thereafter have effect in relation to the market value of any such ethane as if—
- (a) the reference therein to the date of the first delivery or relevant appropriation of ethane during the period covered by the election, and
- (b) the reference therein to the time referred to in paragraph 3(1) above,
- were each a reference to the beginning of the first chargeable period for which the new price formula has effect.

*Acceptance or rejection of new price formula*

- 7 (1) Subject to sub-paragraph (3) below, the Board shall accept a new price formula specified in a notice under paragraph 5(2) above if they are satisfied that the new formula provides for readily ascertainable market values which correspond, so far as practicable, with those which were intended to be provided for under the original price formula; and if the Board are not so satisfied they shall reject such a new price formula.
- (2) Subject to sub-paragraph (3) below, sub-paragraphs (1) and (2) of paragraph 2 above and paragraph 3 above shall apply to determine whether the Board shall accept—
- (a) a new price formula contained in a notice under paragraph 6(1)(b) above which has been accepted by the Board under paragraph 6(3) above, or
- (b) if the Board have given notice under paragraph 6(1)(b) above, a new price formula specified in a notice under paragraph 6(5)(b) above,
- as if the new price formula were specified in an election made at the time the notice under paragraph 6(1)(b) above was given.
- (3) The Board shall reject such a new price formula as is referred to in sub-paragraph (1) or sub-paragraph (2) above if, after receiving notice in writing from the Board, the party or, as the case may be, either of the parties to the election—
- (a) fails to furnish to the Board, before the appropriate date, any information which the Board may reasonably require for the purpose of determining whether the new formula should be accepted in accordance with sub-paragraph (1) or, as the case may be, sub-paragraph (2) above, or
- (b) fails to make available for inspection, before the appropriate date, by an officer authorised by the Board any books, accounts or documents in his possession or power which contain information relevant for that purpose.
- (4) Sub-paragraph (4) of paragraph 2 above applies in relation to sub-paragraph (3) above as it applies in relation to sub-paragraph (3) of that paragraph.
- (5) Notice of the acceptance or rejection of a new price formula—

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- (a) specified in a notice under paragraph 5(2) or paragraph 6(5)(b) above, or
- (b) contained in a notice under paragraph 6(1)(b) above which has been accepted by the Board by a notice under paragraph 6(3) above,

shall be given to the party or, as the case may be, each of the parties to the election concerned before the expiry of the period of three months beginning on the relevant date (as defined in sub-paragraph (6) below), and if no notice of acceptance or rejection is in fact given as required by this sub-paragraph, the Board shall be deemed to have accepted the formula and to have given notice of their acceptance on the last day of that period.

- (6) In sub-paragraph (5) above " the relevant date " means—
- (a) if a notice has been given under sub-paragraph (3) above relating to the price formula in question, the date or, as the case may be, the last date which is the appropriate date, within the meaning of that sub-paragraph, in relation to such a notice ; and
  - (b) if no such notice has been given, then—
    - (i) in relation to a new price formula falling within paragraph (a) of sub-paragraph (5) above, the date on which the notice referred to in that paragraph was received by the Board ; and
    - (ii) in relation to a new price formula falling within paragraph (b) of that sub-paragraph, the date of the notice from the Board under paragraph 6(3) above.

- 8 (1) Where the Board give notice to any person or persons—
- (a) under paragraph 4 above, rejecting an election ; or
  - (b) under paragraph 5 above, that the value of any ethane has ceased or is ceasing to be readily ascertainable ; or
  - (c) under paragraph 6(1)(b) above, that a price formula is no longer realistic ; or
  - (d) under paragraph 6(3) above, rejecting a notice given under paragraph 6(1)(b) above ; or
  - (e) under paragraph 7(5) above, rejecting a new price formula ;
- that person or, as the case may be, those persons acting jointly may appeal to the Special Commissioners against the notice.
- (2) An appeal under sub-paragraph (1) above shall be made by notice in writing given to the Board within thirty days after the date of the notice in respect of which the appeal is brought.
- (3) Where at any time after the giving of notice of appeal under this paragraph and before the determination of the appeal by the Com' missioners, the Board and the appellant agree that the notice in respect of which the appeal is brought should be accepted or withdrawn or varied, the same consequences shall ensue as if the Commissioners had determined the appeal to that effect.
- (4) If, on the hearing of an appeal under this paragraph it appears to the majority of the Commissioners present at the hearing that the appeal should be allowed they shall allow the appeal and—
- (a) where the appeal is against a notice of rejection of an election or proposed new price formula, they shall substitute a notice of acceptance of the election or price formula without modification or with such modifications as they think fit;



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- (b) where the appeal is against a notice under paragraph 5 or paragraph 6(1)(b) above, they may direct that the price formula in question shall continue to have effect as if the notice had not been given ; and
  - (c) where the appeal is against a notice under paragraph 6(3) above rejecting a notice under paragraph 6(1)(b) above, the Commissioners shall substitute a notice of acceptance.
- (5) Sub-paragraphs (2), (8) and (11) of paragraph 14 of Schedule 2 to the principal Act shall apply in relation to an appeal against any such notice as is referred to in sub-paragraph (1) above as they apply in relation to an appeal against an assessment or determination made under the principal Act, but with the substitution, for any reference to the participator, of a reference to the person or persons who gave notice of appeal under sub-paragraph (2) above.
- (6) Where notice of appeal is duly given against a notice given by the Board under paragraph 5 or paragraph 6(1)(b) above, the period of three months referred to in paragraph 5(2)(a) or, as the case may be, paragraph 6(5)(b) above shall not begin to run until the appeal is withdrawn or finally determined.
- (7) Any reference in section 134 of this Act or the preceding provisions of this Schedule to an election accepted by the Board shall be construed as including a reference to an election accepted in pursuance of an appeal under this paragraph.

#### *Returns*

- 9 In any case where a notice under paragraph 5(1)(b) above or paragraph 6(1)(b) above relating to an election has been given to a party to the election or to the Board then, unless the notice has been withdrawn (whether in pursuance of an appeal or otherwise) or a price formula different from that to which the notice referred has effect as if specified in the election, any party to the election, in making a return under paragraph 2 of Schedule 2 to the principal Act with respect to ethane to which that election applies or which by virtue of that election falls within section 134(3) of this Act—
- (a) where the notice was given under paragraph 5 above, may include the market value on and after the date specified in the notice of any such ethane determined on such basis as appears to him to be the best practical alternative to that provided by the price formula to which the notice referred to and
  - (b) where the notice was given under paragraph 6 above, shall include the market value of any such ethane determined in accordance with the price formula to which the notice referred to.

