

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 12 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

F1 SCHEDULE 1

Textual Amendments

F1 Sch. 1 repealed (1.9.1994) by 1994 c. 22, ss. 64, 65, 66, Sch. 4, Sch. 5 Pt. I (with s. 57(4))

SCHEDULE 2

Section 3(7).

VEHICLES EXCISE DUTY: MISCELLANEOUS AMENDMENTS

F2 PART I

Textual Amendments

F2 Sch. 2 Pt. I repealed (1.9.1994) by 1994 c. 22, ss. 64, 65, 66, Sch. 4, Sch. 5 Pt. I (with s. 57(4))

F6 PART II

Textual Amendments

F6 Sch. 2 Pt. II repealed(1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, Sch. 19 Pt.IV; S.I. 1991/2021, art.2.

Additional days to be included in duration of certain licences

F7

Textual Amendments

F7 Sch. 2 Pt. II repealed(1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, Sch. 19 Pt.IV; S.I. 1991/2021, art.2. and subject to amendment by 1994 c. 9, s. 258, Sch. 26 Pt. I(3)

Tower wagons used by street lighting authorities etc.

F8

Textual Amendments

F8 Sch. 2 Pt. II repealed(1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, Sch. 19 Pt.IV; S.I. 1991/2021, art.2.

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Trade licences

F⁹9

Textual Amendments
F⁹ Sch. 2 Pt. II repealed(1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, Sch. 19 Pt.IV; S.I. 1991/2021, art.2.

Surrender of licences

F¹⁰10

Textual Amendments
F¹⁰ Sch. 2 Pt. II repealed(1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, Sch. 19 Pt.IV; S.I. 1991/2021, art.2.

Removal of fee for duplicate registration document

F¹¹11

Textual Amendments
F¹¹ Sch. 2 Pt. II repealed(1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, Sch. 19 Pt.IV; S.I. 1991/2021, art.2.

SCHEDULE 3

Section 5.

WAREHOUSING REGULATIONS

1 Section 93 of the ^{M2}Customs and Excise Management Act 1979 (warehousing regulations) shall be amended in accordance with paragraphs 2 to 7 below.

Marginal Citations
M2 1979 c. 2.

F¹²2

Textual Amendments
F¹² Sch. 3 para. 2 repealed (9.12.1992) by Finance (No. 2) Act 1992 (c. 48), ss. 3, 82, Sch. 2 para. 2, Sch. 18 Pt.I, Note 6; S.I. 1992/3104, art. 2(1).

3 The following shall be inserted after subsection (2)(e)—
“(ee) providing that goods which are to be warehoused, or which have been lawfully permitted to be removed from a warehouse without

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payment of duty, are to be treated as if, for all or any prescribed purposes of the customs and excise Acts, they were warehoused;”.

- 4 The following shall be substituted for subsection (2)(g) (business records)—
- “(g) imposing or providing for the imposition under the regulations of requirements on the occupier of a warehouse or the proprietor of goods in a warehouse or goods which have been in or are to be deposited in a warehouse to keep and preserve such records as may be prescribed relating to his occupation of the warehouse or proprietorship of the goods;
 - (h) imposing or providing for the imposition under the regulations of requirements on such an occupier or proprietor to preserve all other records kept by him for the purposes of any relevant business or activity, except any records which (or records of a class which) the Commissioners specify as not needing preservation;
 - (j) imposing or providing for the imposition under the regulations of requirements on such an occupier or proprietor to produce or cause to be produced any records which he has been required to preserve by virtue of paragraph (g) or (h) above to an officer when required to do so for the purpose of allowing the officer to inspect them, to copy or take extracts from them or to remove them at a reasonable time and for a reasonable period;
 - (k) imposing or providing for the imposition under the regulations of requirements on such an occupier or proprietor to furnish the Commissioners with any information relating to any relevant business or activity which they specify as information which they think it is necessary or expedient for them to be given for the protection of the revenue;
 - (l) allowing a requirement to preserve any records which has been imposed by virtue of paragraph (h) above to be discharged by the preservation in a form approved by the Commissioners of the information contained in the records.”

- 5 The following shall be inserted at the end of subsection (2)—
- “In this subsection ‘relevant business or activity’ means, in relation to an occupier or proprietor, any business or activity of his which includes occupation of a warehouse or (as the case may be) proprietorship of goods in a warehouse or goods which have been in or are to be deposited in a warehouse, where the goods are of a kind in which the proprietor trades or deals.”

F13⁶

<p>Textual Amendments</p> <p>F13 Sch. 3 para. 6 repealed (9.12.1992) by Finance (No. 2) Act 1992 (c. 48), ss. 3, 82, Sch. 2 para. 2, Sch. 18 Pt.I, Note 6; S.I. 1992/3104, art. 2(1).</p>

- 7 The following shall be substituted for subsection (7) (interpretation)—
- “(7) In this section—
- (a) “prescribed” means prescribed by warehousing regulations;

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- (b) references to goods which are to be warehoused are references to goods which have been entered for warehousing on importation, which have been removed from a producer’s premises for warehousing without payment of duty or which are to be warehoused on drawback.”

8 In consequence of the amendments made by the preceding provisions of this Schedule, the following provisions of section 15 of the ^{M3}Alcoholic Liquor Duties Act 1979 (which relate to regulations about distillers’ warehouses) shall cease to have effect—

- (a) subsections (6A) and (6B), and
 (b) the words “restriction or requirement” in subsection (7) and in subsection (8).

Marginal Citations

M3 1979 c. 4.

SCHEDULE 4

Section 6.

EXTENSION TO NORTHERN IRELAND OF PROVISIONS
 OF BETTING AND GAMING DUTIES ACT 1981

PART I

AMENDMENTS OF THE BETTING AND GAMING DUTIES ACT 1981

General betting duty and pool betting duty

- 1 (1) In section 1 (general betting duty) in subsection (1) for the words “Great Britain” there shall be substituted “the United Kingdom”.
- (2) In subsection (3) of that section after the words “Act 1963” there shall be inserted the words “or Article 37 of the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985”.
- 2 ^{F14}(1)
- ^{F15}(2)

Textual Amendments

F14 Sch. 4 para. 2(1) repealed (*retrospective* to 31.3.2002) by 2002 c. 23, ss. 12, 141, **Sch. 40 Pt. 1(4)** Note 2
F15 Sch. 4 para. 2(2) repealed (1.2.1994) by 1993 c. 34, s. 213, **Sch. 23 Pt. I**; S.I. 1993/2842, **art. 3(3)**.

- 3 (1) In section 9 (prohibitions for protection of revenue) for the words “Great Britain”, wherever they occur, there shall be substituted “the United Kingdom”.
- (2) In subsection (3)(a) of that section the words “Northern Ireland or” and “of the Parliament of Northern Ireland or, as the case may be,” shall be omitted.

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- 4 In section 12(4) (interpretation of provisions relating to betting duties)—
 - (a) before the definition of “meeting” there shall be inserted the following definitions—

““betting office licence”—

- (a) in Great Britain, has the meaning given by section 9(1) of the Betting, Gaming and Lotteries Act 1963, and
- (b) in Northern Ireland, means a bookmaking office licence as defined in Article 2(2) of the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985;

“bookmaker”—

- (a) in Great Britain, has the meaning given by section 55(1) of the said Act of 1963, and
- (b) in Northern Ireland, has the meaning given by Article 2(2) of the said Order of 1985;

and (in either case) the expression “bookmaking” shall be construed accordingly;

“bookmaker’s permit”—

- (a) in Great Britain, has the meaning given by section 2(1) of the said Act of 1963, and
- (b) in Northern Ireland, means a bookmaker’s licence as defined in Article 2(2) of the said Order of 1985;”;

^{F16}(b)

- (c) the words from “and “betting office licence”” to the end shall be omitted.

Textual Amendments

F16 Sch. 4 para. 4(b) repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 27 Pt. 6(3)

Bingo duty

- 5 In section 17(1) (charge of bingo duty) for the words “Great Britain” there shall be substituted “the United Kingdom”.

- 6 In section 19(2) (bingo played in more than one place)—
 - (a) for the words “Great Britain”, in both places where they occur, there shall be substituted “the United Kingdom”; and
 - (b) the words “Northern Ireland or” and the words “the Parliament of Northern Ireland or, as the case may be,” shall be omitted.

- 7 In section 20(2) (interpretation of provisions relating to bingo duty) the definition of “Great Britain” shall be omitted and after the definition of “the promoter” there shall be inserted the following definition—

““United Kingdom’ includes the territorial waters of the United Kingdom;”.

General

^{F17}8

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Textual Amendments

F17 Sch. 4 Pt. I para. 8 repealed (1.7.1997) by 1997 c. 16, s. 113, Sch. 18 Pt. V(2); S.I. 1997/1433, art. 2

^{F18}9

Textual Amendments

F18 Sch. 4 Pt. I para. 9 repealed (1.7.1997) by 1997 c. 16, s. 113, Sch. 18 Pt. V(2); S.I. 1997/1433, art. 2

10 (1) In section 35, for subsection (3) (extent) there shall be substituted—

“(3) The following provisions of this Act do not extend to Northern Ireland—

- (a) sections 13 to 16;
- (b) sections 29 and 30;
- (c) Schedule 2;
- (d) paragraph 15 of Schedule 4;

and sections 27 and 31 do not extend there in their application to the enactment relating to gaming licence duty.”

(2) Subsection (4) of that section shall be omitted.

Administration of betting duties

11 (1) In Schedule 1 (betting duties) ^{F19}....

(2) In paragraph 15 of that Schedule—

- ^{F20}(a)
- ^{F20}(b)

(c) after that sub-paragraph there shall be inserted the following sub-paragraphs—

“(5) Subject to sub-paragraph (6) below, where under sub-paragraph (1) above a court orders that a betting office licence held by a person in respect of premises in Northern Ireland shall be forfeited and cancelled, no court of summary jurisdiction shall entertain an application by that person for the grant (or provisional grant) of a new betting office licence in respect of those premises or any other premises situated in the same petty sessions district as those premises made less than twelve months after that forfeiture and cancellation.

(6) Sub-paragraph (5) above—

- (a) shall not prejudice the right of such a person as is mentioned in that sub-paragraph to seek the renewal of any betting office licence (other than that which is forfeited) which he holds; and
- (b) applies notwithstanding anything in Article 12 of the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985.”.

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Textual Amendments

- F19** Words in Sch. 4 para. 11(1) repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 27 Pt. 6(3)
F20 Sch. 4 para. 11(2)(a)(b) repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 27 Pt. 6(3)

Exemptions from, and administration of, bingo duty

- 12 (1) In Schedule 3 in paragraph 2(1) (small-scale bingo) after the words “Act 1968” there shall be inserted the words “or under Chapter II of Part III of the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985”.
- (2) In paragraph 5 of that Schedule (small-scale amusements provided commercially) in sub-paragraph (1) after paragraph (a) there shall be inserted the following paragraph—
 “(aa) on any premises in Northern Ireland in respect of which an amusement permit under Article 111 of the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985 or a pleasure permit under Article 157 of that Order has been granted;”.
- (3) In paragraph 10(2) of that Schedule (registration of bingo-promoters) after the words “Act 1968” there shall be inserted the words “or under Chapter II of Part III of the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985”.

PART II

CONSEQUENTIAL AMENDMENTS OF NORTHERN IRELAND LEGISLATION

- 13 In section 287(1)(a) of the ^{M4}Companies Act (Northern Ireland) 1960 (preferential payments), for head (iv) there shall be substituted the following head—
 “(iv) any amount due from the company at the relevant date by way of general betting duty or bingo duty, or by virtue of section 12(1) of the Betting and Gaming Duties Act 1981, which became due within 12 months next before that date;”.

Marginal Citations

- M4** 1960 c. 22 (N.I.)

- 14 In Article 19(a) of the ^{M5}Bankruptcy Amendment (Northern Ireland) Order 1980 (preferential payments), for head (v) there shall be substituted the following head—
 “(v) any amount due from the bankrupt at the relevant date by way of general betting duty or bingo duty, or by virtue of section 12(1) of the Betting and Gaming Duties Act 1981, which became due within 12 months next before that date;”.

Marginal Citations

- M5** S.I. 1980/561 (N.I. 4).

