



Finance Act 1993

1993 CHAPTER 34

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Income tax: charge, rates and allowances

51 Charge and rates of income tax for 1993-94.

- (1) Income tax shall be charged for the year 1993-94, and for that year—
 - (a) the lower rate shall be 20 per cent.,
 - (b) the basic rate shall be 25 per cent., and
 - (c) the higher rate shall be 40 per cent.
- (2) For the year 1993-94 section 1(2) of the Taxes Act 1988 shall apply as if—
 - (a) the amount specified in paragraph (aa) were £2,500 (the lower rate limit), and
 - (b) the amount specified in paragraph (b) were £23,700 (the basic rate limit);and accordingly section 1(4) of that Act (indexation) shall not apply for the year 1993-94.

52 Personal and married couple's allowances.

Sections 257 and 257A of the Taxes Act 1988 (personal and married couple's allowances) shall apply for the year 1993-94 as if the amounts specified in them were the same as the amounts specified in them as they apply for the year 1992-93, and accordingly section 257C(1) of that Act (indexation) shall not apply for the year 1993-94.

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Corporation tax charge and rate

53 Charge and rate of corporation tax for 1993.

Corporation tax shall be charged for the financial year 1993 at the rate of 33 per cent.

54 Small companies.

For the financial year 1993—

- (a) the small companies’ rate shall be 25 per cent., and
- (b) the fraction mentioned in section 13(2) of the Taxes Act 1988 (marginal relief for small companies) shall be one fiftieth.

Interest: general

55 Relief for interest.

For the year 1993-94 the qualifying maximum defined in section 367(5) of the Taxes Act 1988 (limit on relief for interest on certain loans) shall be £30,000.

^{F1}56

Textual Amendments

F1 S. 56 repealed (27.7.1999 with effect in relation to any payment of interest falling within s. 38(3)(4) of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(7)** Note 4

57 Temporary relief for interest payments.

^{F2}(1)

^{F2}(2)

(3) In section 365 of that Act (relief on interest on loans to buy a life annuity), after subsection (1) there shall be inserted the following subsections—

“(1A) Where, in the case of any loan—

- (a) the condition specified in subsection (1)(d) above would not (apart from this subsection) be fulfilled with respect to any land by reason of its having ceased at any time to be used by a particular person as his only or main residence; and
- (b) the intention at that time of the person to whom the loan was made, or of each of the annuitants owning an estate or interest in that land, was to take steps, before the end of the period of 12 months after the day on which it ceased to be so used, with a view to the disposal of his estate or interest,

that condition shall be treated in relation to interest on that loan as continuing to be fulfilled with respect to the land from that time until the end of that period or (if sooner) the abandonment by that person or any of those annuitants of his intention to dispose of his estate or interest.

Status: Point in time view as at 24/07/2002.

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(1B) If it appears to the Board reasonable to do so, having regard to all the circumstances of a particular case, they may direct that in relation to that case subsection (1A) above shall have effect as if for the reference to 12 months there were substituted a reference to such longer period as meets the circumstances of that case.”

F²(4)

(5) This section shall have effect in relation to payments of interest made on or after 16th March 1993 (whenever falling due).

F²(6)

F³(7)

Textual Amendments

- F2** S. 57(1)(2)(4)(6) repealed (27.7.1999 with effect in relation to any payment of interest falling within s. 38(3)(4) of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(7)** Note 4
- F3** S. 57(7) repealed (3.5.1994 with effect in accordance with s. 81(6) of the amending Act) by 1994 c. 9, ss. 81, 258, **Sch. 9 para. 12, Sch. 26 Pt. V(2)** Note

58 Overclaims in respect of deductions of mortgage interest.

(1) After subsection (6) of section 369 of the Taxes Act 1988 (recovery of amount treated as paid by recipient of interest paid subject to a deduction under that section) there shall be inserted the following subsection—

“(7) The following provisions of the Management Act, namely—

- (a) section 29(3)(c) (excessive relief),
- (b) section 30 (tax repaid in error etc.),
- (c) section 88 (interest), and
- (d) section 95 (incorrect return or accounts),

shall apply in relation to an amount which is paid to any person by the Board as an amount recoverable in accordance with regulations made by virtue of subsection (6) above but to which that person is not entitled as if it were income tax which ought not to have been repaid and, where that amount was claimed by that person, as if it had been repaid as a relief which was not due.”

(2) This section shall not apply in relation to any payment if the payment, or the claim on which it is made, was made before the day on which this Act is passed.

59 Interest payments to persons not ordinarily resident in UK.

In section 349 of the Taxes Act 1988 (annual interest etc.) in subsection (3) (exceptions from requirement to deduct tax from interest payments) at the end of paragraph (g) there shall be inserted “ or ” and after that paragraph there shall be inserted the following paragraph—

“(h) to any payment in respect of which a liability to deduct income tax would, but for section 481(5)(k), be imposed by section 480A(1).”

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

60 Certain interest not allowed as a deduction.

- (1) This section applies where—
 - (a) a qualifying company becomes subject to a qualifying debt, and
 - (b) the interest payable exceeds a commercial return on the capital repayable, expressing that capital in the settlement currency of the debt.
- (2) In computing the corporation tax chargeable for an accounting period of the company, so much of the excess interest as is paid in the accounting period shall not be allowed as a deduction against the total profits for the period (if it would be allowed apart from this section).
- (3) In this section—
 - “qualifying company” has the meaning given by section 152 below;
 - “qualifying debt” has the meaning given by section 153(10) below;
 - “settlement currency”, in relation to a debt, shall be construed in accordance with section 161 below.
- (4) This section applies where the company becomes subject to the debt (whether as the original debtor or otherwise) on or after the day which is its commencement day for the purposes of section 165 below.

Interest etc. on debts between associated companies

F4 61

Textual Amendments

F4 S. 61 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

F5 62

Textual Amendments

F5 S. 62 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

F6 62A

Textual Amendments

F6 S. 62A repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

F7 63

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Textual Amendments

- F7** S. 63 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

F8 **64**

Textual Amendments

- F8** S. 64 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note (with Sch. 15 para. 19(3))

Modifications etc. (not altering text)

- C1** S. 64 amended (27.7.1999 with application as mentioned in s. 67(8) of the amending Act) by 1999 c. 16, s. 67(4)(8)

F9 **65**

Textual Amendments

- F9** S. 65 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note (with Sch. 15 para. 20(2))

Modifications etc. (not altering text)

- C2** S. 65 amended (27.7.1999 with application as mentioned in s. 67(8) of the amending Act) by 1999 c. 16, s. 67(4)(8)

F10 **66**

Textual Amendments

- F10** S. 66 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

Charitable donations

67 Donations from companies and individuals.

- (1) In section 339 of the Taxes Act 1988 (charges on income: donations to charity) in subsection (3A) (payment by close company not a qualifying donation if less than £400 after deducting income tax) for “£400” there shall be substituted “£250”.
- (2) In section 25 of the ^{M1}Finance Act 1990 (donations to charity by individuals) in subsection (2)(g) (gift must be not less than £400 to be a qualifying donation) for “£400” there shall be substituted “£250”.

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

(3) Subsection (1) above shall apply in relation to payments made on or after 16th March 1993.

(4) Subsection (2) above shall apply in relation to gifts made on or after 16th March 1993.

Marginal Citations

M1 1990 c. 29.

68 Payroll deduction schemes.

(1) In section 202(7) of the Taxes Act 1988 (which limits to £600 the deductions attracting relief) for “£600” there shall be substituted “ £900 ”.

(2) This section shall have effect for the year 1993-94 and subsequent years of assessment.

69 Contributions to agent’s expenses.

The following section shall be inserted after section 86 of the Taxes Act 1988—

“86A Charitable donations: contributions to agent’s expenses.

(1) This section applies where—

- (a) a person (the employer) is liable to make to any individual payments from which income tax falls to be deducted by virtue of section 203 and regulations under that section, and
- (b) the employer withholds sums from those payments in accordance with a scheme falling within subsection (3) of section 202 and pays the sums to an agent (within the meaning of subsection (4)(a) of that section).

(2) Any relevant expenditure incurred by the employer on or after 16th March 1993—

- (a) shall be deducted in computing for the purposes of Schedule D the profits or gains of a trade, profession or vocation carried on by the employer, or
- (b) if the employer is an investment company or a company in the case of which section 75 applies by virtue of section 76, shall be treated as expenses of management.

(3) Relevant expenditure is expenditure incurred in making to the agent any payment in respect of expenses which have been or are to be incurred by the agent in connection with his functions under the scheme.”

Benefits in kind

70 Car benefits: 1993-94.

(1) In Schedule 6 to the Taxes Act 1988 (taxation of directors and others in respect of cars) for Part I (tables of flat rate cash equivalents) there shall be substituted—

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

“PART I

TABLES OF FLAT RATE CASH EQUIVALENTS

Table A

CARS WITH AN ORIGINAL MARKET VALUE UP TO £19,250 AND HAVING A CYLINDER CAPACITY

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Age of car at end of relevant year of assessment</i>	
	Under 4 years	4 years or more
1,400 or less	£2,310	£1,580
More than 1,400 but not more than 2,000	£2,990	£2,030
More than 2,000	£4,800	£3,220

Table B

CARS WITH AN ORIGINAL MARKET VALUE UP TO £19,250 AND NOT HAVING A CYLINDER CAPACITY

<i>Original market value of car</i>	<i>Age of car at end of relevant year of assessment</i>	
	Under 4 years	4 years or more
Less than £6,000	£2,310	£1,580
£6,000 or more but less than £8,500	£2,990	£2,030
£8,500 or more but not more than £19,250	£4,800	£3,220

Table C

CARS WITH AN ORIGINAL MARKET VALUE OF MORE THAN £19,250

<i>Original market value of car</i>	<i>Age of car at end of relevant year of assessment</i>	
	Under 4 years	4 years or more
More than £19,250 but not more than £29,000	£6,210	£4,180
More than £29,000	£10,040	£6,660”

(2) This section shall have effect for the year 1993-94.