#### *Penalties for incorrect information etc.*

- 10 (1) Paragraphs 8 and 9 of Schedule 2 to the principal Act (which penalise inaccurate returns etc. and are in this paragraph referred to as " the penalty provisions ") shall apply, in accordance with sub-paragraph (2) or sub-paragraph (3) below, in relation to inaccurate information—
- (a) contained in an election ; or
  - (b) furnished pursuant to a notice under paragraph 2(3) or paragraph 7(3) above ; or
  - (c) contained in any books, accounts or documents made available as mentioned in paragraph 2(3)(b) or paragraph 7(3)(b) above.

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- (2) Where the inaccurate information is provided by a participator, the penalty provisions shall apply—
- (a) as they apply in relation to an incorrect return under paragraph 2 of Schedule 2 to the principal Act; and
  - (b) as if the reference in paragraph 8(2)(a)(i) of that Schedule to the chargeable period to which the return relates were a reference to each chargeable period which falls within the period covered by the election and which is affected by any decision of the Board in connection with which the provision of the information was material.
- (3) Where the incorrect information is provided by a person other than a participator, the penalty provisions shall apply—
- (a) as they apply to an incorrect return under paragraph 5 of Schedule 2 to the principal Act ; and
  - (b) as if that person were the responsible person for an oil field.

*Interpretation*

- 11 (1) Subsection (6) of section 134 of this Act has effect in relation to this Schedule as it has effect in relation to the preceding provisions of that section.
- (2) In this Schedule, any reference to an election is a reference to an election under section 134 of this Act; and any reference to the date of an election is a reference to the date on which the election (made as mentioned in paragraph 1 above) is received by the Board.
- (3) Any reference in the preceding provisions of this Schedule to the party to an election is relevant only to an election applying to ethane which is relevantly appropriated and is a reference to the participator by whom the ethane is for the time being so appropriated.
- (4) Any reference in the preceding provisions of this Schedule to the parties to an election is relevant only to an election applying to ethane which is disposed of as mentioned in section 134(2)(a) of this Act and is a reference to the participator by whom and the person to whom the ethane is for the time being so disposed of.

SCHEDULE 19

Section 139(6).

SUPPLEMENTARY PROVISIONS RELATING TO APRT

**PART I**

COLLECTION OF TAX

*Payment of tax*

- 1 (1) APRT which a participator is liable to pay in respect of any chargeable period for an oil field shall be due on the date on which the return for that period and that field is made by the participator in accordance with paragraph 2 of Schedule 2 to the principal Act or, if a return is not so made, on the last day of the second month

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following that period; and APRT which is due shall be payable without the making of an assessment.

- (2) Subject to sub-paragraph (3) below, every participator in an oil field shall, at the time when he delivers to the Board the return for a chargeable period required by paragraph 2 of Schedule 2 to the principal Act.—
    - (a) deliver to the Board a statement showing whether any, and if so what, amount of APRT is payable by him for that chargeable period in respect of the field ; and
    - (b) subject to the following provisions of this Schedule, pay to the Board the amount of APRT, if any, shown in the statement.
  - (3) In relation to any oil field, sub-paragraph (2) above does not apply with respect to any chargeable period after the last of the nine chargeable periods referred to in section 139(1)(6) of this Act.
  - (4) The statement under sub-paragraph (2)(a) above shall be in such form as the Board may prescribe.
  - (5) Paragraphs 3, 8 and 9 of Schedule 2 to the principal Act shall apply in relation to statements required to be made under this paragraph as they apply in relation to returns required to be made under paragraph 2 of that Schedule.
- 2
- (1) Subject to sub-paragraph (2) below, if for any chargeable period for an oil field ending on or after 30th June 1983—
    - (a) an amount of APRT is shown to be payable by the participator in the statement delivered by him in accordance with paragraph 1 above in respect of that period and that field ; or
    - (b) an amount is payable by the participator on account of petroleum revenue tax in accordance with section 1 of the Petroleum Revenue Tax Act 1980 in respect of that period and that field ; or
    - (c) both such amounts are so payable by the participator,then the participator shall pay to the Board six monthly instalments commencing in the second month of the next chargeable period each equal to one-eighth of the amount referred to in paragraph (a) or paragraph (b) above or, where paragraph (c) applies, of the aggregate of those amounts.
  - (2) With respect to the chargeable period which, for an oil field, is the last of the nine chargeable periods referred to in section 139(1)(b) of this Act and with respect to any subsequent chargeable period for that field, sub-paragraph (1) above shall have effect as if—
    - (a) for paragraphs (a) to (c) there were substituted the words " an amount of tax is shown to be payable in the statement delivered in respect of that period in accordance with section 1(1)(a) of the Petroleum Revenue Tax Act 1980 "; and
    - (b) for the words from " the amount referred to in paragraph (a)" onwards there shall be substituted the words " that amount " .
  - (3) Instalments paid in accordance with sub-paragraph (1) above shall be regarded as being paid in respect of the next chargeable period referred to in that sub-paragraph.
  - (4) The aggregate amount paid by a participator in accordance with sub-paragraph (1) above in respect of a chargeable period for an oil field—

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- (a) to the extent that it is equal to or less than his liability, if any, to pay an amount of APRT under paragraph 1 above in respect of that oil field for that chargeable period shall be deemed to be an amount of APRT paid by him in respect of that field for that period ; and
  - (b) to the extent that it exceeds any such liability of his to pay an amount of APRT and is equal to or less than his liability, if any, to pay an amount in respect of that field for that period in accordance with paragraph (b) of subsection (1) of section 1 of the Petroleum Revenue Tax Act 1980 (payments on account of petroleum revenue tax), shall be deemed to be an amount paid by him under that paragraph.
- 3 (1) If in any month a participator in an oil field—
- (a) has not delivered (otherwise than to the Secretary of State) any of the oil which has been won from the field and disposed of by him at any time in or before that month; and
  - (b) has not relevantly appropriated any of the oil which has been so won by him at any such time,
- he shall be entitled to withhold the instalment due, under paragraph 2 above, for that field in the following month.
- (2) An instalment shall not be withheld by virtue of the conditions in sub-paragraph (1) above being fulfilled in any month unless a notice to that effect, in such form as the Board may prescribe, is given to the Board before the end of the following month and—
- (a) where the Board are not satisfied with any such notice, the powers conferred by paragraph 7 of Schedule 2 to the principal Act (production of accounts etc.) shall be exercisable as if the notice were a return under paragraph 2 of that Schedule ; and
  - (b) paragraph 8 of that Schedule (penalties) shall apply to an incorrect notice as it applies to an incorrect return under paragraph 2.
- 4 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 payments of APRT and of instalments under paragraph 2 above ; 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—
- (a) in the case of APRT payable under paragraph 1 above, two months after the end of the chargeable period to which it relates ;
  - (b) in the case of an instalment payable under paragraph 2 above, at the end of the month in which the instalment is required to be paid.