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- 15 (1) The ^{M6}Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985 shall be amended as follows.
- (2) In Article 7, after paragraph (4), there shall be inserted the following paragraph—
- “(4A) In considering the fitness of any applicant to hold a bookmaker’s licence, the court shall have regard to—
- (a) any failure of the applicant or of any other person mentioned in paragraph (3)(b); and
- (b) where the applicant is a body corporate, any failure of any director of the applicant or of any other person mentioned in paragraph (4);
- to pay any amount due from him or it by way of general betting duty or pool betting duty.”.
- (3) In Article 61, after paragraph (4) there shall be inserted the following paragraph—
- “(4A) In considering the fitness of any applicant to hold a bingo club licence, a court shall have regard to—
- (a) any failure of the applicant or of any other person mentioned in paragraph (3)(b); and
- (b) where the applicant is a body corporate, any failure of any director of the applicant or of any other person mentioned in paragraph (4);
- to pay any amount due from him or it by way of bingo duty.”.
- (4) In Article 174 (registration of licences, etc)—
- (a) in paragraph (2), after head (g) there shall be inserted the following head—
- “(gg) particulars of the forfeiture and cancellation of any bookmaking office licence in consequence of an order made under paragraph 15(1) of Schedule 1 to the Betting and Gaming Duties Act 1981;”;
- (b) in paragraph (4), after head (b) there shall be inserted the following—
- “or
- (c) orders the forfeiture and cancellation of a book-making office licence under paragraph 15(1) of Schedule 1 to the Betting and Gaming Duties Act 1981;”.
- (5) In the following provisions, namely—
- (a) Article 2(16), in so far as it is relevant for the purposes of the provisions mentioned in heads (b) and (c);
- (b) Article 185(3) and Schedule 7, in so far as those provisions relate to a bookmaker’s licence, a bookmaking office licence or a bingo club licence; and
- (c) Schedules 1 to 6 and Schedules 9 and 10;
- any reference to the sub-divisional commander of the police sub-division shall be construed as including a reference to the Collector of Customs and Excise for the area, and any reference to the police sub-division shall be construed as including a reference to the area for which the Collector is responsible.

Marginal Citations

M6 S.I. 1985/1204 (N.I. 11).

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PART III

SUBORDINATE LEGISLATION

- 16 (1) Any regulations made under Schedule 1 (betting duties) to the ^{M7}Betting and Gaming Duties Act 1981, in so far as they have effect immediately before the betting commencement date, shall have effect on and after that date in relation to Northern Ireland as if—
- (a) that Act extended to Northern Ireland at the time when the regulations were made, and
 - (b) the regulations were made in relation to Northern Ireland as well as to Great Britain.
- (2) Any orders or regulations made under Schedule 3 (bingo duty) to that Act, in so far as they have effect immediately before the bingo commencement date, shall have effect on and after that date in relation to Northern Ireland as if—
- (a) that Act extended to Northern Ireland at the time when the orders or regulations were made, and
 - (b) the orders or regulations were made in relation to Northern Ireland as well as to Great Britain.

Marginal Citations

M7 1981 c. 63.

SCHEDULE 5

LICENCES UNDER THE CUSTOMS AND EXCISE ACTS

General provisions as to payment of duty on excise licences

- 1 In section 101 of the ^{M8}Customs and Excise Management Act 1979 (grant of excise licences)—
- (a) in subsection (1), for the words “the appropriate duty” there shall be substituted “any appropriate duty”; and
 - (b) in subsection (3), for the words “taken out” there shall be substituted “held” and for the words “in any one licence year” there shall be substituted “at any one time”.

Marginal Citations

M8 1979 c. 2.

- 2 In sections 102(1) and 104(3) of the Customs and Excise Management Act 1979 (payment for and transfer of excise licences), for the words “the duty” there shall be substituted “any duty”.

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Licences to manufacture spirits

- 3 (1) Section 12 of the ^{M9}Alcoholic Liquor Duties Act 1979 (distillers' licences) shall be amended in accordance with this paragraph.

^{F21}(2)

- (3) At the end of subsection (5) there shall be added the words “and where the largest still so used on any premises in respect of which a licence is held is of less than that capacity, the Commissioners may revoke the licence or attach to it such conditions as they see fit to impose”.

(4) ^{F22}

Textual Amendments

F21 Sch. 5 para. 3(2) repealed (19.7.2006) by Finance Act 2006 (c. 25), Sch. 26 Pt. 1(1)

F22 Sch. 5 para. 3(4)(5) repealed by Finance Act 1990 (c. 29, SIF 40:1), s. 132, Sch. 19 Pt. I

Marginal Citations

M9 1979 c. 4.

Licences relating to hydrocarbon oil etc.

- 4 In Schedule 3 to the ^{M10}Hydrocarbon Oil Duties Act 1979 (subjects for regulations under section 21 of that Act), in paragraphs 2, ^{F23}... and 18 (which relate to licences for the production etc. of hydrocarbon oil, petrol substitutes and road fuel gas respectively) for the words “Fixing the date of expiration of any such licence” there shall be substituted “Specifying the circumstances in which any such licence may be surrendered or revoked”.

Textual Amendments

F23 Word in Sch. 5 para. 4 repealed (1.12.1995) by 1993 c. 34, ss. 11(5), 213, Sch. 23 Pt. I; S.I. 1995/2715, art. 2

Marginal Citations

M10 1979 c. 5.

Licences to manufacture mechanical lighters

^{F24}5

Textual Amendments

F24 Sch. 5 para. 5 repealed (1.1.1993) by Finance (No. 2) Act 1992 (c. 48), s. 82, Sch. 18 Pt.II.

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F25 SCHEDULE 6

Textual Amendments

F25 Sch. 6 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), Sch. 15 (with Sch. 13 para. 9 and subject to an amendment by 1994 c. 22, s. 63, Sch. 3 para. 21)

SCHEDULES 7,

8.
F29

Textual Amendments

F29 Schs. 7, 8, 9 Pt. I paras. 1–21, Pt. II para. 23, Schs. 10–12, 17, 18 paras. 1–6, 9(1)(a)(2) repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, Sch. 31

SCHEDULE 9

Section 40.

BUSINESS EXPANSION SCHEME

PART I

1–21. F30

Textual Amendments

F30 Schs. 7, 8, 9 Pt. I paras. 1–21, Pt. II para. 23, Schs. 10–12, 17, 18 paras. 1–6, 9(1)(a)(2) repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, Sch. 31

PART II

CONSEQUENTIAL AMENDMENTS

22 In the M13 Taxes Management Act 1970 the following section shall be inserted after section 47A—

“47B Special jurisdiction relating to Business Expansion Scheme.

If and so far as the question in dispute on any appeal against the refusal of relief under Schedule 5 to the Finance Act 1983 (relief for investment in corporate trades), or against an assessment withdrawing any such relief, is a

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question of the value of an interest in land (within the meaning of paragraph 5A(5) of that Schedule), it shall be determined—

- (a) if the land is in England and Wales, on a reference to the Lands Tribunal;
- (b) if the land is in Scotland, on a reference to the Lands Tribunal for Scotland; and
- (c) if the land is in Northern Ireland, on a reference to the Lands Tribunal for Northern Ireland”

Marginal Citations

M13 1970 c. 9.

23 **F31**

Textual Amendments

F31 Schs. 7, 8, 9 Pt. I paras. 1–21, Pt. II para. 23, Schs. 10–12, 17, 18 paras. 1–6, 9(1)(a)(2) repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

SCHEDULES 10–

12. **F32**

Textual Amendments

F32 Schs. 7, 8, 9 Pt. I paras. 1–21, Pt. II para. 23, Schs. 10–12, 17, 18 paras. 1–6, 9(1)(a)(2) repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

SCHEDULES

13–:16. **F33**

Textual Amendments

F33 Schs. 13–16 repealed by Capital Allowances Act 1990 (c. 1, SIF 63:1), s. 164(4), **Sch. 2**

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SCHEDULE

17.....

F34

Textual Amendments

F34 Schs. 7, 8, 9 Pt. I paras. 1–21, Pt. II para. 23, Schs. 10–12, 17, 18 paras. 1–6, 9(1)(a)(2) repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

SCHEDULE 18

Section 63.

SECURITIES: OTHER PROVISIONS

Sale and re-purchase of securities

1–6. F35

Textual Amendments

F35 Schs. 7, 8, 9 Pt. I paras. 1–21, Pt. II para. 23, Schs. 10–12, 17, 18 paras. 1–6, 9(1)(a)(2) repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

Information

F367

Textual Amendments

F36 Sch. 18 para. 7 repealed (19.3.1997 with effect as mentioned in Sch. 10 para. 16, Sch. 18 Pt. VI(10) Note 1 of the amending Act) by 1997 c. 16, ss. 76, 113, Sch. 10 Pt. II para. 15, **Sch. 18 Pt. VI(10)**; S.I. 1997/991, **art. 2**

8 (1) In section 25 of the Taxes Management Act 1970 (information: chargeable gains) in subsection (4) for the word “jobber” there shall be substituted the words “market maker”.

(2) At the end of section 25 there shall be inserted—

“(10) In this section “market maker”, in relation to shares or securities, means a person who—

- (a) holds himself out at all normal times in compliance with the rules of The Stock Exchange as willing to buy and sell shares or securities of the kind concerned at a price specified by him, and
- (b) is recognised as doing so by the Council of The Stock Exchange.”

(3) Sub-paragraphs (1) and (2) above apply in relation to transactions on or after the day of The Stock Exchange reforms.

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F37(4)

F37(5)

Textual Amendments

F37 Sch. 18 para. 8(4)(5) omitted (with effect in accordance with Sch. 23 para. 65 of the amending Act) by virtue of Finance Act 2011 (c. 11), **Sch. 23 paras. 54, 65(1)(a)** (with Sch. 23 paras. 50, 65(1)(b))

Miscellaneous

F38g

Textual Amendments

F38 Sch. 18 para. 9 repealed (19.3.1997 with effect as mentioned in Sch. 10 para. 16, Sch. 18 Pt. VI(10) Note 1 of the amending Act) by 1997 c. 16, ss. 76, 113, Sch. 10 Pt. II para. 15, **Sch. 18 Pt. VI(10)**; S.I. 1997/991, **art. 2**

General

- 10 (1) In this Schedule “the day of The Stock Exchange reforms” means the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.
- (2) In this Schedule “recognised investment exchange” means a recognised investment exchange within the meaning of the Financial Services Act 1986.
- (3) Any power to make regulations under this Schedule shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

SCHEDULE 19

Section 101.

INHERITANCE TAX

PART I

AMENDMENTS OF 1984 ACT

1 After section there shall be inserted the following section—

“3A Potentially exempt transfers.

- (1) Any reference in this Act to a potentially exempt transfer is a reference to a transfer of value—
 - (a) which is made by an individual on or after 18th March 1986; and

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- (b) which, apart from this section, would be a chargeable transfer (or to the extent to which, apart from this section, it would be such a transfer); and
 - (c) to the extent that it constitutes either a gift to another individual or a gift into an accumulation and maintenance trust or a disabled trust; but this subsection has effect subject to any provision of this Act which provides that a disposition (or transfer of value) of a particular description is not a potentially exempt transfer.
 - (2) Subject to subsection (6) below, a transfer of value falls within subsection (1) (c) above, as a gift to another individual,—
 - (a) to the extent that the value transferred is attributable to property which, by virtue of the transfer, becomes comprised in the estate of that other individual, otherwise than as settled property, or
 - (b) so far as that value is not attributable to property which becomes comprised in the estate of another person, to the extent that, by virtue of the transfer, the estate of that other individual is increased, otherwise than by an increase in the value of settled property comprised in this estate.
 - (3) Subject to subsection (6) below, a transfer of value falls within subsection (1) (c) above, as a gift into an accumulation and maintenance trust or a disabled trust, to the extent that the value transferred is attributable to property which, by virtue of the transfer, becomes settled property to which section 71 or 89 of this Act applies.
 - (4) A potentially exempt transfer which is made seven years or more before the death of the transferor is an exempt transfer and any other potentially exempt transfer is a chargeable transfer.
 - (5) During the period beginning on the date of a potentially exempt transfer and ending immediately before—
 - (a) the seventh anniversary of that date, or
 - (b) if it is earlier, the death of the transferor,it shall be assumed for the purposes of this Act that the transfer will prove to be an exempt transfer.
 - (6) Where, under any provision of this Act, tax is in any circumstances to be charged as if a transfer of value had been made, that transfer shall be taken to be a transfer which is not a potentially exempt transfer.”
- 2 (1) In section 7 (rates of tax), in subsection (1)—
- (a) at the beginning there shall be inserted the words “Subject to subsections (2), (4) and (5) below”;
 - (b) for the words “ten years” there shall be substituted “ seven years ”; and
 - (c) the word “appropriate” shall be omitted.
- (2) For subsection (2) of that section there shall be substituted the following subsection—
- “(2) Except as provided by subsection (4) below, the tax charged on the value transferred by a chargeable transfer made before the death of the transferor shall be charged at one-half of the rate or rates referred to in subsection (1) above.”