Status: Point in time view as at 24/07/2002.

*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 1993, Part II. (See end of Document for details)*

71 Car fuel: 1993-94.

(1) In section 158 of the Taxes Act 1988 (car fuel) for the Tables in subsection (2) (tables of cash equivalents) there shall be substituted—

“TABLE A

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Cash equivalent</i>
1,400 or less	£600
More than 1,400 but not more than 2,000	£760
More than 2,000	£1,130

TABLE AB

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Cash equivalent</i>
2,000 or less	£550
More than 2,000	£710

TABLE B

<i>Original market value of car</i>	<i>Cash equivalent</i>
Less than £6,000	£600
£6,000 or more but less than £8,500	£760
£8,500 or more	£1,130”

(2) In subsection (5) of that section (reductions in cash equivalents) the words “or 3” shall be omitted.

(3) This section shall have effect for the year 1993-94.

72 Car and car fuel benefits: 1994-95 onwards.

Schedule 3 to this Act (which contains provisions, having effect for the year 1994-95 and subsequent years of assessment, about cars available for private use and car fuel) shall have effect.

73 Vans.

Schedule 4 to this Act (which contains provisions about vans available for private use) shall have effect.

74 Heavier commercial vehicles.

(1) In the Taxes Act 1988, after section 159AB (inserted by Schedule 4 to this Act) there shall be inserted the following section—

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

“159AC Heavier commercial vehicles available for private use.

- (1) This section applies where in any year—
 - (a) a heavier commercial vehicle is made available to an employee in circumstances such that, had that vehicle been a van, the benefit so provided would have been chargeable to tax under section 159AA, and
 - (b) the employee’s use of the vehicle is not wholly or mainly private use.
- (2) Section 154 shall not apply to—
 - (a) the benefit so provided, or
 - (b) any benefit in connection with the vehicle other than a benefit in connection with the provision of a driver for the vehicle.
- (3) The employee shall not be taxable—
 - (a) under Schedule E in respect of the discharge of any liability of his in connection with the vehicle;
 - (b) under section 141 or 142 in respect of any non-cash voucher or credit-token to the extent that it is used by him—
 - (i) for obtaining money which is spent on goods or services in connection with the vehicle, or
 - (ii) for obtaining such goods or services;
 - (c) under section 153 in respect of any payment made to him in respect of expenses incurred by him in connection with the vehicle.
- (4) In this section “heavier commercial vehicle” means a mechanically propelled road vehicle which is—
 - (a) of a construction primarily suited for the conveyance of goods or burden of any description, and
 - (b) of a design weight exceeding 3,500 kilograms;and “design weight” here means the weight which the vehicle is designed or adapted not to exceed when in normal use and travelling on a road laden.
- (5) In this section—
 - (a) “private use”, in relation to a vehicle made available to an employee, means any use other than for his business travel, and
 - (b) “business travel” means travelling which the employee is necessarily obliged to do in the performance of the duties of his employment.”

^{F11}(2)

(3) This section shall have effect for the year 1993-94 and subsequent years of assessment.

Textual Amendments

F11 S. 74(2) repealed (27.7.1999 with effect for the year 1999-00 and subsequent years of assessment) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(9)** Note

Status: Point in time view as at 24/07/2002.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

75 **Sporting and recreational facilities.**

- (1) After section 197F of the Taxes Act 1988 there shall be inserted the following section—

“ Sporting and recreational facilities

197G Sporting and recreational facilities.

- (1) No charge to tax under Schedule E shall arise in respect of the provision to any person in employment with any employer, or to any member of the family or household of such a person, of—
- (a) any benefit to which this section applies; or
 - (b) any non-cash voucher which is capable of being exchanged only for a benefit to which this section applies.
- (2) This section applies, subject to subsections (3) to (5) below, to any benefit consisting in, or in a right or opportunity to make use of, any sporting or other recreational facilities provided so as to be available generally to, or for use by, the employees of the employer in question.
- (3) Except in such cases as may be prescribed, this section does not apply to any benefit consisting in—
- (a) an interest in, or the use of, any mechanically propelled vehicle;
 - (b) an interest in, or the use of, any holiday or other overnight accommodation or any facilities which include, or are provided in association with, a right or opportunity to make use of any such accommodation;
 - (c) a facility provided on domestic premises;
 - (d) a facility provided so as to be available to, or for use by, members of the public generally;
 - (e) a facility which is used neither wholly nor mainly by persons whose right or opportunity to use it derives from employment (whether with the same employer or with different employers); or
 - (f) a right or opportunity to make use of any facility falling within any of the preceding paragraphs.
- (4) For the purposes of subsection (3)(e) above a person’s right or opportunity to use any facility shall be taken to derive from employment if, and only if—
- (a) it derives from his being or having been an employee of a particular employer or a member of the family or household of a person who is or has been such an employee; and
 - (b) the facility is one which is provided so as to be available generally to the employees of that employer.
- (5) The Treasury may by regulations provide—
- (a) that such benefits as may be prescribed shall not be benefits to which this section applies; and
 - (b) that such other benefits as may be prescribed shall be benefits to which this section applies only where such conditions as may be prescribed are satisfied in relation to the terms on which, and the persons to whom, they are provided.

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

(6) In this section—

“domestic premises” means any premises used wholly or mainly as a private dwelling or any land or other premises belonging to, or enjoyed with, any premises so used;

“non-cash voucher” has the same meaning as in section 141;

“prescribed” means prescribed by regulations made by the Treasury;

“vehicle” includes any ship, boat or other vessel, any aircraft and any hovercraft;

and section 168(2) and (4) shall apply for the purposes of this section as it applies for the purposes of Chapter II of this Part.”

(2) This section shall apply for the year 1993-94 and subsequent years of assessment.

76 Removal expenses and benefits.

Schedule 5 to this Act (which relates to the payment of expenses, and the provision of benefits, in respect of removals) shall have effect.

Taxation of distributions etc.

77 Application of lower rate.

^{F12}(1)

^{F12}(2)

(3) In section 249 of that Act (issues of share capital treated as income)—

(a) in subsection (4)—

(i) for the words “basic rate”, in each place where they occur, there shall be substituted “ lower rate ”; and

(ii) in paragraph (c), for “which is not chargeable at the lower rate and” there shall be substituted “ to which (without prejudice to paragraph (a) above) section 207A shall be taken to apply as it applies to income chargeable under Schedule F, but shall be treated ”;

and

(b) in subsection (6)(b), for “basic rate” there shall be substituted “ lower rate ”.

(4) In section 421(1) of that Act (taxation of borrower where loan under section 419 released)—

(a) in paragraph (a), after “tax” there shall be inserted “ at the lower rate ”;

(b) in paragraph (b), for “basic rate” there shall be substituted “ lower rate ”; and

(c) in paragraph (c), for the words from “which is not” to “that paragraph” there shall be substituted “ to which (without prejudice to paragraph (b) above) section 207A shall be taken to apply as it applies to income chargeable under Schedule F, but, notwithstanding the preceding provisions of this subsection ”.

(5) This section shall apply in relation to the year 1993-94 and subsequent years of assessment.

Status: Point in time view as at 24/07/2002.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

Textual Amendments

- F12** S. 77(1)(2) repealed (29.4.1996 with effect in accordance with s. 73 and [Sch. 6](#) of the amending Act) by 1996 c. 8, s. 205, [Sch. 41 Pt. V\(1\)](#) Note 1

F13 ~~78~~

Textual Amendments

- F13** S. 78 repealed (31.7.1998 with effect in accordance with Sch. 3 of the repealing Act) by 1998 c. 36, s. 165, [Sch. 27 Pt. III\(2\)](#), Note

79 Provisions supplemental to sections 77 and 78.

- (1) Schedule 6 to this Act (which makes further provision for the purposes of and in connection with the provisions of sections 77 and 78 above) shall have effect.
- (2) Subject to that Schedule, subsection (3) of section 687 of the Taxes Act 1988 (definition of pool for the purposes of payments under discretionary trusts) shall have effect, and be deemed always to have had effect, as if—
 - (a) the repeal of paragraph (b) which was made by Part V of Schedule 17 to the ^{M2}Finance Act 1989 in relation to accounting periods beginning after 31st March 1989 had been confined to the following words in that paragraph, that is to say, “under section 462(2) as applied by section 686(4) or”; and
 - (b) that subsection included the following paragraph—
 - “(j) the amount of any tax on an amount which is treated as income of the trustees by virtue of paragraph 12 of Schedule 10 to the ^{M3}Finance Act 1990 and is charged to tax at a rate equal to the sum of the basic rate and the additional rate by virtue of paragraph 19 of that Schedule;”.

F14 (3)

Textual Amendments

- F14** S. 79(3) repealed (29.4.1996 with effect in accordance with s. 73 and [Sch. 6](#) of the amending Act) by 1996 c. 8, s. 205, [Sch. 41 Pt. V\(1\)](#) Note 1

Marginal Citations

- M2** 1989 c. 26.
M3 1990 c. 29.