#### *Assessments and appeals*

- 5 (1) Where it appears to the Board that any APRT payable in accordance with paragraph 1 above has not been paid on the due date they may make an assessment to tax on the participator and shall give him notice of any such assessment.
- (2) APRT due under an assessment under this paragraph shall be due within thirty days of the issue of the notice of assessment.
- (3) A notice of assessment shall state that the participator may appeal against the assessment in accordance with paragraph 7 below.

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- (4) After the service of a notice of assessment the assessment shall not be altered except in accordance with the express provisions of this Part of this Schedule or any of the provisions of the Taxes Management Act 1970 which apply by virtue of paragraph 1 of Schedule 2 to the principal Act in relation to the assessment.
- 6 (1) Where it appears to the Board that any gross profit charged to tax on a participator for any chargeable period in respect of an oil field by an assessment under paragraph 5 above ought to have been larger or smaller or that no gross profit accrued to the participator from that oil field during that chargeable period, they may make such amendments to the assessment or withdraw the assessment, as the case may require.
- (2) Where the Board amend an assessment under sub-paragraph (1) above they shall give notice to the participator of the amendment ; and sub-paragraphs (2) to (4) of paragraph 5 above shall apply in relation to any such notice as they apply in relation to a notice of assessment under paragraph 5.
- 7 (1) A participator may appeal to the Special Commissioners against an assessment or amendment of an assessment under paragraph 5 or paragraph 6 above by notice of appeal in writing to the Board given within thirty days of the date of issue of the notice of the assessment or amendment of assessment.
- (2) Sub-paragraphs (2) to (11) of paragraph 14 of Schedule 2 to the principal Act shall apply in relation to an appeal under this paragraph as they apply in relation to an appeal under sub-paragraph (1) of that paragraph except that—
- (a) for each reference in sub-paragraph (3) to tax there shall be substituted a reference to APRT ;
- (b) where in determining the gross profit accruing to a participator from a field in a chargeable period the aggregate of the amounts mentioned in paragraphs (a) to (c) of subsection (5) of section 2 of the principal Act falls to be increased under section 140 of this Act (whether as respects all oil or as respects a particular kind or kinds of oil), the difference mentioned in sub-paragraph (3)(b) (or as the case may be, the difference so far as relating to oil of the particular kind or kinds in question) shall be increased by multiplying it by the fraction mentioned in subsection (2) of section 140;
- (c) for each reference in sub-paragraph (10) to an assessable profit there shall be substituted a reference to a gross profit; and
- (d) any reference in sub-paragraph (10) to an allowable loss shall be omitted.
- 8 Paragraphs 5(2) to (4) and 7 above shall apply in relation to an assessment to APRT under section 142(1) of this Act as if it were an assessment under paragraph 5.

#### *Overpayment of tax*

- 9 (1) Where in respect of any oil field a participator has paid an amount of APRT for a chargeable period which exceeds the amount of APRT payable therefor the amount of that excess shall be repaid to him.
- (2) Where in respect of any oil field the amount paid for any chargeable period by a participator by way of instalments under paragraph 2 above exceeds the aggregate of his liabilities mentioned in sub-paragraph (4) of that paragraph, the amount of that excess shall be repaid to him.

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### *Interest*

- 10 (1) APRT payable for a chargeable period but not paid before the end of the second month after the end of that period shall carry interest from the end of that month until payment.
- (2) Any amount payable by a participator as an instalment in respect of a chargeable period for a field and not paid by him in the month in which it ought to be paid shall carry interest from the end of that month until—
- (a) payment of the amount, or
  - (b) two months after the end of that period,
- whichever is the earlier.
- (3) Where, in accordance with paragraph 14 of Schedule 2 to the principal Act as applied by paragraph 7 above, APRT may be withheld until the determination or abandonment of an appeal, the interest on that APRT may also be withheld until the determination or abandonment of that appeal.
- (4) Where an amount of APRT or an amount paid by way of instalment becomes repayable, that amount shall carry interest from—
- (a) two months after the end of the chargeable period in respect of which the APRT or the instalment was paid, or
  - (b) the date on which the amount was paid,
- whichever is the later, until repayment.
- (5) For the purposes of sub-paragraph (2) above a payment on account of an overdue instalment shall, so far as possible, be attributed to the earliest month for which an instalment is overdue; and for the purposes of sub-paragraph (4) above any instalment or part of an instalment that becomes repayable shall, so far as possible, be regarded as consisting of the instalment most recently paid.
- (6) In its application (by virtue of paragraph 1 of Schedule 2 to the principal Act) to interest payable under sub-paragraph (1) or sub-paragraph (2) above, section 69 of the Taxes Management Act 1970 shall have effect with the omission of the words "charged and due and payable under the assessment to which it relates".
- (7) Interest paid to a participator under sub-paragraph (4) above shall be disregarded in computing his income for the purposes of income tax and corporation tax.
- (8) Any reference in this paragraph to interest is a reference to interest at the rate applying under paragraph 15 of Schedule 2 to the principal Act.

### *Transitional provisions*

- 11 (1) In any case where, by virtue of section 105 of the Finance Act 1980, a sum is paid by a participator as an advance payment of tax in respect of an oil field for the chargeable period ending on 30th June 1983 then—
- (a) to the extent that the sum so paid does not exceed his liability to APRT for that period, it shall be deemed to be a payment of APRT for that period; and
  - (b) subsection (5) of that section (treatment of advance payments) shall apply to any such sum only to the extent that it exceeds that liability to APRT.
- (2) In subsection (7) of that section the reference to tax assessed on a participator in respect of a field for a chargeable period shall include, for the chargeable period