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- (3) In subsection (3) of that section for the words “each of the Tables” there shall be substituted “ Table ”.
- (4) After subsection (3) of that section there shall be inserted the following subsections—
- “(4) Subject to subsection (5) below, subsection (2) does not apply in the case of a chargeable transfer made at any time within the period of seven years ending with the death of the transferor but, in the case of a chargeable transfer made within that period but more than three years before the death, the tax charged on the value transferred shall be charged at the following percentage of the rate or rates referred to in subsection (1) above—
- (a) where the transfer is made more than three but not more than four years before the death, 80 per cent;
 - (b) where the transfer is made more than four but not more than five years before the death, 60 per cent;
 - (c) where the transfer is made more than five but not more than six years before the death, 40 per cent; and
 - (d) where the transfer is made more than six but not more than seven years before the death, 20 per cent.
- (5) If, in the case of a chargeable transfer made before the death of the transferor, the tax which would fall to be charged in accordance with subsection (4) above is less than the tax which would have been chargeable (in accordance with subsection (2) above) if the transferor had not died within the period of seven years beginning with the date of the transfer, subsection (4) above shall not apply in the case of that transfer.”
- 3 (1) In section 8 (indexation) in subsection (1) for the words “new Tables for the Tables” there shall be substituted “ a new Table for the Table ”.
- (2) F39
- (3) In subsection (2) of that section for the word “Tables”, in each place where it occurs, there shall be substituted “ Table ” and for the words “they replace” there shall be substituted “ it replaces ”.
- (4) In subsection (4) of that section, for the word “Tables” there shall be substituted “ Table ”.

Textual Amendments

F39 Sch. 19 Pt. I para. 3(2) repealed by Finance Act 1988 (c. 39, SIF 65), s. 148, Sch. 14 Pt. X

- 4 In section 9 (transitional provisions on reduction of tax) for the words “new Tables” there shall be substituted “ a new Table ”.
- 5 In section 19 (annual exemption), after subsection (3) there shall be inserted the following subsection—
- “(3A) A transfer of value which is a potentially exempt transfer—
- (a) shall in the first instance be left out of account for the purposes of subsections (1) to (3) above; and
 - (b) if it proves to be a chargeable transfer, shall for the purposes of those subsections be taken into account as if, in the year in which it was

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made, it was made later than any transfer of value which was not a potentially exempt transfer.”

6 After section 26 there shall be inserted the following section—

“26A Potentially exempt transfer of property subsequently held for national purposes etc.

A potentially exempt transfer which would (apart from this section) have proved to be a chargeable transfer shall be an exempt transfer to the extent that the value transferred by it is attributable to property which has been or could be designated under section 31(1) below and which, during the period beginning with the date of the transfer and ending with the death of the transferor,—

- (a) has been disposed of by sale of private treaty to a body mentioned in Schedule 3 to this Act or has been disposed of to such a body otherwise than by sale, or
- (b) has been disposed of in pursuance of section 230 below.”

7 In section 30 (conditionally exempt transfers) after subsection (3) there shall be inserted the following subsections—

“(3A) The provisions of this section shall be disregarded in determining under section 3A above whether a transfer of value is a potentially exempt transfer.

(3B) No claim may be made under subsection (1) above with respect to a potentially exempt transfer until the transferor has died.

(3C) Subsection (1) above shall not apply to a potentially exempt transfer to the extent that the value transferred by it is attributable to property which has been disposed of by sale during the period beginning with the date of the transfer and ending with the death of the transferor.”

8 (1) In section 31 (designation and undertakings) after subsection (1) there shall be inserted the following subsection—

“(1A) Where the transfer of value in relation to which the claim for designation is made is a potentially exempt transfer which (apart from section 30 above) has proved to be a chargeable transfer, the question whether any property is appropriate for designation under this section shall be determined by reference to circumstances existing after the death of the transferor.”

(8) After subsection (4F) of that section there shall be inserted the following subsection—

“(4G) In a case where—

- (a) the transfer of a value in question is a potentially exempt transfer which, (apart from section 30 above) has proved to be a chargeable transfer, and
- (b) at the time of the transferor’s death an undertaking by such a person as is mentioned in section 30(1)(b) above given under paragraph 3(3) of Schedule 4 to this Act or under section 147 of the Capital Gains Tax Act 1979 is in force with respect to any property to which the value transferred by the transfer is attributable,

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that undertaking shall be treated for the purposes of this Chapter as an undertaking given under section 30 above.”

- 9 In section 32 (chargeable events) in subsection (1) after the words “after the transfer” there shall be inserted “ (or, if the transfer was a potentially exempt transfer, after the death of the transferor) ”.
- 10 In section 32A (associated properties) in subsection (2) after the words “after the transfer” there shall be inserted “ (or, if the transfer was a potentially exempt transfer, after the death of the transferor) ”.
- 11 (1) In section 33 (amount of the charge in relation to conditionally exempt transfers) in subsection (1)(b)—
- (a) in sub-paragraph (i) for the words “under the second Table in Schedule 1 to this Act” there shall be substituted “ in accordance with section 7(2) above ”; and
 - (b) in sub-paragraph (ii) for the words “under the appropriate Table” there shall be substituted “ in accordance with the appropriate provision of section 7 above ”.
- (2) For subsection (2) of that section there shall be substituted the following subsections—
- “(2) For the purposes of subsection (1)(b)(ii) above the appropriate provision of section 7 above is—
 - (a) if the conditionally exempt transfer by the relevant person made on oath (but the property was not treated as forming part of his estate immediately before his death only by virtue of section 102(3) of the Finance Act 1986) subsection (1) of section 7; and
 - (b) in any other case, subsection (2) of section 7.
 - (2A) The rate or rates of tax determined under subsection (1)(b)(i) above in respect of any chargeable event shall not be affected by the death of the relevant person after that event.”.
- (3) In subsection (7) of that section at the beginning there shall be inserted the words “ Subject to subsection (8) below ”.
- (4) After that subsection there shall be added the following subsection—
- “(8) Where after a conditionally exempt transfer of any property there is a potentially exempt transfer the value transferred by which is wholly or partly attributable to that property and either—
 - (a) the potentially exempt transfer is a chargeable event with respect to the property, or
 - (b) after the potentially exempt transfer, but before the death of the person who is the transferor in relation to the potentially exempt transfer, a chargeable event occurs with respect to the property,
 the tax charged in accordance with this section by reference to that chargeable event shall be allowed as a credit against any tax which may become chargeable, by reason of the potentially exempt transfer proving to be a chargeable transfer, on so much of the value transferred by that transfer as is attributable to the property; and subsection (7) above shall not apply with respect to any tax so becoming chargeable.”

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- 12 In section 35 (conditional exemption on death before 7th April 1976) in subsection (3) for the words “section 33(7) above, the reference” there shall be substituted “section 33(7) and (8) above, references”, and for the words “includes a reference” there shall be substituted “include references”.
- 13 In section 38 (attribution of value to specific gifts) in subsection (6) after the words “section 5(5) above” there shall be inserted “or by virtue of section 103 of the Finance Act 1986” and at the end of that subsection there shall be added “and, to the extent that any liability of the transferor is abated under the said section 103, that liability shall be treated as a specific gift”.
- 14 *At the end of section 49 (treatment of interests in possession) there shall be added the following subsection—* [^{F40}For text see IHTA 1984 s. 49(3).]

Textual Amendments

F40 Repealed by Finance Act 1987 (No. 2) (c. 51, SIF 63:1), s. 96(4)(5) respectively and Sch. 9, Part III in relation to transfers of value made on or after 17 March 1987.

- 15 *In section 55 (reversionary interest acquired by beneficiary) at the end of subsection (2) there shall be added “and such a disposition is not a potentially exempt transfer”.* ^{F41}

Textual Amendments

F41 Repealed by Finance Act 1987 (No. 2) (c. 51, SIF 63:1), s. 96(4)(5) respectively and Sch. 9, Part III in relation to transfers of value made on or after 17 March 1987.

- 16 (1) In section 66 (rate of ten-yearly charge) in subsection (3)(b) for the words “preceding ten years” there shall be substituted “preceding seven years”.
- (2) For paragraph (c) of subsection (3) of that section there shall be substituted—
“(c) on which tax is charged in accordance with section 7(2) of this Act”.
- (3) In subsection (5)(a) of that section for the word “ten” there shall be substituted “seven”.
- 17 In section 67 (added property etc.) in subsections (3)(b) and (4) for the word “ten” there shall be substituted “seven”.
- 18 (1) In section 68 (rate before first-year anniversary) in subsection (4)(b) for the word “ten”, in both places where it occurs, there shall be substituted “seven”.
- (2) For paragraph (c) of subsection (4) and for paragraph (c) of subsection (6) of that section there shall be substituted—
“(c) on which tax is charged in accordance with section 7(2) of this Act”.
- (3) In subsection (6)(b) of that section—
(a) for the word “ten”, in the first place where it occurs, there shall be substituted “seven”; and
(b) in sub-paragraph (i) for the words “that period of ten years” there shall be substituted “the period of ten years ending with that day”.
- 19 (1) In section 78 (conditionally exempt occasions) in subsection (4) for the words from “and the appropriate Table” to the end there shall be substituted “and the appropriate

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provision of section 7 for the purposes of section 33(1)(b)(ii) is, if the settlement was created on his death, subsection (1) and, if not, subsection (2). ”

- (2) In subsection (5) of that section, in the substituted sub-paragraph (ii) for section 33(1)(b), for the words “under the appropriate Table” there shall be substituted “ in accordance with the appropriate provision of section 7 above. ”
- 20 At the end of section 98 (effect of alteration of capital of close company etc.) there shall be added the following subsection—
- “ (3) The disposition referred to in subsection (1) above shall be taken to be one which is not a potentially exempt transfer. ”
- 21 After section 113 there shall be inserted the following sections—

“113A Transfers within seven years before death of transferor.

- (1) Where any part of the value transferred by a potentially exempt transfer which proves to be a chargeable transfer would (apart from this section) be reduced in accordance with the preceding provisions of this Chapter, it shall not be so reduced unless the conditions in subsection (3) are satisfied.
- (2) Where—
- (a) any part of the value transferred by any chargeable transfer, other than a potentially exempt transfer, is reduced in accordance with the preceding provisions of this Chapter, and
 - (b) the transfer is made within seven years of the death of the transferor, then, unless the conditions in subsection (3) are satisfied, the additional tax chargeable by reason of the death shall be calculated as if the value transferred had not been so reduced.
- (3) The conditions referred to in subsections (1) and (2) above are—
- (a) that the original property was owned by the transferee throughout the period beginning with the date of the chargeable transfer and ending with the death of the transferor; and
 - (b) that, in relation to a notional transfer of value made by the transferee immediately before the death, the original property would (apart from section 106 above) be relevant business property.
- (4) If the transferee has died before the transferor, the reference in subsection (3) above to the death of the transferor shall have effect as a reference to the death of the transferee.
- (5) If the conditions in subsection (3) above are satisfied only with respect to part of the original property, then—
- (a) in a case falling within subsection (1) above, only a proportionate part of so much of the value transferred as is attributable to the original property shall be reduced in accordance with the preceding provisions of this Chapter, and
 - (a) in a case falling within subsection (2) above, the additional tax shall be calculated as if only a proportionate part of so much of the value transferred was attributable to the original property had been so reduced.

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- (6) Where any shares owned by the transferee immediately before the death in question—
- (a) would under any of the provisions of sections 77 to 86 of the Capital Gains Tax Act 1979 be identified with the original property (or part of it), or
 - (b) were issued to him in consideration of the transfer of a business or interest in a business consisting of the original property (or part of it),
- they shall be treated for the purposes of this section as if they were the original property (or that part of it).

(7) This section has effect subject to section 113B below.

(8) In this section—

“the original property” means the property which was relevant business property in relation to the chargeable transfer referred to in subsection (1) or subsection (2) above; and

“the transferee” means the person whose property the original property became on that chargeable transfer or, where on the transfer the original property became or remained settled property in which no qualifying interest in possession (within the meaning of Chapter III of Part III of this Act) subsists, the trustees of the settlement.

113B Application of section 113A to replacement property.

- (1) Subject to subsection (2) below, this section applies where—
- (a) the transferee has disposed of all or part of the original property before the death of the transferor; and
 - (b) the whole of the consideration received by him for the disposal has been applied by him in acquiring other property (in this section referred to as “the replacement property”).
- (2) This section does not apply unless—
- (a) the replacement property is acquired, or binding contract for its acquisition is entered into, within twelve months after the disposal of the original property (or, as the case may be, the part concerned); and
 - (b) the disposal and acquisition are both made in transactions at arm’s length or on terms such as might be expected to be included in a transaction at arm’s length.
- (3) Where this section applies, the conditions in section 113A(3) above shall be taken to be satisfied in relation to the original property (or, as the case may be, the part concerned) if—
- (a) the replacement property is owned by the transferee immediately before the death of the transferor; and
 - (b) throughout the period beginning with the date of the chargeable transfer and ending with the death (disregarding any period between the disposal and acquisition) either the original property or the replacement property was owned by the transferee; and

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- (c) in relation to notional transfer of value made by the transferee immediately before the death, the replacement property would (apart from section 106 above) be relevant business property.
- (4) If the transferee has died before the transferor, any reference in subsections (1) to (3) above to the death of the transferor shall have effect as a reference to the death of the transferee.
- (5) In any case where—
 - (a) all or part of the original property has been disposed of before the death of the transferor or is excluded by section 113 above from being relevant business property in relation to the notional transfer of value referred to in section 113A(b) above, and
 - (b) the replacement property is acquired, or a binding contract for its acquisition is entered into, after the death of the transferor but within twelve months after the disposal of the original property or part, and
 - (c) the transferor dies before the transferee,
 subsection (3) above shall have effect with the omission of paragraph (a), and as if any reference to a time immediately before the death of the transferor or to the death were a reference to the time when the replacement property is acquired.
- (6) Section 113A(6) above shall have effect in relation to the replacement property as it has effect in relation to the original property.
- (7) Where a binding contract for the disposal of any property is entered into at any time before the disposal of the property, the disposal shall be regarded for the purposes of subsections (2)(a) and (5)(b) above as taking place at that time.
- (8) In this section “the original property” and “the transferee” have the same meaning as in section 113A above.”