80 Transitional relief for charities etc.

- (1) In any case where—
 - (a) a qualifying distribution is made on or after 6th April 1993 and before 6th April 1997 by a company resident in the United Kingdom;
 - (b) the recipient of the distribution is a section 505 body; and

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- (c) the section 505 body is entitled to the payment of a tax credit in respect of the distribution,
- the section 505 body, on a claim made under this section to the Board, shall (in addition to its entitlement to payment of the tax credit) be entitled to be paid by the Board out of money provided by Parliament an amount determined in accordance with subsection (2) below.
- (2) The amount referred to in subsection (1) above is an amount equal to—
- (a) one-fifteenth of the amount or value of the distribution if the distribution is made on or after 6th April 1993 and before 6th April 1994;
 - (b) one-twentieth of that amount or value if the distribution is made on or after 6th April 1994 and before 6th April 1995;
 - (c) one-thirtieth of that amount or value if the distribution is made on or after 6th April 1995 and before 6th April 1996;
 - (d) one-sixtieth of that amount or value if the distribution is made on or after 6th April 1996 and before 6th April 1997.
- (3) For the purposes of this section each of the following is a section 505 body—
- (a) any charity (as defined in section 506(1) of the Taxes Act 1988);
 - (b) each of the bodies mentioned in section 507 of that Act (heritage bodies);
 - (c) any Association of a description specified in section 508 of that Act (scientific research organisations).
- (4) Any entitlement of a section 505 body to a payment under the preceding provisions of this section shall be subject to a power of the Board to determine (whether before or after any payment is made) that, having regard to the operation in relation to the qualifying distribution in question of section 235, 237 or 703 of the Taxes Act 1988 (distributions of exempt funds, bonus issues and tax avoidance provisions), that body is to be treated as if it had had no entitlement to that payment or to so much of it as they may determine.
- (5) No claim may be made under this section later than two years after the end of the chargeable period of the section 505 body in which the distribution is made.
- (6) An appeal may be brought against any decision of the Board under this section by giving written notice to the Board within thirty days of receipt of written notice of the decision.
- (7) An appeal under this section shall lie to the Special Commissioners, and the provisions of the ^{M4}Taxes Management Act 1970 relating to appeals under the Tax Acts shall apply to an appeal under this section as they apply to those appeals.
- (8) Any payment of an amount under this section shall be treated for the purposes of section 252 of the Taxes Act 1988 (rectification of excessive set-off etc. of ACT or tax credit) as a payment of tax credit.

Marginal Citations

M4 1970 c. 9.

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Textual Amendments

- F15** S. 81 repealed (31.7.1998 with effect in accordance with Sch. 3 of the repealing Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(2), Note

Chargeable gains

82 Annual exempt amount for 1993-94.

For the year 1993-94 section 3 of the ^{M5}Taxation of Chargeable Gains Act 1992 (annual exempt amount) shall have effect as if the amount specified in subsection (2) were £5,800, and accordingly subsection (3) of that section (indexation) shall not apply for that year.

Marginal Citations

- M5** 1992 c. 12.

83 Annual exempt amount: indexation for 1994-95 onwards.

- (1) In section 3(3) of the ^{M6}Taxation of Chargeable Gains Act 1992 (indexation of annual exempt amount) for “December” (in each place) there shall be substituted “September”.
- (2) This section shall have effect for the year 1994-95 and subsequent years of assessment.

Marginal Citations

- M6** 1992 c. 12.

84 Re-organisations etc. involving debentures.

- (1) In section 117 of the Taxation of Chargeable Gains Act 1992 (meaning of qualifying corporate bond), after subsection (6) there shall be inserted the following subsection—
- “(6A) For the purposes of this section “corporate bond” also includes, except in relation to a person who acquires it on or after a disposal in relation to which section 115 has or has had effect in accordance with section 116(10)(c), any debenture issued on or after 16th March 1993 which is not a security (as defined in section 132) but—
- (a) is issued in circumstances such that it would fall by virtue of section 251(6) to be treated for the purposes of section 251 as such a security; and
- (b) would be a corporate bond if it were a security as so defined.”
- (2) In section 251 of that Act (general provisions in relation to debts), after subsection (5) there shall be inserted the following subsection—

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

- “(6) For the purposes of this section a debenture issued by any company on or after 16th March 1993 shall be deemed to be a security (as defined in section 132) if—
- (a) it is issued on a reorganisation (as defined in section 126(1)) or in pursuance of its allotment on any such reorganisation;
 - (b) it is issued in exchange for shares in or debentures of another company and in a case unaffected by section 137 where one or more of the conditions mentioned in paragraphs (a) to (c) of section 135(1) is satisfied in relation to the exchange;
 - (c) it is issued under any such arrangements as are mentioned in subsection (1)(a) of section 136 and in a case unaffected by section 137 where section 136 requires shares or debentures in another company to be treated as exchanged for, or for anything that includes, that debenture; or
 - (d) it is issued in pursuance of rights attached to any debenture issued on or after 16th March 1993 and falling within paragraph (a), (b) or (c) above.”
- (3) This section shall have effect in relation to any chargeable period ending on or after 16th March 1993 but, in relation to any accounting period of a company which began before 6th April 1992, this section shall have effect as if the references in this section, and in the amendments made by this section, to provisions of the Taxation of Chargeable Gains Act 1992 were references to such of the provisions of the ^{M7}Capital Gains Tax Act 1979 and the ^{M8}Finance Act 1984 as correspond to those provisions and have effect in relation to that accounting period.

Marginal Citations

- M7** 1979 c. 14.
M8 1984 c. 43.

85 Personal equity plans.

After subsection (3) of section 151 of the Taxation of Chargeable Gains Act 1992 (personal equity plans) there shall be inserted the following subsection—

- “(4) Regulations under this section may include provision which, for cases where a person subscribes to a plan by transferring or renouncing shares or rights to shares—
- (a) modifies the effect of this Act in relation to their acquisition and their transfer or renunciation; and
 - (b) makes consequential modifications of the effect of this Act in relation to anything which (apart from the regulations) would have been regarded on or after their acquisition as an indistinguishable part of the same asset.”

86 Roll-over relief.

- (1) In section 155 of the ^{M9}Taxation of Chargeable Gains Act 1992 (classes of assets for the purposes of roll-over relief), after Class 5 there shall be inserted—

Status: Point in time view as at 24/07/2002.

*Changes to legislation: There are currently no known outstanding effects
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“CLASS 6

Ewe and suckler cow premium quotas (that is, rights in respect of any ewes or suckler cows to receive payments by way of any subsidy entitlement to which is determined by reference to limits contained in a Community instrument).”

- (2) The Treasury may by order made by statutory instrument amend that section so as to add one or more further classes of assets to the classes specified in that section.

[^{F16}Any such order may make such consequential amendments of Schedule 7AB as appear to the Treasury to be appropriate.

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- (3) A statutory instrument containing an order under subsection (2) above shall be subject to annulment in pursuance of a resolution of the House of Commons.
- (4) Subsection (1) above shall apply where the disposal of the old assets (or an interest in them) or the acquisition of the new assets (or an interest in them) is on or after 1st January 1993; but, in relation to any accounting period of a company which began before 6th April 1992, subsection (1) above shall have effect as if the inserted class were numbered 5 and were inserted after Class 4 in section 118 of the ^{M10}Capital Gains Tax Act 1979.

Textual Amendments

F16 Words in s. 86(2) added (24.7.2002 with application as mentioned in s. 43(4) of the amending Act) by 2002 c. 23, s. 43(3)(4)

Marginal Citations

M9 1992 c. 12.
M10 1979 c. 14.

87 Relief on retirement or re-investment.

- (1) Schedule 7 to this Act (which amends the provisions of the Taxation of Chargeable Gains Act 1992 with respect to retirement relief and makes new provision in relation to relief on the re-investment of certain gains) shall have effect.
- (2) This section and that Schedule shall have effect in relation to any disposal made on or after 16th March 1993.

88 Restriction on set-off of pre-entry losses.

- (1) After section 177 of the Taxation of Chargeable Gains Act 1992 there shall be inserted the following section—

“177A Restriction on set-off of pre-entry losses.

Schedule 7A to this Act (which makes provision in relation to losses accruing to a company before the time when it becomes a member of a group of

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

companies and losses accruing on assets held by any company at such a time) shall have effect.”

- (2) The Schedule set out in Schedule 8 to this Act shall be inserted after Schedule 7 to that Act.
- (3) This section and that Schedule—
- (a) shall apply for the calculation of the amount to be included in respect of chargeable gains in a company’s total profits for any accounting period ending on or after 16th March 1993; but
 - (b) shall so apply only in relation to the deduction from chargeable gains accruing on or after 16th March 1993 of amounts in respect of, or of amounts carried forward in respect of—
 - (i) pre-entry losses accruing before it became a member of the relevant group to a company whose membership of that group began or begins at a time on or after 1st April 1987; and
 - (ii) losses accruing on the disposal of any assets so far as it is by reference to such a company that the assets fall to be treated as being or having been pre-entry assets or assets incorporating a part referable to pre-entry assets.
- (4) In relation to accounting periods beginning before 6th April 1992 this section and that Schedule shall have effect as if—
- (a) the section and Schedule inserted by subsections (1) and (2) above were inserted in the ^{M11}Capital Gains Tax Act 1979; and
 - (b) references in the Schedule so inserted to provisions of the ^{M12}Taxation of Chargeable Gains Act 1992 were references to such of the provisions of that Act of 1979 or of any other enactment as correspond to the provisions referred to and have effect in relation to that accounting period.