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- ending on 30th June 1983, a reference to the amount (if any) of APRT payable by him in respect of that field for that period.
- 12 (1) Every participator in an oil field shall in March 1983 and in each of the four succeeding months pay to the Board an amount equal to one-fifth of the amount, if any, shown in the statement delivered by the participator under paragraph 10(1)(a) of Schedule 16 to the Finance Act 1981 as supplementary petroleum duty payable by him in respect of the field for the chargeable period ending on 31st December 1982.
- (2) Paragraphs 2(4) and 9 above shall apply in relation to any payment made by the participator under sub-paragraph (1) above as if it were an instalment under paragraph 2 above paid in respect of the chargeable period ending on 30th June 1983 ; but for the purposes of this sub-paragraph the amount of the participator's liability to pay any APRT as mentioned in paragraph 2(4) above shall be reduced by the amount of any APRT deemed to have been paid by him in accordance with paragraph 11 above.
- (3) Paragraphs 3, 4 and 10 above shall apply in relation to a payment under sub-paragraph (1) above as if it were an instalment under paragraph 2 above.
- 13 (1) If, in respect of the chargeable period ending on 30th June 1983, any sum is payable by a participator in accordance with section 1 of the Petroleum Revenue Tax Act 1980, then, so far as the net amount of that sum is concerned, only one-fifth shall become payable at the time specified in that section and the remaining four-fifths shall be paid in four equal monthly instalments in the months of September to December 1983, inclusive.
- (2) The reference in sub-paragraph (1) above to the net amount of any sum payable in accordance with section 1 of the Petroleum Revenue Tax Act 1980 is a reference to the sum specified in paragraph (b) of subsection (1) of that section less any amount which is treated as (or deemed to be) paid as part of that sum—
- (a) by virtue of section 105(5) of the Finance Act 1980, as applied by paragraph 11(1)(b) above ; or
- (b) by virtue of paragraph 2(4)(b) above, as applied by paragraph 12(2) above.
- (3) Any amount payable by a participator as an instalment by virtue of sub-paragraph (1) above and not paid by him in the month in which it ought to be paid shall carry interest from the end of that month until payment.
- (4) Paragraph 15 of Schedule 2 to the principal Act (interest on assessed tax) shall not apply in relation to so much of the tax charged in an assessment on the participator for the chargeable period referred to in sub-paragraph (1) above (excluding any APRT so charged) as is equal to or less than the net amount referred to in that sub-paragraph and payable by him, and in relation to so much if any of that tax as exceeds that net amount paragraph 15 shall apply with the substitution for the words " two months after the end of the period " of the words " the end of October 1983 ".
- (5) If, in respect of the chargeable period referred to in sub-paragraph (1) above, any amount of tax charged by an assessment to tax or paid on account of tax so charged becomes repayable under any provision of Part I of the principal Act, paragraph 16 of Schedule 2 to the principal Act (interest on such repayments) shall have effect in relation to that amount with the substitution for the words following " per annum " of the words " from the end of October 1983 until repayment".

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- (6) Sub-paragraphs (5) to (8) of paragraph 10 above shall apply for the purposes of sub-paragraphs (3) and (5) above as they apply for the purposes of sub-paragraphs (2) and (4) of paragraph 10.

## PART II

### MISCELLANEOUS

#### *Repayment of APRT*

- 14 (1) If a participator in an oil field has an excess of APRT credit for the last of the chargeable periods referred to in section 139 (1)(b) of this Act, then, on the making of a claim the amount of that excess shall be repaid to him.
- (2) For the purposes of this paragraph there is an excess of APRT credit for the last of the chargeable periods referred to in subsection (1)(b) of section 139 of this Act if any of that credit would, apart from this paragraph, fall to be carried forward to the next chargeable period in accordance with subsection (4) of that section; and the amount of the excess is the amount of the credit which would fall to be so carried forward.
- (3) A claim under sub-paragraph (1) above shall be made not earlier than two months after the expiry of the last chargeable period referred to in that sub-paragraph.
- (4) In any case where—
- (a) a claim is made under sub-paragraph (1) above before an assessment is made for the chargeable period referred to in that sub-paragraph, and
  - (b) the APRT credit for that period exceeds the amount of tax which, in the statement delivered under section 1(1)(a) of the Petroleum Revenue Tax Act 1980, is shown to be payable by the participator concerned in accordance with the Schedule to that Act for that period in respect of the oilfield in question,
- the amount of the excess shall be repaid to the participator and that repayment shall be regarded as a payment on account of any amount which may fall to be repaid to him by virtue of sub-paragraph (1) above.
- (5) Paragraph 10(4) above shall not apply to any amount of APRT which is repayable only on the making of a claim under sub-paragraph (1) above.
- (6) Amounts repaid to a participator by virtue of this paragraph shall be disregarded in computing his income for the purposes of income tax or corporation tax.

#### *Transfer of interest in fields*

- 15 (1) This paragraph has effect in a case where Part I of Schedule 17 to the Finance Act 1980 applies (transfer of interests in oil fields) and expressions used in the following provisions in this paragraph have the same meaning as in that Schedule.
- (2) For the purpose of determining whether the new participator is liable to pay an amount of APRT, but for no other purpose, subsection (1) of section 139 of this Act shall apply as if any gross profit which at any time before the transfer had accrued to the old participator from the field had accrued at that time to the new participator or, if the transfer is of part of the old participator's interest in the field, as if a corresponding part of that gross profit had at that time accrued to the new participator.



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- (3) There shall be treated as the APRT credit of 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 so much, if any, of the old participator's APRT credit in respect of that field for the transfer period as exceeds his liability for petroleum revenue tax for that period.
- (4) For the purposes of computing whether any, and if so what, amount of APRT is payable by the old participator and the new participator for the transfer period or any later chargeable period, it shall be assumed that any application or proposal made in relation to the transfer under paragraph 4 or paragraph 5(1) of Schedule 17 to the Finance Act 1980 and in respect of which the Board have not notified their decision will be accepted by the Board.