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After section 124 there shall be inserted the following sections—

“124A Transfers within seven years before the death of the transferor.

- (1) Where any part of the value transferred by a potentially exempt transfer which proves to be a chargeable transfer would (apart from this section) be reduced in accordance with the preceding provisions of this Chapter, it shall be reduced unless the conditions in subsection (3) below are satisfied.
- (2) Where—
 - (a) any part of the value transferred by any chargeable transfer, other than a potentially exempt transfer, is reduced in accordance with the preceding provisions of this Chapter, and
 - (b) the transfer is made within seven years of the death of the transferor, then, unless the conditions in subsection (3) below are satisfied, the additional tax chargeable by reason of the death shall be calculated as if the value transferred had not been so reduced.
- (3) The conditions referred to in subsections (1) and (2) are—
 - (a) that the original property was owned by the transferee throughout the period beginning with the date of the chargeable transfer and

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- ending with the death of the transferor (in this subsection referred to as “the relevant period”) and it is not at the time of the death subject to a binding contract for sale; and
- (b) except in a case falling within paragraph (c) below, that the original property is agricultural property immediately before the death and has been occupied (by the transferee or another) for the purposes of agriculture throughout the relevant period; and
 - (c) where the original property consists of shares in or securities of a company, that throughout the relevant period the agricultural property to which section 116 above applies by virtue of section 122(1) above on the chargeable transfer was owned by the company and occupied (by the company or another) for the purposes of agriculture.
- (4) If the transferee has died before the transferor, the reference in subsection (3) above to the death of the transferor shall have effect as a reference to the death of the transferee.
- (5) If the conditions in subsection (3) above are satisfied only with respect to part of the original property, then,—
- (a) in a case falling within subsection (1) above, only a proportionate part of so much of the value transferred as is attributable to the original property shall be reduced in accordance with the preceding provisions of this Chapter, and
 - (b) in a case falling within subsection (2) above, the additional tax shall be calculated as if only a proportionate part of so much of the value transferred as was attributable to the original property had been so reduced.
- (6) Where any shares owned by the transferee immediately before the death in question—
- (a) would under any of the provisions of section 77 to 86 of the Capital Gains Tax Act 1979 be identified with the original property (or part of it), or
 - (b) were issued to him in consideration of the transfer of agricultural property consisting of the original property or (part of it),
- they shall be treated for the purposes of this section as if they were the original property (or part of it).
- (7) This section has effect subject to section 124B below.
- (8) In this section—
- “the original property” means the property which, in relation to the chargeable transfer referred to in subsection (1) or subsection (2) above, was either agricultural property to which section 116 above applied or shares or securities of a company owning agricultural property to which that section applies by virtue of section 122(1) above; and
- “the transferee” means the person whose property the original property became on that chargeable transfer or, where on the transfer the original property became or remained settled property in which no qualifying interest in possession (within the meaning of Chapter III of Part III of this Act) subsists, the trustees of the settlement.

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124B Application of section 124A to replacement property.

- (1) Subject to subsection (2) below, this section applies where—
- (a) the transferee has disposed of all or part of the original property before the death of the transferor; and
 - (b) the whole of the consideration received by him for the disposal has been applied by him in acquiring other property (in this section referred to as “the replacement property”).
- (2) This section does not apply unless—
- (a) the replacement property is acquired, or binding contract for its acquisition is entered into, within twelve months after the disposal of the original property (or, as the case may be, the part concerned); and
 - (b) the disposal and acquisition are both made in transactions at arm’s length or on terms such as might be expected to be included in a transaction at arm’s length.
- (3) Where this section applies, the conditions in section 124A(3) above shall be taken to be satisfied in relation to the original property (or, as the case may be, the part concerned) if—
- (a) the replacement property is owned by the transferee immediately before the death of the transferor and is not at that time subject to a binding contract for sale; and
 - (b) throughout the period beginning with the date of the chargeable transfer and ending with the disposal, the original property was owned by the transferee and occupied (by the transferee or another) for the purposes of agriculture; and
 - (c) throughout the period beginning with the date when the transferee acquired the replacement property and ending with the death, the replacement property was owned by the transferee and occupied (by the transferee or another) for the purposes of agriculture; and
 - (d) the replacement property is agricultural property immediately before the death.
- (4) If the transferee has died before the transferor, any reference in subsections (1) to (3) above to the death of the transferor shall have effect as a reference to the death of the transferee.
- (5) In any case where—
- (a) all or part of the original property has been disposed of before the death of the transferor or is subject to a binding contract for sale at the time of the death, and
 - (b) the replacement property is acquired, or a binding contract for its acquisition is entered into, after the death of the transferor but within twelve months after the disposal of the original property or part, and
 - (c) the transferor dies before the transferee,
- subsection (3) above shall have effect with the omission of paragraphs (a) and (c), and as if any reference to a time immediately before the death of the transferor were a reference to the time when the replacement property is acquired.

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- (6) Section 124A(6) above shall have effect in relation to the replacement property as it has effect in relation to the original property.
- (7) Where a binding contract for the disposal of any property is entered into at any time before the disposal of the property, the disposal shall be regarded for the purposes of subsections (2)(a) and (5)(b) above as taking place at that time.
- (8) In this section “the original property” and “the transferee” have the same meaning as in section 124A above.”
- 23 (1) In section 131 (relief in respect of additional tax payable on transfers within three years of death), in subsection (1) for the words from “(by virtue” to “transfer and” there shall be substituted “ because of the transferor’s death within seven years of the transfer, tax becomes chargeable in respect of the value transferred by a potentially exempt transfer or (by virtue of section 7(4) above) additional tax becomes chargeable in respect of the value transferred by any other chargeable transfer and (in either case) ”.
- (2) In subsection (2) of that section for the words “additional tax” in each place where they occur, there shall be substituted “ the tax or, as the case may be, additional tax ”.
- (3) After that subsection there shall be inserted the following subsection—
- “(2A) Where so much of the value transferred as is attributable to the value, or agricultural value, of the transferred property is reduced by any percentage (in this subsection referred to as “the appropriate percentage”), in accordance with Chapter I of thi Part of this Act, references in subsection (2) above to the market value of the transferred property at any time shall have effect—
- (a) in a case within chapter I, as references to that market value reduced by the appropriate percentage; and
- (b) in a case within Chapter II, as references to that market value less the appropriate percentage of the agricultural value of the transferred property at that time.”
- 24 In section 142 (alteration of dispositions taking effect on death) at the end of subsection (5) there shall be added “ or section 102 of the Finance Act 1986 ”.
- 25 Sections 148 and 149 (exemptions for mutual transfers) shall not apply if the donee’s transfer (as defined in section 148) is made on or after 18th March 1986.
- 26 In section 199 (liability for tax etc. on dispositions by transferor) for subsection (2) there shall be substituted the following subsection—
- “(2) Subsection (1)(a) above shall apply in relation to—
- (a) the tax on the value transferred by a potentially exempt transfer; and
- (b) so much of the tax on the value transferred by any other chargeable transfer made within seven years of the transferor’s death as exceeds what it would have been had the transferor died more than seven years after the transfer,
- with the substitution for the reference to the transferor of a reference to his personal representatives.”
- 27 In section 201 (liability for tax in respect of settled property), in subsection (2) for the words “three years”, in each place where they occur, there shall be substituted “ seven years ”.

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- 28 (1) In section 204 (limitation of liability), subsection (4) shall be omitted.
- (2) In subsection (6)(a) of that section, after the word “transferor” there shall be inserted “ or personal representative of the transferor ”.
- (3) For subsection (7) of that section there shall be substituted the following subsections—
- “(7>) Where the tax exceeds what it would have been had the transferor dies more than seven years after the transfer, subsection (6) above shall not apply in relation to the excess.
- (8) A person liable by virtue of section 199(2) above for any tax as personal representative of the transferor shall be liable only to the extent that either—
- (a) in consequence of subsections (2), (3) and (5) above, no person falling within paragraphs (b) to (d) of section 199(1) above is liable for the tax, or
- (b) the tax remains unpaid twelve months after the end of the month in which the death of the transferor occurs,
- and, subject to that, shall be liable to the extent of the assets mentioned in subsection (1) above.
- (9) Where by virtue of subsection (3) of section 102 of the Finance Act 1986 the estate of a deceased person is treated as including property which would not apart from that subsection form part of his estate, a person shall be liable under section 200(1)(a) above as personal representative for tax attributable to the value of the property only if the tax remains unpaid twelve months after the end of the month in which the death occurs and, subject to that, only to the extent of the assets mentioned in subsection (1) above.”
- 29 (1) In section 216 (delivery of accounts) in subsection (1) after paragraph (b) there shall be inserted the following paragraphs—
- “(bb) is liable under section 199(1)(b) above for tax on the value transferred by a potentially exempt transfer which proves to be a chargeable transfer, or would be so liable if tax were chargeable on that value, or
- (bc) is liable under section 200(1)(c) above for tax on the value transferred by a chargeable transfer made on death, so far as the tax is attributable to the value of the property which, apart from section 102(3) of the Finance Act 1986, would not form part of the deceased’s estate, or would be so liable if tax were chargeable on the value transferred on the death, or”
- (2) In subsection (3) of that section after the words “his death” there shall be inserted “ other than property which would not, apart from section 102(3) of the Finance Act 1986, form part of his estate ”.
- (3) In subsection (6) of that section after paragraph (a) there shall be inserted the following paragraphs—
- “(aa) in the case of an account to be delivered by a person within subsection (1)(bb) above, before the expiration of the period of twelve months from the end of the month in which the death occurs;

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- (ab) in the case of an account to be delivered by a person within subsection (1)(bc) above, before the expiration of the period of twelve months from the end of the month in which the death occurs”.
- 30 (1) In section 226 (payment: general rules), in subsection (3) for the words “three years”, in each place where they occur, there shall be substituted “ seven years ”.
- (2) After subsection (3) of that subsection there shall be inserted the following subsections—
- “(3A) Without prejudice to subsection (3) above, the tax chargeable on the value transferred by a potentially exempt transfer which proves to be a chargeable transfer shall be due six months after the end of the month in which the transferor’s death occurs.
- (3B) So much (if any) of the tax chargeable on the value transferred by a chargeable transfer made under Chapter III of Part III of this Act within the period of seven years ending with the settlor’s death as exceeds what it would have been had the settlor died more than seven years after the date of the transfer shall be due six months after the end of the month in which the death occurs.”
- 31 (1) In section 227 (payment by instalments) after subsection (1) there shall be inserted the following subsections—
- “(1A) Subsection (1) above does not apply to tax payable on the value transferred by a potentially exempt transfer which proves to be a chargeable transfer, except to the extent that the tax is attributable to qualifying property which is owned by the transferee immediately before the death of the transferor (or, if earlier, his own death).
- (1B) In subsection (1A) above “the transferee” means the person whose property the qualifying property became on the transfer or, where on the transfer the qualifying property became comprised in a settlement in which no qualifying interest in possession (within the meaning of Chapter III of Part III of this Act) subsists, the trustees of the settlement.”
- (2) In subsection (5) of that section after the words “subsection (1)(b) above” there shall be inserted “ other than a case within subsection (1A) above where the transferee dies before the transferor ”.
- 32 *In section 233 (interest on unpaid tax) in subsection (2) for paragraphs (a) and (b) there shall be substituted—* ^[F42]*For substitution see IHTA 1985 s. 233(2)(a) and (b)]*

Textual Amendments

F42 Repealed by Finance Act 1989 (c.26, SIF 63:1, 2), s. 187 and Sch. 17, Part X and S.I. 1989 No. 1298 with effect from 18 August 1989.