Marginal Citations

M11 1979 c. 14.

M12 1992 c. 12.

89 De-grouping charges.

- (1) In section 179(4) of the Taxation of Chargeable Gains Act 1992 (time at which de-grouping charges accrue), for the words from “as follows” onwards there shall be substituted “at whichever is the later of the following, that is to say—
- (a) the time immediately after the beginning of the accounting period of that company in which or, as the case may be, at the end of which the company ceases to be a member of the group; and
 - (b) the time when under subsection (3) above it is treated as having reacquired the asset;

and subsection (2) of section 409 of the Taxes Act (group relief) shall require any apportionment under that subsection to be made accordingly but shall not require any reference in this subsection to an accounting period to have effect for any of the purposes specified in subsection (3) of that section as a reference to any accounting period other than a true accounting period. ”

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- (2) This section shall have effect in relation to accounting periods ending after the day appointed for the purposes of section 180(1)(b) of that Act.

F1790

Textual Amendments

F17 S. 90 repealed (28.7.2000 with effect as mentioned in Sch. 40 Pt. II(12), note 10 of the amending Act) by 2000 c. 17, s. 156, **Sch. 40 Pt. II(12)**

91 Deemed disposals of unit trusts by insurance companies.

- (1) Section 212 of the Taxation of Chargeable Gains Act 1992 (annual deemed disposal by insurance companies of unit trusts) shall have effect in relation to accounting periods beginning on or after 1st January 1993; and neither that section nor section 46 of the ^{M13}Finance Act 1990 (which is consolidated in that section) shall have effect in relation to any earlier accounting period in relation to which either of them would have applied apart from this subsection.
- (2) In relation to any accounting period beginning on or after 1st January 1993—
- (a) section 432A of the Taxes Act 1988 shall have effect with the omission of subsection (10) (which disapplies the apportionment rules in that section in the case of a deemed disposal under section 212 of that Act of 1992); and
 - (b) that section 212 shall have effect with the omission, in subsection (2), of the words from “and in relation to” onwards and of subsections (3), (4) and (6) (which provide for a different apportionment rule in the case of the deemed disposal).
- (3) In subsection (7) of that section 212, in the words after paragraph (b) (application of definitions in the Taxes Act 1988), for “and 214” there shall be substituted “to 214A”.
- (4) After section 213(1) of that Act of 1992 (spreading of gains and losses), there shall be inserted the following subsection—
- “(1A) Subsection (1) above shall not apply to chargeable gains or allowable losses except so far as they are gains or losses which—
- (a) are referable to basic life assurance and general annuity business; or
 - (b) would (apart from that subsection) be taken into account in computing the profits of any business treated as a separate business under section 458 of the Taxes Act;
- and that subsection shall apply separately in relation to the gains and losses falling within paragraph (a) above and those falling within paragraph (b) above for the purpose of determining what chargeable gains or allowable losses so referable are to be treated as accruing under that subsection and what chargeable gains or allowable losses to be so taken into account are to be treated as so accruing.”
- (5) Section 214 of that Act of 1992 shall have effect with the omission of subsections (3) to (5) (run-off relief), and after that section there shall be inserted the following section—

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“214A Further transitional provisions.

- (1) This section applies where within two years after the end of an accounting period beginning on or after 1st January 1993 (“the relevant period”)—
- (a) an insurance company makes a claim for the purposes of this section in relation to that period; and
 - (b) that period is one of the company’s first eight accounting periods after the end of 1992.
- (2) Where this section applies, section 213 shall have effect as if—
- (a) the amount of the chargeable gains which—
 - (i) apart from that section and this section, would be treated as accruing on disposals deemed by virtue of section 212 to have been made at the end of the relevant period, and
 - (ii) satisfy the condition specified in paragraph (a) of section 213(1A),were reduced by the protected proportion of that amount; and
 - (b) an amount equal to the appropriate part of that reduction were (subject to section 213) a chargeable gain satisfying that condition and accruing at the end of each of the accounting periods in which the reduction is to be taken into account.
- (3) For the purposes of subsection (2) above the protected proportion, in relation to the relevant period, of the amount mentioned in paragraph (a) of that subsection shall be an amount equal to the amount calculated in accordance with the following formula—

$$\left(A + \frac{B \times C}{D} \right) \times \frac{E}{F} \times \frac{G}{8}$$

- (4) In subsection (3) above—

A is so much of the amount mentioned in subsection (2)(a) above as represents chargeable gains on section 212 assets which at the end of the relevant period were linked solely to the basic life assurance and general annuity business of the company in question;

B is so much of the amount so mentioned as represents chargeable gains on linked section 212 assets which at the end of that period were partially linked to that business;

C is the amount of such of the closing liabilities at the end of that period of the company’s basic life assurance and general annuity business as were liabilities in respect of benefits to be determined by reference to the value of linked section 212 assets which were then partially linked to that business;

D is the amount of all the closing liabilities of the company at the end of that period which were long term business liabilities in respect of benefits to be so determined;

E is the amount of such of the closing liabilities of the company on the relevant date as were relevant linked liabilities in respect of benefits determined by reference to linked section 212 assets;

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F is the amount of all the closing liabilities on the relevant date of the company's basic life assurance and general annuity business which were liabilities in respect of such benefits; and

G is the number of accounting periods in the first nine accounting periods of the company after the end of 1992 which remain after the end of the relevant period or, as the case may be, which would so remain apart from any cessation of the carrying on of any business of the company;

and for the purposes of this subsection the relevant date is, subject to subsection (7) below, the time of the first disposal which is deemed to have been made by the company in question under section 212.

- (5) For the purposes of this section and subject to subsection (6) below—
- (a) a reduction made under subsection (2) above in relation to the accounting period of any company shall be taken into account in every succeeding accounting period of that company which is included in the first nine accounting periods of that company after the end of 1992; and
 - (b) in relation to any accounting period in which a reduction is to be taken into account, the appropriate part of the reduction is—
 - (i) if that is the only accounting period in which it falls to be taken into account, the whole of the reduction; and
 - (ii) in any other case, the amount of the reduction divided by the number of the accounting periods after the period in which the reduction is made in which the reduction falls to be taken into account or, as the case may be, would so fall apart from any cessation of the carrying on of any business of the company.
- (6) Subject to subsection (7) below, where a company ceases to carry on long term business before the end of the first nine accounting periods after the end of 1992, the appropriate part of any reduction in relation to the accounting period ending with the cessation shall be such as to secure that the whole of the reduction has been taken into account under subsection (2)(b) above.
- (7) Where at any time on or after 1st January 1993 there is a transfer of the whole or part of the long term business of an insurance company (“the transferor”) to another company (“the transferee”) in accordance with a scheme sanctioned by a court under section 49 of the ^{M14}Insurance Companies Act 1982, this section shall have effect so that—
- (a) the relevant date for the purposes of subsection (4) above shall be determined in relation to any disposal deemed to have been made after the transfer—
 - (i) by the transferee, or
 - (ii) in a case where the transfer is of part of the transferor's long term business, by the transferee or the transferor,
 as if there had been no deemed disposals under section 212 before the transfer; and
 - (b) any reduction which (on the assumption that the transferor had continued to carry on the transferred business) would have fallen to be taken into account under subsection (2)(b) above shall be taken into account instead in relation to the transferee.

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- (8) Where the transfer is of part only of the transferor's long term business, subsection (7)(b) above shall apply only to such part of any reduction to which it would otherwise apply as is appropriate.
- (9) Any question arising as to the operation of subsection (8) above shall be determined by the Special Commissioners who shall determine the question in the same manner as they determine appeals; but both the transferor and transferee shall be entitled to appear and be heard or to make representations in writing.
- (10) This section shall have effect in relation to any cases in which there is such a transfer as is mentioned in subsection (7) above as if the accounting periods to be taken into account in any calculation for the purposes of this section of the number of accounting periods of the transferee after the end of 1992, and the only accounting periods in relation to which any reduction is to be taken into account under paragraph (b) of that subsection, were—
- (a) the accounting periods of the transferor which began on or after 1st January 1993 and ended on or before the day of the transfer (including any which, by reference to a transfer in relation to which the transferor is a transferee, are taken into account in accordance with this subsection as accounting periods of the transferor); and
 - (b) the accounting periods of the transferee ending after the day of the transfer,
- and this section shall have effect in relation to such a reduction as if the first accounting period of the transferee to end after the day of the transfer began with the day after the transfer.
- (11) For the purposes of this section assets shall be taken to be partially linked to a company's basic life assurance and general annuity business if they are not linked solely to that business and are neither—
- (a) linked solely to any pension business or long term business of that company other than life assurance business; nor
 - (b) assets of the company's overseas life assurance fund;
- and subsection (1) of section 214 shall apply for the purposes of this section as it applies for the purposes of that section.
- (12) Subject to subsection (10) above, the references in this section, in relation to any company, to the first eight accounting periods of a company after the end of 1992 are references to the first accounting period of that company to begin on or after 1st January 1993 and to the succeeding seven accounting periods of that company, and references to the first nine accounting periods of a company after the end of 1992 shall be construed accordingly.”
- (6) In section 214(6)(a) of that Act of 1992 (replacement relief), after “1989” there shall be inserted “ and before the time when it is first deemed under section 212 to have made a disposal of any assets ”.