#### *Net profit periods*

- 16 (1) For the purposes of sections 111, 112 and 113 of the Finance Act 1981 (determination of net profit periods etc.) the total assessable profits which have accrued to a participator from an oil field at the end of a chargeable period may in addition to being set against allowable losses be set against the APRT paid by the participator in respect of that oil field for chargeable periods up to and including that period and accordingly those sections shall have effect subject to the following modifications.
  - (2) In subsection (2) of section 111 (calculation of net profit) for the words from " exceed the total" to the end there shall be substituted the words " exceed the aggregate of the total allowable losses that have so accrued to him and the total amount of advance petroleum revenue tax paid by him in respect of that field for chargeable periods up to and including that period. " and at the end of that subsection there shall be inserted the following subsection—
    - “(2A) For the purposes of subsection (2) above the total amount of advance petroleum revenue tax paid by the participator does not include any amount of that tax repaid to him before the end of the chargeable period first referred to in that subsection or any amount of that tax subsequently repaid to him under section 142(1) of the Finance Act 1982 or under paragraph 9 of Schedule 19 to that Act.”.
  - (3) In section 112 (application of section 111 where an interest in an oil field is transferred) the following subsection shall be inserted after subsection (4)—
    - “(4A) Subsections (2) and (2A) of section 111 shall have effect as if references to the amount of advance petroleum revenue tax paid by the new participator or repaid to him included references to the amount of that tax paid by or repaid to the old participator or, where the old participator has transferred part of his interest, such part of that amount as is just and reasonable.”.
  - (4) In section 113 (relief where total allowable losses exceed total allowable profits after the net profit period) the following subsection shall be substituted for subsection (1)  
—
    - “(1) This section has effect where the aggregate of—
      - (a) the total allowable losses that have accrued to a participator from an oil field in chargeable periods up to and including a chargeable period ending not more than three years after his net profit period, and

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(b) the amount of advance petroleum revenue tax paid by him in respect of that field for those periods less any such tax repaid to him before the end of those periods or repaid subsequently under section 142(1) of the Finance Act 1982 or paragraph 9 of Schedule 19 to that Act, exceeds the total assessable profits (without any reduction under section 7 or 8 of the principal Act) that have so accrued to him.”

*Abandoned fields*

- 17 (1) The provisions of this paragraph apply where—
- (a) the responsible person for an oil field has given notice under paragraph 1 of Schedule 8 to the principal Act that the winning of oil from the field has permanently ceased ; and
  - (b) he has been notified of a decision (whether of the Board or on appeal from the Board) that the winning of oil has so ceased ; and
  - (c) the date stated in that decision as the date on which the winning of oil from the field ceased is earlier than the expiry of the last of the chargeable periods specified in section 139(1)(b) of this Act.
- (2) Where a participator in the field in question has an amount of APRT credit—
- (a) which cannot be set against a liability for petroleum revenue tax under section 139(3) of this Act, and
  - (b) which is not repayable by virtue of any other provision of this Schedule, then, on the making of a claim, that amount shall be repaid to him.
- (3) Paragraph 10(4) above shall not apply to any amount of APRT which is repayable only on the making of a claim under sub-paragraph (2) above.
- (4) Any claim under sub-paragraph (2) above shall be made before any claim for any unrelievable field loss allowance under section 6 of the principal Act; and any amount of APRT which is repayable by virtue of such a claim shall be left out of account in determining the amount of any such loss.
- (5) Amounts repaid to a participator under this paragraph shall be disregarded in computing his income for the purposes of income tax and corporation tax.

**PART III**

AMENDMENTS

- 18 In section 2 of the principal Act, at the beginning of subsection (4), there shall be inserted the words " For the purposes of the tax (including advance petroleum revenue tax) ".
- 19 (1) In paragraph 13 of Schedule 2 to the principal Act for the words from " so far as " to " four months " there shall be substituted the words " and payable shall be due within six months ".
- (2) This paragraph has effect with respect to chargeable periods ending on or after 30th June 1983.
- 20 In sub-paragraph (2) and (4) of paragraph 5 of Schedule 3 to the principal Act (liability for petroleum revenue tax and interest in the case of transfers to associated

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companies) the references to tax and to interest payable under Part I of that Act shall include references to APRT and to interest payable under paragraph 10 or paragraph 13 above.

21 In section 1 of the Petroleum Revenue Tax Act 1980 (payments on account of petroleum revenue tax)—

- (a) at the end of paragraph (b) of subsection (1) (computation of payments) there shall be added the words " less an amount equal to his APRT credit for that chargeable period in respect of that oil field. "; and
- (b) in subsection (3) (repayment of excess) after the words " tax so charged" there shall be inserted the words " less the amount of the APRT credit deducted in accordance with subsection (1)(b) above from the tax shown in the statement "; and
- (c) the following subsections shall be inserted after subsection (3)—

“(3A) In subsections (1) and (3) above " APRT credit " has the meaning given by section 139(4) of the Finance Act 1982.

(3B) Paragraphs 3, 8 and 9 of Schedule 2 to the principal Act (penalties for failure to make returns under paragraph 2 of that Schedule) shall apply in relation to statements required to be made under subsection (1)(a) above as they apply in relation to returns required to be made under paragraph 2 of that Schedule.”

## SCHEDULE 20

Section 151.

### NATIONAL SAVINGS ACCOUNTS

1 The National Savings Bank Act 1971 shall have effect subject to the following amendments.

2 In subsection (2) of section 3 (provisions as to investment and ordinary deposits)—

- (a) after the words " investment deposits " there shall be inserted the words " and with respect to investment deposits of different descriptions "; and
- (b) after the words " investment deposit" there shall be inserted the words " or an investment deposit of a particular description ".

3 (1) In section 4 (power by order to limit amount of deposits) the following subsection shall be inserted after subsection (1)—

“(1A) The Treasury may by order prescribe an amount as the minimum balance for investment accounts and may provide for converting into a different description of investment account any account into which investment deposits of any description are made if the balance of that account falls below the minimum balance so prescribed for an account of that description.”

(2) At the end of paragraph (a) of subsection (2) of section 4 there shall be inserted the words " and with respect to investment deposits of different descriptions ".

4 (1) In subsection (1) of section 5 (interest on ordinary deposits) after the words " other rate " there shall be inserted the words " or rates " and at the end of the subsection there shall be added the words " and the Treasury may determine different rates of interest in relation to amounts deposited in any ordinary deposit account by reference to any one or more of the following factors, namely—