- 33 (1) In section 236 (application of section 233 in special cases etc.), in subsection (1)(a), for the words “three years”, in each place where they occur, there shall be substituted “ seven years ”.
- (2) After subsection (1) of that section there shall be inserted the following subsection—
- “(1A) Section 233 above shall apply in relation to the amount (if any) by which—

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- (a) the tax chargeable on the value transferred by a chargeable transfer made under Chapter III of Part III of this Act within the period of seven years ending with the settlor's death,
exceeds
- (b) what that tax would have been had the settlor dies more than seven years after the date of the transfer,
as if the chargeable transfer had been made on the death of the settlor.”
- 34 In section 237 (imposition of charge) after subsection (3) there shall be inserted the following subsection—
- “(3A) In the case of a potentially exempt transfer which proves to be a chargeable transfer—
- (a) property concerned, or an interest in property concerned, which has been disposed of to a purchaser before the transferor's death is not subject to the Inland Revenue charge, but
- (b) property concerned which has been otherwise disposed of before the death and property which at the death represents any property or interest falling within paragraph (a) above shall be subject to the charge;
- and in this subsection “property concerned” means property to the value of which the value transferred by the transfer is wholly or partly attributable.”
- 35 In section 239 (certificates of discharge) after subsection (2) there shall be inserted the following subsection—
- “(2A) An application under subsection (1) or (2) above with respect to tax which is or may become chargeable on the value transferred by a potentially exempt transfer may not be made before the expiration of two years from the death of the transferor (except where the Board think fit to entertain the application an earlier time after the death).”
- 36 For Schedule 1 (rates of tax) there shall be substituted—

“SCHEDULE 1

TABLE OF RATES OF TAX

Portion	of value	Rate of tax
<i>Lower limit</i>	<i>Upper limit</i>	<i>Per cent</i>
£	£	
0	71,000	Nil
71,000	95,000	30
95,000	129,000	35
129,000	164,000	40
164,000	206,000	45
206,000	257,000	50
257,000	317,000	55

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- 39 In Schedule 6 (transition from estate duty) in paragraph 4(3) after the words “sections 33(7)” there shall be inserted the words “ and (8). ”

PART II

TRANSITIONAL PROVISIONS

- 40 (1) Notwithstanding that Part of this Schedule has effect with respect to events occurring on or after 18th March 1986, where a death or other event occurs on or after that date, nothing in that Part shall affect the tax chargeable on a transfer of value occurring before that date.
- (2) Sub-paragraph (1) above does not authorise the making of a claim under section 149 of the 1984 Act where the donee’s transfer, as defined in section 148 of that Act, occurs on or after 18th March 1986.

41 Where tax is chargeable under section 32 or section 32A of the 1984 Act by reason of a chargeable event occurring on or after 18th March 1986 and the rate or rates at which it is charged fall to be determined under the provisions of section 33(1)(b) (ii) of the 1984 Act by reference to a death which occurred before that date, those provisions shall apply (subject to paragraph 5 of Schedule 2 to that Act) as if the amendments of section 7 of, and Schedule 1 to, that Act contained in Part I of this Schedule had been in force at the time of the death.

42 Where tax is chargeable under paragraph 8 of Schedule 4 to the 1984 Act on any occasion on or after 18th March 1986 and the rate at which it is charged falls to be determined under paragraph 14 of that Schedule by reference to a death which occurred before that date, that paragraph shall apply (subject to paragraph 6 of Schedule 2 to the 1984 Act) as if the amendments of section 7 of, and Schedule 2 to, the 1984 Act contained in Part I of this Schedule had been in force at the time of the death.

- 43 (1) This paragraph applies if, in the case of a settlement,—
- (a) tax is charged under section 65 of the 1984 Act on an occasion falling on or after 18th March 1986; and
 - (b) the rate at which tax is so charged falls to be determined under section 69 of that Act (rate between ten-year anniversaries) by reference to the rate (in this paragraph referred to as “the last ten-year rate”) at which tax was last charged under section 64 of that Act (or would have been charged apart from section 66(2) there of); and
 - (c) the most recent ten-year anniversary fell before 18th March 1986.
- (2) For the purpose of determining the rate at which tax is charged on the occasion referred to in sub-paragraph (1)(a) above, it shall be assumed that the last ten-year rate was what that rate would have been if, immediately before the ten-year anniversary referred to in sub-paragraph (1)(c) above, the amendments of sections 66 and 67 of the 1984 Act contained in Part I of this Schedule had been in force.
- (3) Where this paragraph applies, paragraph 3 of Schedule 2 to the 1984 Act shall have effect as if—
- (a) references to a reduction included reference to a reduction by the substitution of a new Table in Schedule 1 to the 1984 Act; and
 - (b) in relation to a reduction resulting from the substitution of such a new Table, the reference to the second of the Tables in Schedule 1 to the 1984 Act were a

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reference to a Table in which the rates of tax were one-half of those specified in the new Table.

(4) In this paragraph “ten-year anniversary” has the same meaning as in Chapter III of Part III of the 1984 Act.

44 In relation to a death on or after 18th March 1986, paragraph 2 of Schedule 2 to the 1984 Act (provisions applying on reduction of tax) shall have effect, in a case where the chargeable transfer in question was made before 18th March 1986, as if—

- (a) references to a reduction included references to a reduction by the substitution of a new Table in Schedule 1 to the 1984 Act; and
- (b) the Table in Schedule 1 to the Act was the first Table in that Schedule.

45 In relation to a disposal of trees or underwood on or after 18th March 1986, paragraph 4 of Schedule 2 to the 1984 Act shall have effect, in a case where the death in question occurred before 18th March 1986, as mentioned in paragraphs (a) and (b) of paragraph 44 above.

46 Notwithstanding anything in section 3A of the 1984 Act, a transfer of value which is made on or after 1st July 1986 and which, by virtue of subsection (4) of section 49 of the ^{M14}Finance Act 1975 (transitional provision relating to estate duty deferment in respect of timber etc.), brings to an end of the period during which estate duty is payable on the net moneys received from the sale of timber etc. is not a potentially exempt transfer [^{F43} to the extent that the value transferred is attributable to the land concerned].

Textual Amendments

F43 Words in [Sch. 19 para. 46](#) inserted (with effect in accordance with art. 3 of the amending S.I.) by [The Enactment of Extra-Statutory Concessions Order 2017 \(S.I. 2017/495\)](#), arts. 1, 2

Marginal Citations

M14 1975 c. 7.

SCHEDULE 20

Section 102.

GIFTS WITH RESERVATION

Interpretation and application

1 (1) In this Schedule—

“the material date”, in relation to any property means, in the case of property falling within subsection (3) of the principal section, the date of the donor’s death and, in the case of property falling within subsection (4) of that section, the date on which the property ceases to be a property subject to a reservation;

“the principal section” means section 102 of this Act; and

“property subject to reservation” has the same meaning as in the principal section.

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- (2) Any reference in this Schedule to a disposal by way of gift is a reference to such a disposal which is made on or after 18th March 1986.
- (3) This Schedule has effect for the purposes of the principal section and the 1984 Act.
- 2 (1) Where the disposal by way of gift and, at any time before the material date, the donee ceases to have possession and enjoyment of any of the property comprised in the gift, then on and after that time the principal section and the following provisions of this Schedule shall apply as if the property, if any, received by the donee in substitution for that property had been comprised in the gift instead of that property (but in addition to any other property comprised in the gift).
- (2) This paragraph does not apply if the property disposed of by the gift—
- (a) becomes settled property by virtue of the gift; or
 - (b) is a sum of money in sterling or any other currency.
- (3) In sub-paragraph (1) above the reference to the property received by the donee in substitution for property comprised in the gift includes in particular—
- (a) in relation to property sold, exchanged or otherwise disposed of by the donee, any benefit received by him by way of consideration for the sale, exchange or other disposition; and
 - (b) in relation to a debt or security, any benefit received by the donee in or towards the satisfaction or redemption thereof; and
 - (c) in relation to any right to acquire property, any property acquired in pursuance of that right.
- (4) Where, at a time before the material date, the donee makes a gift of property comprised in the gift to him, or otherwise voluntarily divests himself of such property otherwise than for a consideration in money or money's worth not less than the value of the property at that time, then, unless he does so in favour of the donor, he shall be treated for the purposes of the principal section and sub-paragraph (1) above as continuing to have possession and enjoyment of that property.
- (5) For the purposes of sub-paragraph (4) above—
- (a) a disposition made by the donee by agreement shall not be deemed to be made voluntarily if it is made to any authority who, when the agreement is made, is authorised by, or is or can be authorised under, any enactment to acquire the property compulsorily; and
 - (b) a donee shall be treated as divesting himself, voluntarily and without consideration, of any interest in property which merges or is extinguished in another interest held or acquired by him in the same property.
- (6) Where any shares in or debentures of a body corporate are comprised in a gift and the donee is, as the holder of those shares or debentures, issued with shares in or debentures of the same or any other body corporate, or granted any right to acquire any such shares or debentures, then, unless the issue or grant is made by way of exchange for the first-mentioned shares or debentures, the shares or debentures so issued, or the right granted, shall be treated for the purposes of the principal section and this Schedule as having been comprised in the gift in addition to any other property so comprised.
- (7) In sub-paragraph (6) above the reference to an issue being made or right being granted to the donee as the holder of shares or debentures shall be taken to include any case in which an issue or grant is made to him as having been the holder of those

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shares or debentures, or is made to him in pursuance of an offer or invitation made to him as being or having been the holder of those shares or debentures, or of an offer or invitation in connection with which any preference is given to him as being or having been the holder thereof.

- 3 (1) Where either sub-paragraph (3)(c) or sub-paragraph (6) of paragraph 2 above applies to determine, for the purposes of the principal section, the property comprised in a gift made by the donor—
- (a) the value of any consideration in money or money's worth given by the donee for the acquisition in pursuance of the right referred to in the said sub-paragraph (3)(c) or for the issue or grant referred to in the said sub-paragraph (6), as the case may be, shall be allowed as a deduction in valuing the property comprised in the gift at any time after the consideration is given, but
 - (b) if any part (not being a sum of money) of that consideration consists of property comprised in the same as another gift from the donor and treated for the purposes of the 1984 Act as forming part of the donor's estate immediately before his death or as being attributable to the value transferred by a potentially exempt transfer made by him, no deduction shall be made in respect of it under this sub-paragraph.
- (2) For the purposes of sub-paragraph (1) above, there shall be left out of account so much (if any) of the consideration for any shares in debentures of a body corporate, or for the grant of any right to be issued with any shares or debentures, as consists in the capitalisation of reserves of that body corporate, or in the retention by that body corporate, by way of set-off or otherwise, of any property distributable by it, or is otherwise provided directly or indirectly out of the assets or at the expenses of that or any associated body corporate.
- (3) For the purposes of sub-paragraph (2) above, two bodies corporate shall be deemed to be associated as if one has control of the other or if another person has control of both.

Donee predeceasing the material date

- 4 Where there is a disposal by way of gift and the donee dies before the date which is the material date in relation to any property comprised in the gift, paragraphs 2 and 3 above shall apply as if—
- (a) he had not died and the acts of his personal representatives were his acts; and
 - (b) property taken by another person under his testamentary dispositions or his intestacy (or partial intestacy) were taken under a gift made by him at the time of his death.

[^{F44}Termination of interests in possession

Textual Amendments

F44 Sch. 20 para. 4A and cross-heading inserted (retrospective to 22.3.2006) by Finance Act 2006 (c. 25), Sch. 20 para. 33(3)(4) (with Sch. 20 para. 33(4))

- 4A (1) This paragraph applies where—

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- (a) under section 102ZA of this Act, an individual (“D”) is taken to dispose of property by way of gift, and
 - (b) the property continues to be settled property immediately after the disposal.
- (2) Paragraphs 2 to 4 above shall not apply but, subject to the following provisions of this paragraph, the principal section and the following provisions of this Schedule shall apply as if the property comprised in the gift consisted of the property comprised in the settlement on the material date, except in so far as that property neither is, nor represents, nor is derived from, property originally comprised in the gift.
- (3) Any property which—
- (a) on the material date is comprised in the settlement, and
 - (b) is derived, directly or indirectly, from a loan made by D to the trustees of the settlement,
- shall be treated for the purposes of sub-paragraph (2) above as derived from property originally comprised in the gift.
- (4) If the settlement comes to an end at some time before the material date as respects all or any of the property which, if D had died immediately before that time, would be treated as comprised in the gift,—
- (a) the property in question, other than property to which D then becomes absolutely and beneficially entitled in possession, and
 - (b) any consideration (not consisting of rights under the settlement) given by D for any of the property to which D so becomes entitled,
- shall be treated as comprised in the gift (in addition to any other property so comprised).
- (5) Where, under any trust or power relating to settled property, income arising from that property after the material date is accumulated, the accumulations shall not be treated for the purposes of sub-paragraph (2) above as derived from that property.]