Marginal Citations

M13 1990 c. 29.

M14 1982 c. 50.

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Corporation tax: currency

[^{F18}92 The basic rule: sterling to be used.

- (1) Where a company carries on a business, the profits or losses of the business for an accounting period shall for the purposes of corporation tax be computed and expressed in sterling; but this is subject to [^{F19}sections 93 and 93A]] below.
- (2) In this section—
 - “losses” includes management expenses and any allowances falling to be made under [^{F20}section 19 or 253 of the Capital Allowances Act] ;
 - “profits” includes gains, income and any charges falling to be made under [^{F20}section 19 or 253 of that Act].

Textual Amendments

- F18** S. 92-94 substituted (28.7.2000 with effect as mentioned in 105(2)-(5) of the amending Act) for ss. 92-95 by 2000 c. 17, s. 105(1)
- F19** Words in s. 92(1) substituted (24.7.2002 with effect as mentioned in s. 80(2) of the amending Act) by 2002 c. 23, s. 80, **Sch. 24 para. 2** (with Sch. 23 para. 25)
- F20** Words in s. 92(2) substituted (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 578, **Sch. 2 para. 88(a)(b)**

Modifications etc. (not altering text)

- C3** Ss. 92-94AB applied (24.7.2002 with effect as mentioned in s. 80(2) of the amending Act) by 2002 c. 23, s. 80, **Sch.24 para. 7(2)** (with Sch. 23 para. 25)

[^{F22}93 [^{F21}Use of currency other than sterling: accounts as a whole etc in foreign currency].

- (1) This section applies where in an accounting period a company carries on a business and [^{F23}the condition in subsection (2) below]] is fulfilled.
- (2) [^{F24}The condition is] that—
 - (a) the accounts of the company as a whole are prepared in a currency other than sterling in accordance with [^{F25}generally accepted accounting practice]; and
 - (b) in the case of a company which is not resident in the United Kingdom, the company makes a return of accounts for its branch in the United Kingdom prepared in such a currency in accordance with such practice.

^{F26}(3)

- (4) The profits or losses of the business for an accounting period shall for the purposes of corporation tax be found by—
 - (a) taking the amount of all the profits and losses of the business for the period computed and expressed in the relevant foreign currency;
 - (b) taking account of any of the following which are so computed and expressed—
 - (i) any management expenses brought forward under section 75(3) of the Taxes Act 1988 from an earlier accounting period;
 - (ii) any losses of the business brought forward under section 392B or 393 of that Act from such a period; and

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- (iii) any non-trading deficits on loan relationships brought forward under section 83 of the ^{M15}Finance Act 1996 from the previous accounting period; and
 - (c) taking the sterling equivalent of the amount found by applying paragraphs (a) and (b) above.
- (5) In the application of [^{F27}section 578A(2) or (3) of the Taxes Act 1988 or section 43(3), 74(2), 75(1), 76(2), (3) or (4), 99(1), (2) or (3) or 208(1) of the Capital Allowances Act] for the purposes of subsection (4)(a) or (b) above, it shall be assumed that any sterling amount mentioned in any of those sections is its equivalent expressed in the relevant foreign currency.

^{F28}(6)

(7) In this section, unless the context otherwise requires—

“accounts”, in relation to a company, means—

- (a) the annual accounts of the company prepared in accordance with Part VII of the ^{M16}Companies Act 1985 or Part VIII of the ^{M17}Companies (Northern Ireland) Order 1986; or
- (b) if the company is not required to prepare such accounts, the accounts which it is required to keep under the law of its home State; or
- (c) if the company is not so required to keep accounts, such of its accounts as most closely correspond to accounts which it would have been required to prepare if the provisions of that Part applied to it;

^{F29}
...
^{F29}
...

“home State”, in relation to a company, means the country or territory under whose laws the company is incorporated;

“losses” has the same meaning as in section 92 above except that it does not include allowable losses within the meaning of the ^{M18}Taxation of Chargeable Gains Act 1992;

“profits” has the same meaning as in section 92 above except that it does not include chargeable gains within the meaning of that Act;

“the relevant foreign currency” means the currency other than sterling or, where [^{F30}the condition in subsection (2) above] is fulfilled and two different such currencies are involved, the currency in which the return of accounts is prepared;

“return of accounts”, in relation to a branch in the United Kingdom, means a return of such accounts of the branch as may be required by the Inland Revenue under paragraph 3 of Schedule 18 to the Finance Act 1998 (company tax returns, assessments and related matters).

Textual Amendments

- F21** S. 93: sidenote becomes “Use of currency other than sterling: accounts as a whole etc in foreign currency” (24.7.2002 with effect as mentioned in s. 80(2) of the amending Act) by virtue of 2002 c. 23, s. 80, **Sch. 24 para. 3(8)** (with **Sch. 23 para. 25**)
- F22** Ss. 92-94 substituted (28.7.2000 with effect as mentioned in 105(2)-(5) of the amending Act) for ss. 92-95 by 2000 c. 17, **s. 105(1)**
- F23** Words in s. 93(1) substituted (24.7.2002 with effect as mentioned in s. 80(2) of the amending Act) by 2002 c. 23, s. 80, **Sch. 24 para. 3(2)** (with **Sch. 23 para. 25**)

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*Changes to legislation: There are currently no known outstanding effects
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- F24** Words in s. 93(2) substituted (24.7.2002 with effect as mentioned in s. 80(2) of the amending Act) by 2002 c. 23, s. 80, **Sch. 24 para. 3(3)** (with Sch. 23 para. 25)
- F25** Words in s. 93(2) substituted (24.7.2002) by 2002 c. 23, s. 103(4)(b)
- F26** S. 93(3) repealed (24.7.2002 with effect as mentioned in s. 80(2) of the repealing Act) by 2002 c. 23, ss. 80, 141, Sch. 24 para. 3(4), **Sch. 40 Pt. 3(11)** (with Sch. 23 para. 25)
- F27** Words in s. 93(5) substituted (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 578, **Sch. 2 para. 89**
- F28** S. 93(6) repealed (24.7.2002) by 2002 c. 23, ss. 80, 141, Sch. 24 para. 3(5), **Sch. 40 Pt. 3(11)** (with Sch. 23 para. 25)
- F29** S. 93(7): Definitions repealed (24.7.2002) by 2002 c. 23, ss. 80, 141, Sch. 24 para. 3(6)(a)(b), **Sch. 40 Pt. 3(11)** (with Sch. 23 para. 25)
- F30** Words in s. 93(7) substituted (24.7.2002 with effect as mentioned in s. 80(2) of the amending Act) by 2002 c. 23, s. 80, **Sch. 24 para. 3(7)** (with Sch. 23 para. 25)

Modifications etc. (not altering text)

- C4** Ss. 92-94AB applied (24.7.2002 with effect as mentioned in s. 80(2) of the amending Act) by 2002 c. 23, s. 80, **Sch. 24 para. 7(2)** (with Sch. 23 para. 25)

Marginal Citations

- M15** 1996 c. 8.
M16 1985 c. 6.
M17 S.I. 1986/1032 (N.I.6).
M18 1992 c. 12.

[^{F31}93A Use of other currency: accounts partly from statements in foreign currency

- (1) This section applies where in an accounting period a company carries on a business and either the first condition or the second condition is fulfilled.
- (2) The first condition is that—
- (a) the accounts of the company as a whole are prepared in sterling but, so far as relating to part of the business, they are prepared, using the closing rate/net investment method, from financial statements and records prepared in a currency other than sterling; or
 - (b) in the case of a company which is not resident in the United Kingdom, the company makes a return of accounts for its branch in the United Kingdom prepared in sterling but, so far as relating to part of the business, it is prepared, using that method, from financial statements and records prepared in a currency other than sterling.
- (3) The second condition is that—
- (a) the accounts of the company as a whole are prepared in a currency other than sterling (“the first currency”) in accordance with generally accepted accounting practice but, so far as relating to part of the business, they are prepared, using the closing rate/net investment method, from financial statements and records prepared in a currency (“the second currency”) which is neither sterling nor the first currency; or
 - (b) in the case of a company which is not resident in the United Kingdom, the company makes a return of accounts for its branch in the United Kingdom prepared in a currency other than sterling (“the first currency”) in accordance with generally accepted accounting practice, but, so far as relating to part of the business, it is prepared, using the closing rate/ net investment method,

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from financial statements and records prepared in a currency (“the second currency”) which is neither sterling nor the first currency.

(4) The profits or losses of the part of the business for an accounting period shall for the purposes of corporation tax be found by—

(a) taking the amount of all the profits and losses of the part of the business for the period computed and expressed in the relevant foreign currency; and

(b) taking—

(i) in a case where the first condition is fulfilled, the sterling equivalent,
or

(ii) in a case where the second condition is fulfilled, the equivalent in the first currency,

of the amount found by applying paragraph (a) above.

(5) In a case where the second condition is fulfilled, effect shall be given to subsection (4) above before effect is given to section 93(4) above.

(6) In the application for the purposes of subsection (4)(a) above of—

(a) section 578A(2) or (3) of the Taxes Act 1988, or

(b) section 43(3), 74(2), 75(1), 76(2), (3) or (4), 99(1), (2) or (3) or 208(1) of the Capital Allowances Act,

it shall be assumed that any sterling amount mentioned in any of those sections is its equivalent expressed in the relevant foreign currency.