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- (a) the balance of the account at any time or over any period or the aggregate balance of that account and the depositor's other ordinary deposit accounts at any time or over any period ; and
  - (b) the number of withdrawals from that account over any period or the number of withdrawals from that account and the depositor's other ordinary deposit accounts."
- (2) In subsection (5) of that section, for the words " the rate " there shall be substituted the words " any of the rates " .
- 5 (1) In section 6 (interest on investment deposits) at the end of subsection (1) there shall be added the words " and different terms may be prescribed in relation to different descriptions of investment deposits " .
- (2) In subsection (2) of section 6, after the words " in relation to " there shall be inserted the words " different descriptions of investment deposits and " .
- (3) After subsection (2) of section 6 there shall be inserted the following subsection: —
  - “(2A) Without prejudice to the generality of subsection (2) above, the Treasury may determine, in relation to an account into which investment deposits of any description are made, different rates of interest by reference to any one or more of the following factors, namely.—
    - (a) the balance of that account at any time or over any period or the aggregate balance of the account and the depositor's other accounts of the same description, or the depositor's other investment accounts of any description, at any time or over any period ; and
    - (b) the number of withdrawals from that account over any period or the number of withdrawals from that account and the depositor's other accounts of the same description, or the depositor's other investment accounts of any description, over any period.”
- (4) In subsection (3) of section 6 for the words following " investment deposits " there shall be substituted the words " or investment deposits of a particular description; and any such alteration may affect deposits received at or before, as well as after the time the alteration is made " .
- 6 In section 7 (withdrawal of deposits)—
  - (a) in subsection (1) for the words " deposit, or part of a deposit," there shall be substituted the words " ordinary deposit, or part of an ordinary deposit, "; and
  - (b) the following subsection shall be substituted for subsection (2)-
    - “(2) The terms as to withdrawal of investment deposits shall be such as may from time to time be prescribed.”.
- 7 In subsection (1) of section 8 (matters which may be included in regulations under section 2 of the Act)—
  - (a) the following paragraph shall be substituted for paragraph (b)—
    - “(b) for the giving of statements of accounts or the issuing of depositors' books and for prescribing the entries to be made in such books ;” ; and
  - (b) in paragraph (d) of that subsection (entries, etc. to be proof of certain matters) for the words " or acknowledgements made " there shall be

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substituted the words " , acknowledgements or statements of accounts made or given " .

- 8 In section 27 (interpretation) after the definition of " the Commissioners " there shall be inserted the following definition—

“‘interest ’, in relation to investment deposits, includes any bonus or other payment, whether payable annually or otherwise, which constitutes income derived from the whole or any part of the deposits.”

## SCHEDULE 21

Section 156.

### DISSOLUTION OF BOARD OF REFEREES: CONSEQUENTIAL PROVISION

#### *Capital Allowances*

- 1 (1) Section 26 of the Capital Allowances Act 1968 (determination and review of percentage rates, for tax purposes, on wear and tear allowances for plant and machinery) shall be amended as follows.
- (2) In subsection (2) for the words from " a Board of Referees " to " and the Referees " there shall be substituted the words " the tribunal, who " .
- (3) In the proviso to subsection (2), and in subsection (3), for the word " Referees " in each place where it occurs there shall be substituted the word " tribunal " .
- (4) For subsection (7) there shall be substituted the following subsection—

“(7) In this section ' tribunal' means the tribunal established under section 463 of the principal Act.”

- 2 The Income Tax (Applications for Increase of Wear and Tear Percentages) Regulations 1950 shall have effect as if for references to the Board of Referees there were substituted references to the tribunal.

#### *The tribunal*

- 3 (1) For paragraph (a) of section 463 of the Taxes Act (constitution of tribunal) there shall be substituted the following paragraph—
- “(a) a chairman, appointed by the Lord Chancellor, and” .
- (2) In this Schedule " tribunal" means the tribunal established under section 463 of the Taxes Act.

#### *Savings and transitionals*

- 4 (1) Section 54 of the Taxes Management Act 1970 (settling of appeals by agreement) shall apply to the tribunal in relation to the exercise of functions transferred by section 156 of this Act as it applied, by virtue of paragraph 8 of Schedule 4 to that Act, to the Board of Referees.
- (2) Section 156 of this Act shall not affect the validity of anything done by or in relation to the Board of Referees before the commencement of that section ; and anything

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which at that date is in process of being done by or in relation to the Board may be continued by or in relation to the tribunal.

## SCHEDULE 22

Section 157.

### REPEALS

#### PART I

##### MISCELLANEOUS CUSTOMS AND EXCISE AND VALUE ADDED TAX

Chapter	Short Title	Extent of Repeal
<a href="#">1981 c. 35.</a>	The Finance Act 1981.	In section 1, subsections (1), (3) and (4). Section 2. In section 12, subsections (1) and (2). Schedules 1 and 2.

#### PART II

##### VEHICLES EXCISE DUTY

Chapter	Short Title	Extent of Repeal
<a href="#">1971 c. 10.</a>	The Vehicles (Excise) Act 1971.	In Schedule 6, paragraphs 3 and 5.
<a href="#">1972 c. 10 (N.I.).</a>	The Vehicles (Excise) Act (Northern Ireland) 1972.	In Schedule 7, paragraphs 3 and 5.
<a href="#">1981 c. 56.</a>	The Transport Act 1981.	Section 33. Section 34. Schedule 11.
<a href="#">1981 c. 35.</a>	The Finance Act 1981.	In section 7, subsections (2) and (3). In section 8, subsections (2) and (3). Schedule 3. Schedule 4.

The repeals in the Finance Act 1981 do not affect licences taken out before 10th March 1982.

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### PART III

#### GAMING MACHINE LICENCE DUTY

Chapter	Short Title	Extent of Repeal
1972 c. 11 (N.I.).	The Miscellaneous Transferred Excise Duties Act (Northern Ireland) 1972.	In section 44, subsections (3) (c) and (6)(aa). In paragraph the words " the peak rate ".
1980 c. 48.	The Finance Act 1980.	In Schedule 6, paragraph 15(2) and (4).
1981 c. 35.	The Finance Act 1981.	Section 9(6).
1981 c. 63.	The Betting and Gaming Duties Act 1981.	In section 22, subsections (5) (c) and (6).  In section 25(4), the word " and ", at the end of paragraph (b), and paragraph (c).

These repeals do not affect licences for periods beginning before 1st October 1982.

### PART IV

#### INCOME AND CORPORATION TAX: GENERAL

Chapter	Short Title	Extent of Repeal
1970 c. 10.	The Income and Corporation Taxes Act 1970.	Section 8(2)(b)(ii). Section 131(6). Section 228(5). Section 249(5). Section 416(4).
1975 c. 45.	The Finance (No. 2) Act 1975.	Section 36(5)(a). In section 36A(1), paragraph (a) and, in paragraph (b), the words "(including any interest paid in connection therewith)".
1976 c. 40.	The Finance Act 1976.	Section 64A(7) and (8).

1. The repeals of sections 131(6) and 249(5) of the Income and Corporation Taxes Act 1970 have effect in relation to payments of interest made, and the repeal of section 416(4) has effect in relation to securities issued, after 5th April 1982.
2. The repeals in section 36 and 36A of the Finance (No. 2) Act 1975 have effect for the year 1982-83 and subsequent years of assessment.