Settled gifts

- 5 (1) Where there is a disposal by way of gift and the property comprised in the gift becomes settled property by virtue of the gift, paragraphs 2 to 4 above shall not apply but, subject to the following provisions of this paragraph, the principal section and the following provisions of this Schedule shall apply as if the property comprised in the gift consisted of the property comprised in the settlement on the material date, except in so far as that property neither is, not represents, nor is derived from, property originally comprised in the gift.
- (2) If the settlement comes to an end at some time before the material date as respects all or any of the property which, if the donor had dies immediately before that time, would be treated as comprised in the gift,—
- (a) the property in question other than property to which the donor then becomes absolutely and beneficially entitled in possession, and
 - (b) any consideration (not consisting of rights under the settlement) given by the donor for any purposes of the property to which he so becomes entitled,
- shall be treated as comprised in the gift (in addition to any other property so comprised).
- (3) Where property comprised in a gift does not become settled property by virtue of the gift, but is before the material date settled by the donee, sub-paragraphs (1) and

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- (2) above shall apply in relation to property comprised in the settlement as if the settlement had been made by the gift; and for this purpose property which becomes settled property under any testamentary disposition of the donee or on his intestacy (or partial intestacy) shall be treated as settled by him.
- (4) Where property comprised in a gift becomes settled property either by virtue of the gift or as mentioned in sub-paragraph (3) above, any property which—
- (a) on the material date is comprised in the settlement, and
 - (b) is derived, directly or indirectly, from a loan made by the donor to the trustees of the settlement,
- shall be treated for the purposes of sub-paragraph (1) above as derived from property originally comprised in the gift.
- (5) Where, under any trust or power relating to settled property, income arising from that property after the material date is accumulated, the accumulations shall not be treated for the purposes of sub-paragraph (1) above as derived from that property.

Exclusion of benefit

- 6 (1) In determining whether any property which is disposed of by way of gift is enjoyed to the entire exclusion, or virtually to the entire exclusion, of the donor and of any benefit to him by contract or otherwise—
- (a) in the case of property which is an interest in land or a chattel, retention or assumption by the donor of actual occupation of the land or actual enjoyment of an incorporeal right over the land, or actual possession of the chattel shall be disregarded if it is for full consideration in money or money's worth;
 - (b) in the case of property which is an interest in land, any occupation by the donor of the whole or any part of the land shall be disregarded if—
 - (i) it results from a change in circumstances of the donor since the time of the gift, being a change which was unforeseen at the time and was not brought about by the donor to receive the benefit of this provision; and
 - (ii) it occurs at a time when the donor has become unable to maintain himself through old age, infirmity or otherwise; and
 - (iii) it represents a reasonable provision by the donee for the care and maintenance of the donor; and
 - (iv) the donee is a relative of the donor or his spouse [^{F45}or civil partner];
 - (c) a benefit which the donor obtained by virtue of any associated operations (as defined in section 268 of the 1984 Act) of which the disposal by way of gift is one shall be treated as a benefit to him by contract or otherwise.
- (2) Any question whether any property comprised in a gift was at any time enjoyed to the entire exclusion, or virtually to the entire exclusion, of the donor and of the benefit to him shall (so far as that question depends upon the identity of the property) be determined by reference to the property which is at that time treated as property comprised in the gift.
- (3) In the application of this paragraph to Scotland, references to a chattel shall be construed as references to a corporeal moveable.

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Textual Amendments

F45 Words in Sch. 20 para. 6(1)(b)(iv) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **46**

- 7 (1) Where arrangements are entered into under which—
- (a) there is a disposal by way of gift which consists of or includes, or is made in connection with, a policy of insurance on the life of the donor or his spouse [^{F46}or civil partner] or on their joint lives, and
 - (b) the benefits which will or may accrue to the donee as a result of the gift vary by reference to benefits accruing to the donor or his spouse [^{F46}or civil partner] (or both of them) under that policy or under another policy (whether issued before, at the same time as or after that referred to in paragraph (a) above),
- the property comprised in the gift shall be treated for the purposes of the principal section as not enjoyed to the entire exclusion, or virtually to the entire exclusion, of the donor.
- (2) In sub-paragraph (1) above—
- (a) the reference in paragraph (a) to a policy on the joint lives of the donor and his spouse [^{F47}or civil partner] includes a reference to a policy on their joint lives and on the life of the survivor; and
 - (b) the reference in paragraph (b) to the benefits accruing to the donor or his spouse [^{F47}or civil partner] (or both of them) includes a reference to benefits which accrue by virtue of the exercise of rights conferred on either or both of them.

Textual Amendments

F46 Words in Sch. 20 para. 7(1) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **46**

F47 Words in Sch. 20 para. 7(2) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **46**

Agricultural property and business property

- 8 (1) [^{F48}This paragraph applies where] there is a disposal by way of gift of property which, in relation to the donor, is at that time—
- (a) relevant business property within the meaning of Chapter I of Part V of the 1984 Act, or
 - (b) agricultural property, within the meaning of Chapter II of that Part, to which section 116 of that Act applies, or
 - (c) shares or securities to which section 122(1) of that Act applies (agricultural property of companies),
- and that property is property subject to a reservation ^{F49} . . .
- [^{F50}(1A) Where this paragraph applies—
- (a) any question whether, on the material transfer of value, any shares or securities fall [^{F51}within paragraph (b), (bb) or (cc) of section 105(1) of

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- the 1984 Act (certain shares or securities qualifying for relief)] shall be determined, subject to the following provisions of this paragraph, as if the shares or securities were owned by the donor and had been owned by him since the disposal by way of gift; and
- (b) subject to paragraph (a), any question whether, on the material transfer of value, relief is available by virtue of Chapter I or Chapter II of Part V of the 1984 Act and, if relief is available by virtue of Chapter II, what is the appropriate percentage of that relief, shall be determined, subject to the following provisions of this paragraph, as if, so far as it is attributable to the property comprised in the gift, that transfer were a transfer of value by the donee.]
- (2) For the purpose only of determining whether, on the transfer of value which, by virtue of sub-paragraph [F52(1A)(b)] above, the donee is assumed to make, the requirement of section 106 or, as the case may be, section 117 of the 1984 Act (minimum period of ownership or occupation) is fulfilled,—
- (a) ownership by the donor prior to the disposal by way of gift shall be treated as ownership by the donee; and
- (b) occupation by the donor prior to the disposal and any occupation by him after that disposal shall be treated as occupation by the donee.
- (3) Where the property disposed of by way of gift consists of shares or securities falling within paragraph (c) of sub-paragraph (1) above, [F53relief shall not be available by virtue of Chapter II of Part V of the 1984 Act on the material transfer of value] unless—
- (a) section 116 of the 1984 Act applies in relation to the value transferred by the disposal, and
- (b) throughout the period beginning with the disposal and ending on the material date, the shares or securities are owned by the donee,
- and for the purposes only of determining whether, on the transfer of value which, [F54by virtue of sub-paragraph (1A)(b) above], the donee is assumed to make, the requirements of subsection (1) of section 123 of the 1984 Act are fulfilled, it shall be assumed that the requirement in paragraph (b) of that subsection (as to ownership of the shares or securities) is fulfilled.
- (4) In this paragraph, “the material transfer of value” means, as the case may require,—
- (a) the transfer of value under section 4 of the 1984 Act on the death of the donor; or
- (b) the transfer of value under subsection (4) of the principal section on the property concerned ceasing to be subject to a reservation.
- (5) If the donee dies before the material transfer of value, then, as respects any time after his death, any reference to his personal representatives or, as the case may require, the person (if any) by whom the property, shares or securities concerned were taken under a testamentary disposition made by the donee or under his intestacy (or partial intestacy).

Textual Amendments

F48 Words substituted by [Finance Act 1987 \(c. 16, SIF 63:1\)](#), [Sch. 8, para. 18\(2\)](#), with effect from 17 March 1987.

Changes to legislation: *Finance Act 1986 is up to date with all changes known to be in force on or before 12 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

- F49** Words repealed by [Finance Act 1987 \(c. 16, SIF 63:1\)](#), s. 58 and Sch. 8, para. 18(2), with effect from 17 March 1987.
- F50** Para. 8(1A) inserted by [Finance Act 1987 \(c. 16, SIF 63:1\)](#), [Sch. 8, para. 18\(3\)](#), with effect from 17 March 1987.
- F51** Words in Sch. 20 para. 8(1A)(a) substituted (in relation to transfers of value made on or after 10.3.1992) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 73, Sch. 14 paras. 7, 8, 9.
- F52** Words substituted by [Finance Act 1987 \(c. 16, SIF 63:1\)](#), [Sch. 8, para. 18\(4\)](#), with effect from 17 March 1987.
- F53** Words substituted by [Finance Act 1987 \(c. 16, SIF 63:1\)](#), [Sch. 8, para. 18\(5\)\(a\)](#), with effect from 17 March 1987.
- F54** Words substituted by [Finance Act 1987 \(c. 16, SIF 63:1\)](#), [Sch. 8, para. 18\(5\)\(b\)](#), with effect from 17 March 1987.

SCHEDULE 21

Section 109.

M15 MODIFICATIONS OF FINANCE ACT 1982, SCHEDULE 18 IN RELATION TO ELECTIONS UNDER SECTION 109 OF THIS ACT

Marginal Citations

M15 [1982 c. 39](#).

General modifications

- 1 (1) For any reference in the 1982 Schedule to ethane there shall be substituted a reference to light gases, as defined in section 109 of this Act.
- (2) Except as provided below, any reference in the 1982 Schedule to section 134 of the Finance Act 1982 shall be construed as a reference to section 109 of this Act.

Specific modifications

- 2 (1) In paragraph 1 (provisions as to the election), in sub-paragraph (2)(b) for the words “and not exceeding fifteen years” there shall be substituted “or in the case of an election made before 31st December 1986, beginning on 1st July 1986” and for sub-paragraph (2)(d) there shall be substituted—
 - “(d) specify the purposes for which the light gases to which the election applies will be applied or used.”
- (2) At the end of that paragraph there shall be inserted the following sub-paragraph—
 - “(4) If an election relates to light gases, then, in addition to the matters referred to in sub-paragraph (2) above, the election shall contain—
 - (a) a description of the characteristics of the supply by which the disposal or appropriation is intended to be effected; and
 - (b) if that supply is of such a description that, if it were under a contract at arm’s length, it is reasonable to expect that the price of the gas would vary with the level of the supply, a description of the pattern of supply which the party or parties to the election consider most probable.”

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- 3 (1) In paragraph 2 (conditions for acceptance of an election) in sub-paragraph (1) after the words “and (3)” there shall be inserted “and paragraph 2A”.
- (2) In sub-paragraph (2) of that paragraph, after the words “such that” there shall be inserted “subject to paragraphs 2A and 3A below”.
- 4 After paragraph 2 there shall be inserted the following paragraph—
- “(2A) —
- (1) The provisions of this paragraph apply if, having regard to the pattern of supply described in an election as mentioned in paragraph 1(4)(b) above, it is reasonable to assume that, under a contract for the sale at arm’s length of the light gases to which the election applies, the consideration would include—
- (a) any such payments as are referred to in subsection (2) of section 114 of the Finance Act 1984 (“take or pay” payments), or
- (b) any capacity payments, as defined in subsection (5) of that section.
- (2) The relevant contract—
- (a) shall be assumed to be for the delivery of gas according to the pattern of supply described in the election; and
- (b) shall be assumed to contain provision for such of the payments referred to in sub-paragraph (1) above as are appropriate to that pattern of supply.
- (3) Sub-paragraph (1) of paragraph 2 above shall have effect as if for the words following “sale at arm’s length” there were substituted “of the light gases to which the election applies, the total sums payable under the contract in respect of deliveries of gas in any chargeable period would not differ materially from the sums determined in accordance with the price formula specified in the election for gases disposed of or appropriated in that period; and if the Board are not so satisfied they shall reject the election”.
- (4) The price formula specified in the election shall contain provisions for determining sums corresponding to such of the payments referred to in sub-paragraph (1) above as, by virtue of sub-paragraph (2) above, are assumed to be provided for by the relevant contract.”
- 5 (1) In paragraph 3 (definition of “the relevant contract”^{F55} in sub-paragraph (1)) in paragraph (a) after the word “and”, in the first place where it occurs, there shall be inserted the words “which, subject to sub-paragraph (3) below” and in the words following paragraph (b) for the words from “is not” onwards, there shall be substituted “which, subject to paragraph 2A(2) above, is not necessarily a contract for the sale of light gases for the purposes specified in the election”.
- (2) At the end of that paragraph there shall be added the following sub-paragraphs—
- “(3) In the case of an election which relates to light gases which are “excluded oil”, as defined in section 10(1) of the principal Act, sub-paragraph (1)(a) above shall have effect with the omission of the words from “and which” to “date of the election”.
- (4) Sub-paragraph (4) of paragraph 2A of Schedule 3 to the principal Act (assumptions as to consents in determining price under an arm’s length contract) shall apply for the purposes of paragraphs 2 and 2A above as it applies for the purposes of paragraph 2 of that Schedule, substituting a

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reference to a relevant contract (as defined above) for any reference to the contract mentioned in paragraph 2(2) of that Schedule.”

Textual Amendments

F55 Words in [Sch. 21 para. 5\(1\)](#) inserted (16.7.1992) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 74, [Sch. 15 para.9](#).