(7) Where for any accounting period—

(a) the accounts of the company, so far as relating to a part of its business, are prepared, using the closing rate/net investment method, from financial statements and records prepared in a currency which is not sterling and, where the second condition is fulfilled, is not the first currency, or

(b) in the case of a company which is not resident in the United Kingdom, its return of accounts for its branch in the United Kingdom, so far as relating to a part of the company’s business, is prepared, using that method, from such financial statements and records,

then, if different such financial statements and records are prepared in different currencies, the company shall be treated for the purposes of this section as having a separate part of a separate business for each such different currency (and this section shall accordingly apply separately in relation to each such part).

(8) In this section, “part of a business” includes any collection of assets and liabilities.

(9) In this section, unless the context otherwise requires—

“accounts” has the same meaning as in section 93 above;

“the closing rate/net investment method” means the method so called as described under the title “Foreign currency translation” in the Statement of Standard Accounting Practice issued in April 1983 by the Institute of Chartered Accountants in England and Wales;

“losses” has the same meaning as in section 92 above, except that it does not include allowable losses within the meaning of the Taxation of Chargeable Gains Act 1992;

“profits” has the same meaning as in section 92 above, except that it does not include chargeable gains within the meaning of that Act;

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“the relevant foreign currency” means the currency in which the financial statements and records mentioned in subsection (2) or, as the case may be, (3) above are prepared;

“return of accounts” has the same meaning as in section 93 above.]

Textual Amendments

F31 S. 93A inserted (24.7.2002 with effect as mentioned in s. 80(2) of the amending Act) by 2002 c. 23, s. 80, **Sch. 24 para. 4** (with **Sch. 23 para. 25**)

Modifications etc. (not altering text)

C5 Ss. 92-94AB applied (24.7.2002 with effect as mentioned in s. 80(2) of the amending Act) by 2002 c. 23, s. 80, **Sch. 24 para. 7(2)** (with **Sch. 23 para. 25**)

[^{F32}94AARules for ascertaining currency equivalents: general

- (1) Where any receipt or expense, or the value of any asset, liability or derivative contract, of a company—
 - (a) is to be taken into account in making a computation under subsection (1) of section 92 above for an accounting period, and
 - (b) is denominated in a currency other than sterling,
 it shall be translated into its sterling equivalent by reference to a rate determined in accordance with subsection (4) below.
- (2) Where the amount of any receipt or expense, or the value of any asset, liability or derivative contract, of a company—
 - (a) falls to be brought into account for the purposes of the accounts mentioned in paragraph (a), or the return of accounts mentioned in paragraph (b), of subsection (2) of section 93 above,
 - (b) is denominated in a currency other than the relevant foreign currency, within the meaning of that section, and
 - (c) accordingly falls to be translated into the relevant foreign currency,
 the amount or value shall for the purposes of that section be translated from the currency mentioned in paragraph (b) above into the relevant foreign currency by reference to a rate determined in accordance with subsection (4) below.
- (3) Where, for any purpose of any provision of section 93A(4) or (6) above, any profit or loss denominated in one currency falls to be translated into its equivalent expressed in another currency, the translation shall be made by reference to a rate determined in accordance with subsection (4) below.
- (4) The rate is—
 - (a) the rate used in the preparation of the accounts of the company for the accounting period in question, if that rate is an arm’s length exchange rate for the relevant day, or
 - (b) in any other case, the London closing exchange rate for the relevant day.
- (5) The reference in subsection (4)(a) above to the exchange rate used in the preparation of the accounts of the company includes a reference to any exchange rate implied by a derivative contract whose underlying subject matter is currency.

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

- (6) Nothing in this section affects the operation of Chapter 4 of Part 17 of the Taxes Act 1988 (controlled foreign companies).
- (7) Nothing in paragraph 88 of Schedule 18 to the Finance Act 1998 (company tax returns, assessments and related matters) shall be taken to prevent an amount being translated under this section for an accounting period by reference to an exchange rate which was not the exchange rate used to translate that amount for the purposes of the Corporation Tax Acts for another accounting period (whether of the same or a different company).
- (8) In this section—
- “accounts” has the same meaning as in section 93 above;
 - “arm’s length exchange rate” means such exchange rate as might reasonably be expected to be agreed between persons dealing at arm’s length;
 - “derivative contract” shall be construed in accordance with Schedule 26 to the Finance Act 2002;
 - “the relevant day”—
 - (a) where the rate used in the preparation of the accounts is an exchange rate for a particular day, means that day; and
 - (b) where the rate used in the preparation of the accounts is an average rate for a number of days, means each of those days;
 - “underlying subject matter”, in relation to a derivative contract, shall be construed in accordance with Schedule 26 to the Finance Act 2002.]

Textual Amendments

F32 S. 94AA substituted (24.7.2002 with effect as mentioned in s. 80(2) of the amending Act) for s. 94 by 2002 c. 23, s. 80, Sch. 24 para. 5 (with Sch. 23 para. 25)

Modifications etc. (not altering text)

C6 Ss. 92-94AB applied (24.7.2002 with effect as mentioned in s. 80(2) of the amending Act) by 2002 c. 23, s. 80, Sch. 24 para. 7(2) (with Sch. 23 para. 25)

[^{F33}94AB] Rules for ascertaining sterling equivalent for section 93(4) or (5)

- (1) Where the amount of any receipt or expense, or the value of any asset, liability or derivative contract, of a company falls to be translated into its sterling equivalent for the purposes of section 93(4) or (5) above, the translation shall be made by reference to a rate which is an arm’s length exchange rate for the appropriate day.
- (2) For the purposes of subsection (1) above, the “appropriate day” is the day the rate for which would have been used if the accounts, or return of accounts, of the company were translated into sterling in accordance with generally accepted accounting practice in relation to foreign currency translation.
- (3) Nothing in this section affects the operation of Chapter 4 of Part 17 of the Taxes Act 1988 (controlled foreign companies).
- (4) Nothing in paragraph 88 of Schedule 18 to the Finance Act 1998 (company tax returns, assessments and related matters) shall be taken to prevent an amount being translated under this section for an accounting period by reference to an exchange rate which was not the exchange rate used to translate that amount for the purposes of the Corporation Tax Acts for another accounting period (whether of the same or a different company).

Status: Point in time view as at 24/07/2002.

*Changes to legislation: There are currently no known outstanding effects
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(5) In this section—

- “accounts” has the same meaning as in section 93 above;
- “arm’s length exchange rate” has the same meaning as in section 94AA;
- “derivative contract” shall be construed in accordance with Schedule 26 to the Finance Act 2002.]

Textual Amendments

F33 S. 94AB inserted (24.7.2002 with effect as mentioned in s. 80(2) of the amending Act) by 2002 c. 23, s. 80, Sch. 24 para. 6 (with Sch. 23 para. 25)

Modifications etc. (not altering text)

C7 Ss. 92-94AB applied (24.7.2002 with effect as mentioned in s. 80(2) of the amending Act) by 2002 c. 23, s. 80, Sch. 24 para. 7(2)

[^{F34}94 Rules for ascertaining currency equivalents.

- (1) Any receipt or expense which is to be taken into account in making a computation under subsection (1) of section 92 above for an accounting period, and is denominated in a currency other than sterling, shall be translated into its sterling equivalent—
 - (a) if either of the conditions mentioned in subsection (2) below is fulfilled, by reference to the rate used in the preparation of the accounts of the company as a whole for that period;
 - (b) if neither of those conditions is fulfilled, by reference to the London closing exchange rate for the relevant day.
- (2) The conditions are—
 - (a) that the rate is an arm’s length exchange rate for the relevant day;
 - (b) that the rate is an average arm’s length exchange rate for a period ending with that day, or for a period not exceeding three months which includes that day, and the arm’s length exchange rate for any day in that period (except the first) is not significantly different from that for the preceding day.
- (3) Subject to subsections (5) and (7) below, any amount found by applying paragraphs (a) and (b) of subsection (4) of section 93 above shall be translated into its sterling equivalent by reference to the London closing exchange rate for the relevant day.
- (4) The following—
 - (a) any receipt or expense which is to be taken into account in making a calculation for the purposes of subsection (4)(a) or (b) of section 93 above, and is denominated in a currency other than the relevant foreign currency; and
 - (b) any such sterling amount as is referred to in subsection (5) of that section,
 shall be translated into its equivalent expressed in the relevant foreign currency by reference to the London closing exchange rate for the relevant day.
- (5) Where section 93 above applies by virtue of the first condition mentioned in that section, then, as regards the business or part of the business, the company—
 - (a) may elect, by a notice given to an officer of the Board, that as from the first day of the accounting period in which the notice is given, an average arm’s

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- length exchange rate shall be used for the purposes of subsection (3) above instead of the rate there mentioned; and
- (b) may withdraw such an election, by a notice so given, as from the first day of the first accounting period beginning on or after the date of the notice.
- (6) Where an election under subsection (5) above is withdrawn, no further election may be made under that subsection so as to take effect before the third anniversary of the day on which the withdrawal takes effect.
- (7) Where—
- (a) section 93 above applies by virtue of the second condition mentioned in that section; and
- (b) the accounts of the company, so far as relating to the business or part of the business, are prepared by reference to an average arm's length exchange rate, that exchange rate shall be used for the purposes of subsection (3) above instead of the rate there mentioned.
- (8) In this section—
- “accounts” has the same meaning as in section 93 above;
- “arm's length exchange rate” means such exchange rate as might reasonably be expected to be agreed between persons dealing at arm's length;
- “average arm's length exchange rate”, in relation to a period, means the rate which represents an appropriate average of arm's length exchange rates for the period;
- “the relevant day” means—
- (a) for the purposes of subsections (1), (2) and (4)(a) above, the day on which the company becomes entitled to the receipt or incurs (or is treated as incurring) the expense;
- (b) for the purposes of subsection (3) above, the last day of the accounting period in question;
- (c) for the purposes of subsection (4)(b) above, the day on which the company incurs the capital expenditure.
- (9) Nothing in this section affects the operation of Chapter IV of Part VII of the Taxes Act 1988 (controlled foreign companies) or Chapter II of this Part.
- (10) Nothing in paragraph 88 of Schedule 18 to the ^{M19}Finance Act 1998 (company tax returns, assessments and related matters) shall be taken to prevent any amount which is taken to be conclusively determined for the purposes of the Corporation Tax Acts from being translated under this section by reference to an exchange rate which was not used to determine the amount which can no longer be altered.]