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Chapter	Short Title	Extent of Repeal
1980 c. 48.	The Finance Act 1980.	In Schedule 12, in paragraph 7(3) the words from " and a television set" onwards.
1981 c. 35.	The Finance Act 1981.	Section 24. In section 27(3), the words " (except so far as made by virtue of section 4 of that Act)". In section 27(8) the word " and " where it appears at the end of paragraph (b). Section 42(2)(c). In section 68, subsections (2), (4) and (5).
<p>1. The repeals of sections 131(6) and 249(5) of the Income and Corporation Taxes Act 1970 have effect in relation to payments of interest made, and the repeal of section 416(4) has effect in relation to securities issued, after 5th April 1982.</p> <p>2. The repeals in section 36 and 36A of the Finance (No. 2) Act 1975 have effect for the year 1982-83 and subsequent years of assessment.</p>		

## PART V

### OPTION MORTGAGE SCHEMES

Chapter or Number	Short Title	Extent of Repeal
1967 c. 29.	The Housing Subsidies Act 1967.	Sections 24 to 32.
1969 c. 33.	The Housing Act 1969.	Sections 78 and 79.
1970 c. 10.	The Income and Corporation Taxes Act 1970.	In Schedule 15, the entry in Part II relating to the Housing Subsidies Act 1967.
1971 c. 68.	The Finance Act 1971.	Section 66.
1974 c. 44.	The Housing Act 1974.	Section 119. Schedule 11.
1980 c. 51.	The Housing Act 1980.	Sections 114 to 116. Schedule 14.
S.I. 1981/156 (N.I. 3).	The Housing (Northern Ireland) Order 1981.	Articles 141 to 152.

These repeals have effect on 1st April 1983, but subject to subsections (2) to (4) of section 27 of this Act.



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## PART VI

### CAPITAL GAINS

Chapter	Short Title	Extent of Repeal
1979 c. 14.	The Capital Gains Tax Act 1979.	Section 55(2). Section 56(2) In section 146(3)— the words " or 55 "; the words from " or (b) " to " paragraph 12 "; the words " or the assets are so held "; the words from " or of the assets " to "(b) above"; the words " and 55 ". In section 147(3), the words " or 55(1)". In Schedule 4— in paragraph 2(1) the words " or 55(1) "; paragraph 2(3)(b); in paragraph 3(1)(a), the words " or 55(1) ".
1980 c. 48.	The Finance Act 1980.	In section 79(4), the words from " or " onwards. In section 79(5), the words from " and where " onwards.
1981 c. 35.	The Finance Act 1981.	Section 78(1) and (3).

The repeals of section 55(2) and 56(2) of the Capital Gains Tax Act 1979 have effect in relation to interests terminating after 5th April 1982 and the remaining repeals have effect in relation to disposals after that date.

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## PART VII

### CAPITAL TRANSFER TAX

Chapter	Short Title	Extent of Repeal
<a href="#">1975 c. 7.</a>	The Finance Act 1975.	<p>In section 20(7) the words " (within the meaning of Schedule 5 to this Act) ".</p> <p>Section 26(2A).</p> <p>In section 51, in subsection (1) the definition of " capital distribution", and in subsection (5) the words " (except paragraph 11(10) of Schedule 5)".</p> <p>In Schedule 4, in paragraphs 2(7), 12(4) and 19(1)(e) the words "or section 89 of the Finance Act 1980 " and the words " or paragraph 3 of Schedule 15 to the Finance Act 1981 ".</p> <p>In Schedule 5—            paragraphs 6 to 15;            paragraph 16(5);            in paragraph 17, in sub-paragraph (1) the words " or (c) charities ", sub-paragraph (3)(c) to (e) and the word " and " immediately preceding paragraph (c), and sub-paragraphs (4) and (5) to (9);            in paragraph 18 (as it applies where the failure or determination of the trusts concerned was before 12th April 1978), sub-paragraphs (2) and (3);</p>

1. The repeals of—
  - (a) section 26(2A) of the Finance Act 1975,
  - (b) paragraph 4A of Schedule 15 to the Finance Act 1980, and
  - (c) section 99 of and Schedule 15 to the Finance Act 1981,
 together with the repeals in Schedule 4 to the Finance Act 1975 relating to Schedule 15 to the Finance Act 1981, have effect in relation to deaths on or after 15th November 1976.
2. The repeal of paragraph 12(1) and (2) of Schedule 5 to the Finance Act 1975 has effect as from 1st January 1982.
3. The remaining repeals, except those in section 86 of the Finance Act 1980, have effect in relation to events after 8th March 1982 (or, in a case within Part II of Schedule 15 to this Act, 31st March 1983 or, as the case may be, 31st March 1984).

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Chapter	Short Title	Extent of Repeal
<p>1976 c. 40.</p>	<p>The Finance Act 1976.</p>	<p>in paragraph 19 (as it applies to property transferred into settlement before 10th March 1981), sub-paragraphs (2) and (3); paragraphs 20 and 21; in paragraph 24, sub-paragraph (4).</p> <p>In Schedule 6, paragraphs 10(2), 11(1 A), 12(2), 13(1 A) and 15(6).</p> <p>Section 79(2), (5) and (6).</p> <p>Section 84.</p> <p>In section 105, in subsection (1) the words " (2) and " and " paragraph 6(7) were omitted and ", and subsection (2).</p> <p>Section 106.</p> <p>Section 107(3) and (4).</p> <p>Section 110(3).</p> <p>In section 111, subsections (1) to (3), in subsection (4) the words from " after sub-paragraph (1) " to " Schedule 5 to this Act", and subsection (5).</p> <p>In section 118(2) the words from " and subsection (4) " onwards.</p> <p>Section 118(4).</p> <p>In Schedule 11, paragraph 4.</p> <p>In Schedule 14, paragraphs 2, 3, 8, 11, 12, 13(c) and (d), 14, 15, 16 and 17.</p>
<p>1. The repeals of—        (a) section 26(2A) of the Finance Act 1975,        (b) paragraph 4A of Schedule 15 to the Finance Act 1980, and        (c) section 99 of and Schedule 15 to the Finance Act 1981,        together with the repeals in Schedule 4 to the Finance Act 1975 relating to Schedule 15 to the Finance Act 1981, have effect in relation to deaths on or after 15th November 1976.</p> <p>2. The repeal of paragraph 12(1) and (2) of Schedule 5 to the Finance Act 1975 has effect as from 1st January 1982.</p> <p>3. The remaining repeals, except those in section 86 of the Finance Act 1980, have effect in relation to events after 8th March 1982 (or, in a case within Part II of Schedule 15 to this Act, 31st March 1983 or, as the case may be, 31st March 1984).</p>		