6 After paragraph 3 there shall be inserted the following paragraph—

“ Market value where paragraph 2A applies

- 3A (1) Where an election is accepted by the Board and the price formula contains provision for the determination of sums as mentioned in paragraph 2A(4) above, then, for the purpose of determining the market value of gas to which the election applies, section 114 of the Finance Act 1984 (which deals with the treatment of such payments as are referred to in paragraph 2A(1) above) shall have effect in relation to those sums and that gas as if—
- (a) those sums were part of the consideration under a contract for the sale of gas to which the election applies, and
 - (b) that contract provided for delivery of the gas according to the pattern of supply described in the election,
- and where the said section 114 has effect by virtue of this sub-paragraph, subsections (4), (6) and (7) of that section (which provide for and relate to the deemed delivery of one tonne of oil in certain periods) shall be treated for the purposes of the principal Act as providing for and relating to the deemed disposal or appropriation of one tonne of gas to which the election applies.
- (2) Where sub-paragraph (1) above applies, the market value of the gas to which the election applies which is disposed of or appropriated in any chargeable period shall consist of—
- (a) such amount (if any) as is determined in accordance with the price formula by reference to the quantity of gas disposed of or appropriated in that chargeable period; and
 - (b) any sums which, by virtue of sub-paragraph (1) above, either are treated as payments for gas supplied free of charge in that period or are treated as an additional element of the price received or receivable for gas disposed of or appropriated in that period.
- (3) Where the market value of gas is determined as mentioned in sub-paragraph (2) above, any reference in the following provisions of this Schedule (however expressed) to the market value determined in accordance with the price formula is a reference to that value determined as mentioned in that sub-paragraph (that is to say, in accordance with the formula and section 114 of the Finance Act 1984 as applied by sub-paragraph (1) above).
- (4) Where the market value of light gases to which an election applies is determined for a chargeable period as mentioned in sub-paragraph (2) above then, as respects a return for that period under paragraph 2 of Schedule 2 to the principal Act which is made by the participator who is the party or one of the parties to the election,—

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- (a) sub-paragraphs (2)(a)(iii) and (2)(b)(ii) of that paragraph (which require information with respect to each delivery or relevant appropriation of oil in the period) shall not apply in relation to the light gases to which the election applies; and
 - (b) there shall be included in his return a statement of the market value (determined as mentioned in sub-paragraph (2) above) of the light gases relevantly appropriated or disposed of by him in that period.
- (5) Notwithstanding that, under sub-paragraph (2) above, a market value is determined for all the gas disposed of or appropriated in a particular chargeable period, for the purposes of determining—
- (a) the market value referred to in section 2(5)(d) of the principal Act (stocks at the end of a period), and
 - (b) the market value referred to in subsection (1) or, as the case may be, subsection (2) of section 14 of that Act (valuation for corporation tax purposes of oil disposed of or appropriated),

then, except in a case where the only gas disposed of or appropriated in a particular chargeable period is a single tonne which, by virtue of sub-paragraph (1) above, is treated as being disposed of or appropriated, the market value determined as mentioned in sub-paragraph (2) above shall be apportioned rateably to each quantity of gas disposed of or appropriated in that period.”

7 After paragraph 6 there shall be inserted the following paragraph—

“ Price formula no longer appropriate for pattern of supply, etc.

- 6A (1) In any case where it appears to the Board—
- (a) that light gases to which an election applies are being disposed of or appropriated in a manner, to an extent or by a pattern of supply which is different from that which was taken into consideration in the acceptance of the election, and
 - (b) that if, at the time the Board were considering whether the election should be accepted, they had taken into account as a probability the manner, extent or pattern of supply by which the gases are in fact being disposed of, they would have rejected the election,
- then, subject to sub-paragraph (4) below, the election shall not have effect with respect to any chargeable period beginning after the date on which the Board give notice under this paragraph to each of the parties to the election.
- (2) Without prejudice to the generality of sub-paragraph (1) above, if at any time in a chargeable period the extent to which gases to which an election applies are disposed of or relevantly appropriated (including the case where none is so disposed of or appropriated) is such that, if the gas were being delivered under a contract at arm’s length,—
- (a) the seller would be likely to incur financial penalties by reason of a failure to meet requirements arising from the pattern of supply described in the election, and
 - (b) those penalties would not be insubstantial,
- that shall be a ground for the Board to give notice under this paragraph.

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- (3) A notice under this paragraph shall state that, by reason of the matters referred to in sub-paragraph (1) above, the Board are no longer satisfied that the price formula specified in the election is appropriate to the disposals or appropriations actually being made of gases to which the election applies.
- (4) If, within the period of three months beginning on the date of a notice under this paragraph, the party or parties to the election give notice in writing to the Board—
- (a) specifying a new price formula taking account of the manner, extent or pattern of supply by which the gases to which the election applies are being disposed of or appropriated, and
 - (b) containing, if appropriate, a description of the changed pattern of supply which, at the time of the notice, the party or parties to the election consider most probable,
- then, if that new price formula is accepted by the Board in accordance with paragraph 7 below, so much of sub-paragraph (1) above as provides that the election shall not have effect with respect to certain periods shall not apply.
- (5) If notice has been given under sub-paragraph (4) above and a new price formula has been accepted as mentioned in that sub-paragraph, then, for the purpose of determining, for any chargeable period beginning after the date on which the Board gave notice as mentioned in sub-paragraph (1) above, the market value of light gases to which the election applies, section 109 of the Finance Act 1986 shall have effect as if the new price formula were the formula specified in the election.”
- 8 (1) In paragraph 7 (acceptance or rejection of new price formula) in sub-paragraph (2) after the words “paragraph 3” there shall be inserted “and, where appropriate, paragraphs 2A and 3A”; and at the end of paragraph (b) of that sub-paragraph there shall be inserted “or
- (c) a new price formula specified in a notice under paragraph 6A(4) above”;
- and for the words from “were specified” onwards there shall be substituted “had been specified in, and at the time of, the election and as if the circumstances giving rise to the new price formula had been in contemplation at that time”.
- (2) In sub-paragraph (5) of that paragraph, after “6(5)(b)” there shall be inserted “or paragraph 6A(4)”.
- 9 (1) In paragraph 8 (appeals) in sub-paragraph (1) after paragraph (d) there shall be inserted the following paragraph—
- “(dd) under paragraph 6A above, that a price formula is no longer appropriate”.
- (2) In sub-paragraph (4)(b) of that paragraph after “6(1)(b)” there shall be inserted “or paragraph 6A”.
- 10 In paragraph 9 (returns)—
- (a) after “6(1)(b)” there shall be inserted “or paragraph 6A”; and
 - (b) for the words “section 134(3) of this Act” there shall be substituted “section 109(4) of the Finance Act 1986”; and
 - (c) in paragraph (b) after “6” there shall be inserted “or paragraph 6A”.

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- 11 (1) In paragraph 11 (interpretation) sub-paragraph (1) shall be omitted.
- (2) In sub-paragraph (2) of that paragraph the words from “to an election” to “and any reference” shall be omitted.
- (3) In sub-paragraph (4) of that paragraph for the words “section 134(2)(a) of this Act” there shall be substituted “section 109(3)(a) of the Finance Act 1986”.

[^{F56}SCHEDULE 22

Section 111.

BROADCASTING: ADDITIONAL PAYMENTS BY PROGRAMME CONTRACTORS

Textual Amendments

F56 Sch. 22 repealed (*prosp.* as mentioned in S.I. 1990/2347, **art. 3(3)**) by Broadcasting Act 1990 (c.42, SIF 96), ss. 134, 203(3), 204(2), Sch. 12 Pt. II para. 1, **Sch. 21**

PART I

^{M16}AMENDMENT OF BROADCASTING ACT 1981

Marginal Citations

M16 1981 c. 68.

1 ^{F57}

Textual Amendments

F57 Sch. 22 paras. 1, 4–8 repealed by Finance Act 1989 (c.26, SIF 96), s. 187, **Sch. 17 Pt. XI**

- 2 (1) Section 34 of the Act of 1981 (instalments payable on account by programme contractors in respect of additional payments) shall be amended as follows.
- (2) In subsection (2)(b) the words from “when the” to the end shall be omitted.
- (3) For subsection (3) there shall be substituted the following subsection—
 - “(3) Where any amount falls to be paid to a programme contractor to adjust any overpayment made by him, that amount shall be paid to him—
 - (a) if the contract is for the supply of programmes to be broadcast for reception in areas or localities all of which are in Great Britain, out of the Consolidated Fund of the United Kingdom;
 - (b) if the contract is for the supply of programmes to be broadcast for reception in areas or localities all of which are in Northern Ireland, out of the Consolidated Fund of Northern Ireland; and
 - (c) if the contract is one which falls within subsection (2) of section 33, out of each of those Funds, apportioned in the same way as receipts are apportioned under subsection (3)(c) of that section.”

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- 3 (1) Section 35 of the Act of 1981 (provision for supplementing additional payments) shall be amended as follows.
- (2) In paragraph (a) of subsection (1) the words “or is” shall be inserted after the word “is”, where it last occurs.
- (3) For paragraph (b) of that subsection there shall be substituted the following paragraph—
 - “(b) the deficiency is, or would be, wholly or mainly attributable to either or both of the following—
 - (i) excessive expenditure forming part of the expenditure by reference to which those additional payments fall to be calculated;
 - (ii) in the case of second category profits, the receipt of consideration for the provision of any programme which is less than that which the contractor would have received had the transaction in question been in all respects at arm’s length.”
- (4) In subsection (4), for the words “the accounting period to which it relates” there shall be substituted the words “the period of six months beginning with the date on which the programme contractor furnishes to the Authority, in accordance with the terms of his contract as a programme contractor, a copy of his audited accounts for the accounting period to which the order relates”.
- (5) After subsection (2) there shall be inserted the following subsection—
 - “(2A) In determining, for the purposes of subsection (1) of this section, whether in the case of a programme contractor any consideration received by him for the provision of any programme is less than that which the contractor would have received had the transaction in question been in all respects at arm’s length, the Authority or the Secretary of State, as the case may be, shall have regard to such matters as they or he may consider relevant, and in particular to any available information as to—
 - (a) the consideration received for the provision by the contractor of the programme in other comparable markets;
 - (b) the consideration received by that or any other programme contractor for the provision of other comparable programmes in the same market.”

4—8. F58

Textual Amendments
F58 Sch. 22 paras. 1, 4–8 repealed by Finance Act 1989 (c.26, SIF 96), s. 187, Sch. 17 Pt. XI

PART II

TRANSITIONAL PROVISIONS

- 9 (1) In this paragraph—

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“new statutory provisions” means the provisions of the ^{M17}Broadcasting Act 1981 as amended by this Act; and

“existing statutory provisions” means the provisions of that Act as they had effect immediately before the passing of this Act.

(2) Any contract between the Authority and a programme contractor which is in force immediately before the passing of this Act shall, until it is varied or superseded by a further contract between them or expires or is otherwise terminated (whichever first occurs) be deemed to be modified by virtue of this Schedule so as—

(a) to substitute provisions in conformity with the new statutory provisions for so much of the contract as is in accordance with the existing statutory provisions and is not in conformity with the new statutory provisions, and

(b) to incorporate in the contract such additional provisions as a contract between the Authority and a programme contractor is required to include in accordance with the new statutory provisions;

and (subject to paragraph 4 of Schedule 4 to the Act of 1981) any provisions of the contract which provide for arbitration as to any matters contained in the contract in accordance with the existing statutory provisions shall be construed as making the like provision for arbitration in relation to matters deemed to be included in the contract by virtue of this sub-paragraph.

(3) Where it appears to the Authority that the new statutory provisions call for the inclusion of additional terms in any such contract, but do not afford sufficient particulars of what those terms should be, the Authority may, after consulting the programme contractor, decide what those terms are to be.

(4) This paragraph shall not be taken to have effect in relation to any contract entered into by a programme contractor and any person other than the Authority before the passing of this Act.

Marginal Citations

M17 1981 c. 68.

10 (1) This paragraph applies in relation to any accounting period of a programme contractor which begins before 1st April 1986 and ends after 31st March 1986 (“the accounting period”).

(2) The additional payments payable by the programme contractor under section 32 of the Act of 1981 in relation to his profits for the accounting period shall be the aggregate of the following amounts—

(a) the amount payable by him on the assumption—

(i) that section 111 of this Act was not in force at any time during the accounting period; and

(ii) that his profits for the accounting period were reduced by multiplying them

by $\frac{X}{X+Y}$; and

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- (b) the amount payable by him on the assumption that that section was in force throughout the accounting period and that both his first category profits for that period and his second category profits for that period were reduced by multiplying them

$$\text{by } \frac{Y}{X + Y};$$

where (taking any odd four days or more as a week)

X is the number of weeks in the accounting period falling before 1st April 1986;
and

Y is the number of weeks in the accounting period falling after 31st March 1986.

- (3) For the purposes of the application of paragraph 2C of Schedule 4 to the Act of 1981 in relation to losses incurred by the programme contractor during the accounting period, those losses shall be reduced by multiplying them

$$\text{by } \frac{Y}{X + Y};$$

where X and Y have the same meaning as in sub-paragraph (2) above.]

SCHEDULE 23

Section 114.