Textual Amendments

F34 Ss. 92-94 substituted (28.7.2000 with effect as mentioned in 105(2)-(5) of the amending Act) for ss. 92-95 by 2000 c. 17, s. 105(1)

Modifications etc. (not altering text)

C8 Ss. 92-94AB applied (24.7.2002 with effect as mentioned in s.80(2) of the amending Act) by 2002 c. 23, s. 80, Sch.24, para. 7(2) (with Sch. 23, para. 25)

Status: Point in time view as at 24/07/2002.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

Marginal Citations

M19 1998 c. 36.

[^{F40}96 Foreign companies: trading currency.

- (1) In Schedule 24 to the Taxes Act 1988 (assumptions for calculating chargeable profits, creditable tax and corresponding United Kingdom tax of foreign companies) the following paragraph shall be inserted after paragraph 4—

- “4A (1) Sub-paragraph (2) below applies where—
- (a) the company carries on a trade, and
 - (b) the currency used in the accounts of the company for an accounting period is a currency other than sterling.
- (2) It shall be assumed that by virtue of regulations under section 93 of the Finance Act 1993 (corporation tax: currency to be used) the basic profits or losses of the trade for the accounting period are to be computed and expressed for the purposes of corporation tax in the currency used in the accounts of the company for the period.
- (3) References in this paragraph to the accounts of a company—
- (a) are to the accounts which the company is required by the law of its home State to keep, or
 - (b) if the company is not required by the law of its home State to keep accounts, are to the accounts of the company which most closely correspond to the individual accounts which companies formed and registered under the ^{M20}Companies Act 1985 are required by that Act to keep;
- and for the purposes of this paragraph the home State of a company is the country or territory under whose law the company is incorporated.
- (4) The reference in sub-paragraph (2) above to the basic profits or losses of the trade for the accounting period shall be construed in accordance with section 93 of the Finance Act 1993.”

- (2) This section applies in relation to any accounting period beginning on or after the day appointed under section 165(7)(b) below.]

Textual Amendments

F40 S. 96 repealed (*retrospectively*) by 1995 c. 4, s. 162, **Sch. 29 Pt. VIII(18)**, Note

Marginal Citations

M20 1985 c. 6.

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Overseas life insurance companies

97 Modification of Taxes Act 1988.

(1) The following shall be inserted after section 444A of the Taxes Act 1988—

“ Provisions applying in relation to overseas life insurance companies

444B Modification of Act in relation to overseas life insurance companies.

Schedule 19AC (which makes modifications of this Act in relation to overseas life insurance companies) shall have effect.”

(2) Schedule 9 to this Act (which inserts Schedule 19AC into that Act and makes further provision) shall have effect.

98 Modification of section 440 of Taxes Act 1988.

(1) The following section shall be inserted after section 444B of the Taxes Act 1988—

“444C Modification of section 440.

(1) Where the company mentioned in section 440(1) is an overseas life insurance company, section 440 shall have effect with the modifications in subsections (2) and (3) below.

(2) Subsection (4) shall be treated as if—

- (a) paragraph (c) were omitted;
- (b) in paragraphs (a), (b), (d) and (e), the words “UK assets” were substituted for the word “assets”; and
- (c) at the end there were inserted the following paragraphs—
 - (f) section 11C assets;
 - (g) non-UK assets.”

(3) The following subsection shall be treated as inserted at the end of the section—

(6) For the purposes of this section—

- (a) UK assets are—
 - (i) section 11(2)(b) assets;
 - (ii) section 11(2)(c) assets; or
 - (iii) assets which by virtue of section 11B are attributed to the branch or agency in the United Kingdom through which the company carries on life assurance business;
- (b) section 11C assets are assets—
 - (i) (in a case where section 11C (other than subsection (9)) applies) of the relevant fund, other than UK assets; or
 - (ii) (in a case where that section including that subsection applies) of the relevant funds, other than UK assets;
- (c) non-UK assets are assets which are not UK assets or section 11C assets;

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

and any expression used in this subsection to which a meaning is given by section 11A has that meaning.”

- (4) Where one or each of the companies mentioned in section 440(2) is an overseas life insurance company, section 440(2)(b) and (4) shall have effect as if for “categories”, in each place where the word occurs, there were substituted “paragraphs”.
- (5) Where the transferor company mentioned in section 440(2) is an overseas life insurance company, section 440 shall have effect, as regards the time immediately before the acquisition, with the modifications in subsections (2) and (3) above.
- (6) Where the acquiring company mentioned in section 440(2) is an overseas life insurance company, section 440 shall have effect, as regards the time immediately after the acquisition, with the modifications in subsections (2) and (3) above.”

- (2) This section shall apply—
 - (a) so far as section 440(1) is concerned, as regards events falling on or after the first day of the relevant accounting period of the company concerned;
 - (b) so far as section 440(2) is concerned, as regards events falling on or after the first day of the relevant accounting period of the transferor company or on or after the first day of the relevant accounting period of the acquiring company (whichever of those days falls later).
- (3) For the purposes of subsection (2) above a company’s relevant accounting period is its first accounting period to begin after 31st December 1992.

F4199

Textual Amendments

F41 S. 99 repealed (1.5.1995 with effect in accordance with Sch. 8 para. 57 of the repealing Act) by 1995 c. 4, s. 162, **Sch. 29 Pt. VIII(5)**, Note 2

100 Income from investments attributable to BLAGAB, etc.

^{F42}(1)

- (2) In section 475 of that Act (tax-free Treasury securities: exclusion of interest on borrowed money), in subsection (6)—
 - ^{F42}(a)
 - (b) for the words “of the life assurance fund”, in each place where they occur, there shall be substituted the words “ attributable to basic life assurance and general annuity business ”.
- (3) This section shall apply in relation to accounting periods beginning after 31st December 1992.

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Textual Amendments

F42 [S. 100\(1\)\(2\)\(a\)](#) repealed (1.5.1995 with effect in accordance with Sch. 8 para. 57 of the repealing Act) by 1995 c. 4, s. 162, [Sch. 29 Pt. VIII\(5\)](#), Note 2

101 Modification of Finance Act 1989.

(1) The following section shall be inserted after section 89 of the ^{M21}Finance Act 1989—

“89A Modification of sections 83 and 89 in relation to overseas life insurance companies.

Schedule 8A to this Act (which makes modifications of sections 83 and 89 in relation to overseas life insurance companies) shall have effect.”

(2) Schedule 10 to this Act (which inserts Schedule 8A into that Act) shall have effect.

Marginal Citations

M21 [1989 c. 26.](#)

102 Modification of Taxation of Chargeable Gains Act 1992.

(1) The following section shall be inserted after section 214A of the ^{M22}Taxation of Chargeable Gains Act 1992—

“214B Modification of Act in relation to overseas life insurance companies.

Schedule 7B (which makes modifications of this Act in relation to overseas life insurance companies) shall have effect.”

(2) Schedule 11 to this Act (which inserts Schedule 7B into that Act) shall have effect.

Marginal Citations

M22 [1992 c. 12.](#)

103 Amendment of definition and repeals.

(1) In section 431(2) of the Taxes Act 1988 (definitions), in the definition of “overseas life insurance company” for the words “having its head office outside” there shall be substituted the words “not resident in”.

(2) The following provisions of that Act shall cease to have effect—

- (a) section 445 (charge to tax on investment income of overseas life insurance company);
- (b) section 446(1) (qualifying distributions part of profits of pension business of overseas life insurance company);

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*Changes to legislation: There are currently no known outstanding effects
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- (c) section 447(1), (2) and (4) (set-off of income tax and tax credits against corporation tax assessed under section 445);
- (d) section 448 (qualifying distributions and tax credits);
- (e) section 449 (double taxation agreements);
- (f) section 724(5) to (8) (special provisions of accrued income scheme for overseas life insurance companies);
- (g) section 811(2)(c) (provision about deduction of foreign tax not to affect overseas life insurance company charged under section 445);
- (h) paragraph 1(9) of Schedule 19AB (payments on account of tax credits in case of pension business: special provision for overseas life insurance companies).

(3) Subject to subsection (4) below, this section shall apply in relation to accounting periods beginning after 31st December 1992.

^{F43}(4)

Textual Amendments

F43 S. 103(4) repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, Sch. 41 Pt. V(3) Note

Approved share option schemes

104 Calculation of consideration.

After section 149 of the ^{M23}Taxation of Chargeable Gains Act 1992 there shall be inserted the following section—

“149A Approved share option schemes.