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Chapter	Short Title	Extent of Repeal
1977 c. 36.	The Finance Act 1977.	Section 50. In section 51, subsections (3) and (4).
1978 c. 42.	The Finance Act 1978.	In section 64, subsection (6), and in subsection (7) the words from the beginning to " and" and the word " other ". In section 69, subsections (2) and (3), and in subsection (6) the words " 6(6B) and 14(5)". Section 70. In section 71(2) the words from " but " to the end. In section 72(2) the words from " and " onwards. In Schedule 11, paragraph 1.
1979 c. 47.	The Finance (No. 2) Act 1979.	Section 23.
1980 c. 48.	The Finance Act 1980.	In section 86, subsection (4), and in subsection (5) the words " and (4) ". Section 88(1) to (6). Sections 89 to 91. In Schedule 15, paragraphs 3 and 4A, and in paragraph 5 the words "or 81(4)(b)", " or a settlement which ceased to exist" and "or when the settlement ceased to exist". Schedule 16.
1981 c. 35.	The Finance Act 1981.	In section 92, subsection (3), in subsection (4) the words " or 81(4)(b), ", " or a settlement which ceased to exist" and " or when the

1. The repeals of—
  - (a) section 26(2A) of the Finance Act 1975,
  - (b) paragraph 4A of Schedule 15 to the Finance Act 1980, and
  - (c) section 99 of and Schedule 15 to the Finance Act 1981,
 together with the repeals in Schedule 4 to the Finance Act 1975 relating to Schedule 15 to the Finance Act 1981, have effect in relation to deaths on or after 15th November 1976.
2. The repeal of paragraph 12(1) and (2) of Schedule 5 to the Finance Act 1975 has effect as from 1st January 1982.
3. The remaining repeals, except those in section 86 of the Finance Act 1980, have effect in relation to events after 8th March 1982 (or, in a case within Part II of Schedule 15 to this Act, 31st March 1983 or, as the case may be, 31st March 1984).

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Chapter	Short Title	Extent of Repeal
		settlement ceased to exist", and subsection (5). Section 99. Section 102. Schedule 15.
<p>1. The repeals of—</p> <p>(a) section 26(2A) of the Finance Act 1975,                      (b) paragraph 4A of Schedule 15 to the Finance Act 1980, and                      (c) section 99 of and Schedule 15 to the Finance Act 1981,                      together with the repeals in Schedule 4 to the Finance Act 1975 relating to Schedule 15 to the Finance Act 1981, have effect in relation to deaths on or after 15th November 1976.</p> <p>2. The repeal of paragraph 12(1) and (2) of Schedule 5 to the Finance Act 1975 has effect as from 1st January 1982.</p> <p>3. The remaining repeals, except those in section 86 of the Finance Act 1980, have effect in relation to events after 8th March 1982 (or, in a case within Part II of Schedule 15 to this Act, 31st March 1983 or, as the case may be, 31st March 1984).</p>		

## PART VIII

### STAMP DUTY

Chapter	Short Title	Extent of Repeal
<a href="#">1974 c. 30.</a>	The Finance Act 1974.	In section 49, subsections (2) and (3).
<a href="#">1980 c. 48.</a>	The Finance Act 1980.	In section 118(3) the words "section 49(2) of the Finance Act 1974 (relief from stamp duty)".

## PART IX

### OIL TAXATION

Chapter	Short Title	Extent of Repeal
<a href="#">1975 c. 22.</a>	The Oil Taxation Act 1975.	In section 12(3) the words from "as regards" to "any oil field".  In Schedule 3, in paragraph 8(1) the words from "unless it is so met by a grant" onwards.
<p>1. The repeal in section 12(3) of the Oil Taxation Act 1975 has effect in relation to determinations made after 31st December 1981.</p> <p>2. The repeal of section 105 of the Finance Act 1980 does not have effect in relation to chargeable periods ending on or before 30th June 1983.</p> <p>3. The repeal of sections 122 to 128 of and Schedule 16 to the Finance Act 1981 does not have effect in relation to chargeable periods ending on or before 31st December 1982.</p>		

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Chapter	Short Title	Extent of Repeal
1980 c. 48.	The Finance Act 1980.	Section 105.
1981 c. 35.	The Finance Act 1981.	Sections 122 to 128. Schedule 16.
<p>1. The repeal in section 12(3) of the Oil Taxation Act 1975 has effect in relation to determinations made after 31st December 1981.</p> <p>2. The repeal of section 105 of the Finance Act 1980 does not have effect in relation to chargeable periods ending on or before 30th June 1983.</p> <p>3. The repeal of sections 122 to 128 of and Schedule 16 to the Finance Act 1981 does not have effect in relation to chargeable periods ending on or before 31st December 1982.</p>		

## PART X

### BOARD OF REFEREES

Chapter	Short Title	Extent of Repeal
1970 c. 9.	The Taxes Management Act 1970.	Section 6(1)(b). In Schedule 4, paragraph 8.
1971 c. 62.	The Tribunals and Inquiries Act 1971.	In Schedule 1, paragraph 29(c).
1975 c. 24.	The House of Commons Disqualification Act 1975.	In Schedule 1, in Part III, the entry relating to the Board of Referees appointed for the purposes of section 26 of the Capital Allowances Act 1968.
1975 c. 25.	The Northern Ireland Assembly Disqualification Act 1975.	In Schedule 1, in Part III, the entry relating to the Board of Referees appointed for the purposes of section 26 of the Capital Allowances Act 1968.

## PART XI

### SPENT ENACTMENTS

Chapter	Short Title	Extent of Repeal
1947 c. 46.	The Wellington Museum Act 1947.	Section 4(3).
1970 c. 10.	The Income and Corporation Taxes Act 1970.	Section 10. Section 11(1), (2), (3) and (6),

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Chapter	Short Title	Extent of Repeal
1971 c. 68.	The Finance Act 1971.	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. In Schedule 4, paragraph 3(1)(a). In Schedule 6, paragraph 6.
1975 c. 7.	The Finance Act 1975.	In Schedule 6, paragraphs 1(3) and (4) and 10(4) and (5).
1975 c. 45.	The Finance (No. 2) Act 1975.	In Schedule 12— paragraph 5 of Part I; paragraph 3 of Part III; paragraph 4 of Part IV.
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).
1980 c. 48.	The Finance Act 1980.	Section 25.