REPEALS

PART I

CUSTOMS AND EXCISE: MISCELLANEOUS

Chapter	Short title	Extent of repeal
1979 c. 4.	The Alcoholic Liquor Duties Act 1979.	In section 15, subsections (6A) and (6B), in subsection (7) the words “restriction or requirement” and in subsection (8) the words “restriction or requirement”.
		In section 46(2), the word “accidentally”.
1981 c. 35.	The Finance Act 1981.	In Schedule 8, paragraphs 2(b) and 14(b).
1985 c. 54.	The Finance Act 1985.	Section 2.

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PART II

VEHICLES EXCISE DUTY

Chapter	Short title	Extent of repeal
1971 c. 10	The Vehicles (Excise) Act 1971.	<p>In section 23(f), the words from “and as” to “replacement”.</p> <p>In paragraph 13 of Part I of Schedule 7, in the text of section 17(2) as modified, paragraph (a) and, in paragraph (b), the words from the beginning to “class”.</p> <p>In paragraph 20 of Part I of Schedule 7, in the text of section 23 as modified, in subsection (1)(e) the words from “and for” to “book”.</p>
1972 c. 10 (N.I.).	The Vehicles (Excise) Act (Northern Ireland) 1972.	<p>In section 23(f), the words from “and as” to “replacement”.</p> <p>In paragraph 13 of Part I of Schedule 9, in the text of section 17(2) as modified, paragraph (a) and, in paragraph (b), the words from the beginning to “class”.</p> <p>In paragraph 20 of Part I of Schedule 9, in the text of section 23 as modified, in subsection (1)(e) the words from “and for” to “book”.</p>

The repeals in paragraph 13 of Part I of Schedule 7 to the Vehicles (Excise) Act 1971 and paragraph 13 of Part I of Schedule 9 to the Vehicles (Excise) Act (Northern Ireland) 1972 do not have effect with respect to the surrender of licences taken out before 1st January 1987.

PART III

BETTING AND GAMING DUTIES

Chapter or Number	Short title	Extent of repeal
1972 c. 11 (N.I.).	The Miscellaneous Transferred Excise Duties Act (Northern Ireland) 1972.	Part III.

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		In section 72(2), the words from the beginning to “Schedule 2”.
		Schedules 1 and 2.
1974 c. 30.	The Finance Act 1974.	Section 2(2) (as it remains in force in relation to Northern Ireland).
1981 c. 63.	The Betting and Gaming Duties Act 1981.	In section 9(3)(a), the words “Northern Ireland or” and the words “of the Parliament of Northern Ireland or, as the case may be,”.
		In section 12(4), the words from “and ”betting office licence” to the end.
		In section 19(2) the words “Northern Ireland or” and the words “the Parliament of Northern Ireland or, as the case may be,”.
		In section 20(2), the definition of “Great Britain”.
		Section 35(4).
1985 c. 54.	The Finance Act 1985.	In Schedule 5, paragraph 8.
S.I. 1985/1204 (N.I. 11).	The Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985.	In Schedule 19, paragraphs 11 to 15 and 17.

These repeals—

- (a) so far as they relate to general betting duty or pool betting duty, come into force on the betting commencement date (as defined in section 6 of this Act), but do not affect duty in respect of bets made before that date; and
- (b) so far as they relate to bingo duty, come into force on the bingo commencement date (as so defined).

PART IV

LICENCES UNDER THE CUSTOMS AND EXCISE ACTS

Chapter	Short title	Extent of repeal
1979 c. 4.	The Alcoholic Liquor Duties Act 1979.	In section 4(3), in the Table, the words “licence year”.
		Section 12(2) and (3).

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		Section 18(3) and (4).
		In section 25(1)(b), the words “has in his possession or”.
		Section 47(3) and (4).
		Section 48(2) and (3).
		Section 54(3).
		Section 55(3).
		In section 56(1)(a), the word “renewal”.
		Section 75(3) and (4).
		Section 81.
		Section 83.
1979 c. 6.	The Matches and Mechanical Lighters Duties Act 1979.	Section 2(2) and (3).

PART V

INCOME TAX AND CORPORATION TAX: GENERAL

Chapter	Short title	Extent of repeal
1970 c. 10.	The Income and Corporation Taxes Act 1970.	In section 457(1A), the words from “and does not” to the end. In Schedule 8, paragraph 12.
1972 c. 41.	The Finance Act 1972.	In section 100(6), the words from “if the limit” to “the relevant income and”. Section 103(1) to (3). Section 107(3).
1974 c. 30.	The Finance Act 1974.	Section 22(2). Section 37(2).
1977 c. 36.	The Finance Act 1977.	In section 32(6), paragraph (b), and in paragraph (c) the words “or (b)”.
1980 c. 48.	The Finance Act 1980.	In Schedule 10, paragraphs 2 and 22.
1983 c. 28.	The Finance Act 1983.	In Schedule 5, paragraph 5(8) to (11) and paragraph 7(3).
1984 c. 43.	The Finance Act 1984.	Section 20(1) and (2).

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1985 c. 54.	The Finance Act 1985.	Section 49.
1	The repeal in section 457(1A) of the Income and Corporation Taxes Act 1970 and the repeal of section 49 of the Finance Act 1985 have effect for the year 1986–87 and subsequent years of assessment.	
2	Subject to section 45(4) of this Act, the repeal in Schedule 8 to the Income and Corporation Taxes Act 1970 does not have effect with respect to any payment which, under section 187(4) of that Act, is treated as income received before 4th June 1986.	
3	The repeal in section 100(6) of the Finance Act 1972 has effect with respect to accounting periods beginning on or after 3rd June 1986.	
4	The repeal of section 107(3) of the Finance Act 1972 has effect where a company ceases to carry on a trade, or part of a trade, after 18th March 1986, subject to the application of section 42(3) of this Act with the words “the repeal does not” substituted for “those amendments do not”.	
5	The repeal of section 22(2) of the Finance Act 1974 has effect for the year 1986–87 and subsequent years of assessment.	
6	The repeals in section 32(6) of the Finance Act 1977 have effect for the year 1984–85 and subsequent years of assessment.	
7	The repeals in Schedule 5 to the Finance Act 1983 have effect in relation to shares issued at any time after 18th March 1986.	
8	The repeals in section 20 of the Finance Act 1984 do not have effect with respect to any financial year ending before 1st April 1986.	

PART VI

INCOME TAX AND CORPORATION TAX: CAPITAL ALLOWANCES

Chapter	Short title	Extent of repeal
1968 c. 3.	The Capital Allowances Act 1968.	Sections 51 to 66. Section 68. In section 70(3), the words from “and, in the case of” to “direct”. Section 74(6). In section 75(1), the word “61,”. Section 78(3). In section 79(4), the words “and section 65(1)”. In section 83(1), the words “or section 56”.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 12 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

		In section 85(1)(c), the words “other than section 60”.
		Schedules 5 and 6.
		In Schedule 7, paragraph 4(2)(c).
1971 c. 68.	The Finance Act 1971.	Section 52.
1973 c. 51.	The Finance Act 1973.	Section 31(6)(c).
1978 c. 42.	The Finance Act 1978.	Section 39.
1985 c. 54.	The Finance Act 1985.	Section 62.

- 1 The repeals of sections 68 and 74(6) of the Capital Allowances Act 1968 and section 39 of the Finance Act 1978 do not have effect with respect to expenditure incurred before 1st April 1986 nor with respect to expenditure under existing contracts, as defined in section 56(2) of this Act.
- 2 The remaining repeals, apart from the repeal of section 62 of the Finance Act 1985, have effect subject to the provisions of Schedule 14 to this Act.

PART VII

CAPITAL GAINS

Chapter	Short title	Extent of repeal
1984 c. 43.	The Finance Act 1984.	In Schedule 13, paragraphs 2 and 3.
1985 c. 54.	The Finance Act 1985.	Section 67(1).

PART VIII

SECURITIES

Chapter	Short title	Extent of repeal
1970 c. 10.	The Income and Corporation Taxes Act 1970.	Section 475(6).
1985 c. 54.	The Finance Act 1985.	In Schedule 23, paragraphs 41 and 42.

These repeals have effect in accordance with paragraphs 1(5) and 2(2) of Schedule 18 to this Act.

PART IX

STAMP DUTY

- (1) Reconstructions etc.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 12 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Chapter	Short title	Extent of repeal
1927 c. 10.	The Finance Act 1927.	Section 55.
1928 c. 17.	The Finance Act 1928.	Section 31.
1928 c. 9 (N.I.).	The Finance Act (Northern Ireland) 1928.	Section 4.
1936 c. 23 (N.I.).	The Finance (Companies' Stamp Duty) Act (Northern Ireland) 1936.	Section 1.
1980 c. 48.	The Finance Act 1980.	In Schedule 18, paragraph 12(1) and (1A).
1985 c. 54.	The Finance Act 1985.	Sections 78, 79 and 80.
1986 c. 41.	The Finance Act 1986.	Section 73.

(2) Loan Capital

Chapter	Short title	Extent of repeal
1963 c. 25.	The Finance Act 1963.	In section 62, subsections (2) and (6).
1963 c. 22. (N.I.).	The Finance Act (Northern Ireland) 1963.	In section 11, subsections (2) and (5).
1967 c. 54.	The Finance Act 1967.	Section 29.
1967 c. 20 (N.I.).	The Finance Act (Northern Ireland) 1967.	Section 6.
1974 c. 30.	The Finance Act 1974.	In Schedule 11, paragraphs 5 and 15. In Schedule 12, paragraphs 7 and 8.
1976 c. 40.	The Finance Act 1976.	Section 126.
1980 c. 48.	The Finance Act 1980.	Section 96.
1981 c. 35.	The Finance Act 1981.	Section 109.

(3) Bearer Letters of Allotment etc.

Chapter	Short title	Extent of repeal
1891 c. 39.	The Stamp Act 1891.	In Schedule 1, in the heading "Bearer Instrument", paragraph 2 of the exemptions.

(4) Changes in Financial Institutions

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 12 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Modifications etc. (not altering text)

C4 By S.I. 1989/291 it is provided that the repeals made under Pt. IX(4) of Schedule 23 have effect on 20.3.1989

Chapter or Number	Short title	Extent of repeal
1920 c. 18.	The Finance Act 1920.	Section 42.
1961 c. 36.	The Finance Act 1961.	Section 34.
1961 c. 10 (N.I.).	The Finance Act (Northern Ireland) 1961.	Section 4.
1973 c. 51.	The Finance Act 1973.	In Schedule 21, paragraphs 1 and 3.
S.I. 1973/1323 (N.I. 18).	The Finance (Miscellaneous Provisions) (Northern Ireland) Order 1973.	In Schedule 3, paragraphs 1 and 3.
1976 c. 40.	The Finance Act 1976.	In section 127, in subsection (1) the words “which is executed for the purposes of a stock exchange transaction”, subsections (2) and (3), in subsection (5), the definitions of “jobber” and “stock exchange transaction”, and in subsection (7) the words “and this section”.
1980 c. 48.	The Finance Act 1980.	Section 100.

1 The repeals under (1) above have effect in relation to any instrument executed in pursuance of a contract made on or after the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.

2 The repeals under (2) above have effect in relation to any instrument to which section 79 of this Act applies.

3 The repeals under (4) above have effect as provided by the Treasury by order made by statutory instrument, and different provision may be made for different repeals.

PART X

INHERITANCE TAX

Chapter	Short title	Extent of repeal
1984 c. 51.	[^{F59} The Capital Transfer Tax Act 1984].	In section 7(1)(a), the word “appropriate”. Sections 148 and 149.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 12 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

In section 167(2), the words from “and shall not” to the end.

Section 204(4).

In section 236(3), the words “149”.

In Schedule 2, in paragraphs 2 and 4, the words “the first of”, in paragraph 3, the words “the second of”, and paragraph 7.

Textual Amendments

F59 Cited generally in this volume as the Inheritance Tax Act 1984—see 1986 s. 100(1).

- 1 The repeals of sections 148 and 149 of the Capital Gains Tax Act 1984^{F60} and in sections 167 and 236 of, and Schedule 2 to, that Act have effect where the donee’s transfer was made on or after 18th March 1986.

Textual Amendments

F60 Cited generally in this volume as the Inheritance Tax Act 1984—see 1986 s. 100(1).

- 2 The remaining repeals have effect with respect to transfers of value made, and other events occurring, on or after 18th March 1986.

PART XI

BROADCASTING: ADDITIONAL PAYMENTS BY PROGRAMME CONTRACTORS

Chapter	Short title	Extent of repeal
1981 c. 68.	The Broadcasting Act 1981.	In section 32(9), the words “to amend subsections (4) and (5)”. In section 34(2)(b), the words from “when the” to the end. In section 35(2)(a) and (b), the word “relevant”.
1984 c. 46.	The Cable and Broadcasting Act 1984.	Section 40(3).

These repeals shall be deemed to have come into force on 1st April 1986.

Changes to legislation:

Finance Act 1986 is up to date with all changes known to be in force on or before 12 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

[View outstanding changes](#)

Changes and effects yet to be applied to :

- s. 107(4) words substituted by [2015 c. 33 s. 15\(1\)\(a\)](#)
- s. 107(5) words substituted by [2015 c. 33 s. 15\(1\)\(b\)](#)