
*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 1987, Part IV. (See end of Document for details)*

SCHEDULES

SCHEDULE 14

CROSS-FIELD ALLOWANCE

PART IV

SUPPLEMENTAL AND CONSEQUENTIAL PROVISIONS

Notice of variation reducing expenditure qualifying for supplement

- 11 (1) This paragraph applies in any case where—
- (a) an amount of expenditure is allowed as qualifying for supplement as regards the field of origin; and
 - (b) one or more elections is made in respect of that expenditure; and
 - (c) a notice of variation is served under paragraph 9 of Schedule 5 to the principal Act; and
 - (d) on that notice of variation becoming effective for the purposes of the said paragraph 9, the amount of the expenditure referred to in paragraph (a) above is taken for the purposes of Part I of the Principal Act as having been reduced.
- (2) In sub-paragraph (3) below—
- (a) “the original expenditure” means the amount of expenditure referred to in sub-paragraph (1)(a) above, disregarding the effect of the notice of variation;
 - (b) “the reduced expenditure” means the amount of expenditure after the notice of variation became effective for the purposes of paragraph 9 of Schedule 5 to the principal Act; and
 - (c) “the expenditure originally allowable” means the amount of the original expenditure which, having regard to the election or elections in respect of that expenditure but disregarding the effect of the notice of variation, was allowable in accordance with the principal section.
- (3) If the expenditure originally allowable exceeds 10 per cent. of the reduced expenditure, the principal section shall have effect as if the election or elections had specified an amount of that expenditure equal (or equal in the aggregate) to 10 per cent. of the reduced expenditure and, where there was more than one election, paragraph 4 above shall be taken to have applied accordingly.
- (4) Such amendments of assessments to tax or determinations (relating to the field of origin or the receiving field) shall be made as may be necessary in consequence of the preceding provisions of this paragraph.

Elections following variation increasing expenditure qualifying for supplement

- 12 (1) In any case where—

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- (a) an amount of expenditure is allowed as qualifying for supplement as regards the field of origin, and
- (b) one or more elections is made in respect of that expenditure, and
- (c) a notice of variation is served under paragraph 9 of Schedule 5 to the principal Act, and
- (d) on that notice of variation becoming effective for the purposes of the said paragraph 9, the amount of the expenditure referred to in paragraph (a) above is taken for the purposes of Part I of the principal Act as having been increased,

an election may be made in respect of the amount of the increase as if it were a separate amount of expenditure.

- (2) In the circumstances referred to in sub-paragraph (1) above an election may be made by the participator in question at any time before—
 - (a) notice is given to the participator or, as the case may be, the associated company of the making of that assessment or determination or that amendment of an assessment or determination which takes account of the increase resulting from the notice of variation; or
 - (b) if it is later, the expiry of the period of thirty days beginning on the date on which the notice of variation becomes effective for the purposes of paragraph 9 of Schedule 5 to the principal Act.
- (3) Where an election is made by a participator in the circumstances referred to in sub-paragraph (1) above—
 - (a) paragraph 1(2)(c) above shall have effect as if it referred to the notice of variation;
 - (b) subsection (4)(a) of the principal section shall not apply; and
 - (c) the expenditure allowable as a result of the election shall be taken into account in the first assessment to tax or determination relating to a chargeable period of the receiving field which is made on or in relation to the participator after the date of the decision to which the notice of variation relates.
- (4) Such amendments of assessments to tax or determinations (relating to the field of origin or the receiving field) shall be made as may be necessary in consequence of the preceding provisions of this paragraph.

Limit on amount of tax payable in respect of receiving field

- 13 (1) Where an election has been made by a participator, this paragraph has effect with respect to the determination under section 9 of the principal Act (limit on amount of tax payable) of the adjusted profit of the participator in respect of the receiving field.
- (2) For the chargeable period in which the amount of expenditure allowable by virtue of the election is taken into account as mentioned in subsection (4) of the principal section, that amount shall also be taken into account as if it were an addition to the total amount mentioned in section 9(2)(a)(ii) of the principal Act.

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