- (1) This section applies where—
 - (a) an option is granted on or after 16th March 1993,
 - (b) the option consists of a right to acquire shares in a body corporate and is obtained as mentioned in section 185(1) of the Taxes Act (approved share option schemes), and
 - (c) section 17(1) would (apart from this section) apply for the purposes of calculating the consideration for the grant of the option.
- (2) The grantor of the option shall be treated for the purposes of this Act as if section 17(1) did not apply for the purposes of calculating the consideration and, accordingly, as if the amount or value of the consideration was its actual amount or value.
- (3) Where the option is granted wholly or partly in recognition of services or past services in any office or employment, the value of those services shall not be taken into account in calculating the actual amount or value of the consideration.
- (4) The preceding provisions of this section shall not affect the treatment for the purposes of this Act of the person to whom the option is granted.”

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Marginal Citations

M23 1992 c. 12.

105 Expenditure on shares.

- (1) In section 120(6) of the Taxation of Chargeable Gains Act 1992 (increase in expenditure by reference to tax charged in relation to shares)—
 - (a) for the words “section 185(6)” there shall be substituted the words “ the applicable provision ”, and
 - (b) at the end there shall be inserted “; and in this subsection “the applicable provision” means—
 - (a) subsection (6) of section 185 of the Taxes Act (as that subsection had effect before the coming into force of section 39(5) of the ^{M24}Finance Act 1991), or
 - (b) subsection (6A) of that section.”
- (2) The amendments made by subsection (1) above shall be deemed always to have had effect.
- (3) In section 32A(5) of the ^{M25}Capital Gains Tax Act 1979 (expenditure: amounts to be included as consideration)—
 - (a) for the words “section 185(6)” there shall be substituted the words “ the applicable provision ”, and
 - (b) at the end there shall be inserted “; and in this subsection “the applicable provision” means—
 - (a) subsection (6) of section 185 of the Taxes Act (as that subsection had effect before the coming into force of section 39(5) of the ^{M26}Finance Act 1991), or
 - (b) subsection (6A) of that section.”
- (4) The ^{M27}amendments made by subsection (3) above shall be deemed to have come into force on 1st January 1992 (but shall have effect subject to the repeals made by the Taxation of Chargeable Gains Act 1992).

Commencement Information

II S. 105 in force at Royal Assent. the amendments made by s. 105(1) are deemed always to have had effect, see s. 105(2); the amendments made by S. 105(3) are deemed to have come into force on 1.1.1992, see s. 105(4)

Marginal Citations

M24 1991 c. 31.

M25 1979 c. 14.

M26 1991 c. 31.

M27 1992 c. 12.

Status: Point in time view as at 24/07/2002.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

Indexation: miscellaneous

106 Earnings cap etc: no indexation in 1993-94.

The figure £75,000 shall be deemed to be the figure found for the year 1993-94, for the purposes of section 590C of the Taxes Act 1988, by virtue of section 590C(4) and (5) (indexation of earnings cap for retirement benefits schemes and certain other figures).

107 Indexation of allowances etc. for 1994-95 onwards.

- (1) The Taxes Act 1988 shall be amended as mentioned in subsections (2) to (6) below.
- (2) In section 1—
 - (a) in subsection (4) (indexation of income tax bands) for “December” (in each place) there shall be substituted “September”;
 - (b) subsection (5) (no change required for PAYE before 18th May) shall be omitted.
- (3) In section 257C—
 - (a) in subsection (1) (indexation of personal allowance and married couple’s allowance) for “December” (in each place) there shall be substituted “September”;
 - (b) subsection (2) (no change required for PAYE before 18th May) shall be omitted.
- (4) In section 590C (earnings cap for retirement benefits schemes) in subsection (5) (indexation) for “December” (in each place) there shall be substituted “September”.
- (5) In section 590C the following subsection shall be inserted after subsection (5)—

“(5A) If the retail prices index for the month of September preceding a year of assessment falling within subsection (4) above is not higher than it was for the previous September, the figure for that year shall be the same as the figure for the previous year of assessment.”; and accordingly, in subsection (4) of that section for “subsection (5)” there shall be substituted “ subsections (5) and (5A) ”.
- (6) In each of the provisions to which this subsection applies (provisions which refer to section 590C(4) and (5)) for “and (5)” there shall be substituted “ to (5A) ”; and this subsection applies to sections 590B(11), 592(8E), 594(7), 599(12) and 640A(4).
- (7) In Schedule 6 to the ^{M28}Finance Act 1989 (retirement benefits schemes) in paragraphs 20(6) and 22(5) (which refer to section 590C(4) and (5) of the Taxes Act 1988) for “and (5)” there shall be substituted “ to (5A) ”.
- (8) This section shall have effect for the year 1994-95 and subsequent years of assessment.

Marginal Citations

M28 1989 c. 26.

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Miscellaneous provisions about reliefs

108 Counselling services for employees.

In Chapter VI of Part XIII of the Taxes Act 1988, after section 589 there shall be inserted the following sections—

“589A Counselling services for employees.

- (1) This section applies where—
 - (a) qualifying counselling services are provided to a person (the employee) in connection with the termination of the holding by him of any office or employment, and
 - (b) the termination takes place on or after 16th March 1993.
- (2) This section also applies where—
 - (a) subsection (1)(a) above applies, and
 - (b) the termination takes place before 16th March 1993 but relevant expenditure is incurred on or after that date.
- (3) Relevant expenditure is expenditure incurred in—
 - (a) providing the qualifying counselling services to the employee,
 - (b) paying or reimbursing fees for the provision to the employee of the qualifying counselling services, or
 - (c) paying or reimbursing any allowable travelling expenses incurred in connection with the provision of the qualifying counselling services to the employee.
- (4) No charge to tax under Schedule E shall arise in respect of—
 - (a) the provision of the qualifying counselling services to the employee,
 - (b) the payment or reimbursement of fees for the provision to the employee of the qualifying counselling services, or
 - (c) the payment or reimbursement of any allowable travelling expenses incurred in connection with the provision of the qualifying counselling services to the employee.
- (5) Where this section applies by virtue of subsection (2) above, subsection (4) above shall apply only to the extent that the expenditure incurred in providing the services or paying or reimbursing the fees or expenses is incurred on or after 16th March 1993.
- (6) Subsection (4) above shall apply whether or not the person who provides the services or pays or reimburses the fees or expenses is the person under whom the employee holds or held the office or employment mentioned in subsection (1) above.
- (7) Subsections (8) to (10) below apply where any relevant expenditure is incurred by the person under whom the employee holds or held the office or employment mentioned in subsection (1) above (the employer).
- (8) If and so far as the expenditure would not, apart from this subsection, be so deductible, it shall be deductible in computing for the purposes of Schedule D

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the profits or gains of the trade, profession or vocation of the employer for the purposes of which the employee is or was employed.

- (9) If the employer carries on a business and the expenses of management of the business are eligible for relief under section 75, subsection (8) above shall have effect as if for the words from “in computing” onwards there were substituted “as expenses of management for the purposes of section 75”.
- (10) Where this section applies by virtue of subsection (2) above, subsections (8) and (9) above shall apply only to the extent that the expenditure is incurred on or after 16th March 1993.

589B Qualifying counselling services etc.

- (1) Subsections (2) to (4) below apply for the purposes of section 589A.
- (2) Subject to subsection (3) below, services are qualifying counselling services if—
- (a) the purpose, or main purpose, of their provision is to enable the employee to adjust to the termination of his holding of the office or employment mentioned in section 589A(1) or is to enable him to find other gainful employment (including self-employment) or is to enable him to do both,
 - (b) the services consist wholly of any or all of the following, namely, giving advice and guidance, imparting or improving skills, and providing or making available the use of office equipment or similar facilities,
 - (c) the employee has been employed by the employer full-time throughout the period of two years ending at the time when the services begin to be provided to him or, if it is earlier, at the time he ceases to be employed by the employer,
 - (d) the opportunity to receive the services, on similar terms as to payment or reimbursement of any expenses incurred in connection with their provision, is available either generally to holders or past holders of offices or employment under the employer or to a particular class or classes of such holders or past holders, and
 - (e) the services are provided in the United Kingdom.
- (3) Where paragraphs (a) to (d) of subsection (2) above are satisfied in relation to particular services but the services are provided partly in and partly outside the United Kingdom, the extent to which the services are qualifying counselling services shall be determined on a just and reasonable basis.
- (4) In relation to services, allowable travelling expenses are those which would be deductible under section 198—
- (a) on the assumption that receipt of the services is one of the duties of the employee’s office or employment, and
 - (b) if the employee has in fact ceased to be employed by the employer, on the assumption that he continues to be employed by him.
- (5) Any reference in this section or section 589A to an employee being employed by an employer is a reference to the employee holding office or employment under the employer.”

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

109 Pre-trading expenditure.

- (1) In subsection (1) of section 401 of the Taxes Act 1988 (which gives relief for expenditure incurred within the five years before the beginning of any trade, profession or vocation), for “five” there shall be substituted “seven”.
- (2) After subsection (1) of that section there shall be inserted the following subsection—

“(1A) Where—

 - (a) a company pays any charge on income at a time before it begins to carry on any trade, and
 - (b) the payment is made wholly and exclusively for the purposes of that trade,

that payment, to the extent that it is not deducted otherwise than by virtue of this section from any profits, shall be treated for the purposes of corporation tax as paid on the day on which the trade is first carried on by the company.”
- (3) In section 338(5)(b) of that Act (payments not to be treated as charges on income), after “trade” there shall be inserted “ which is or is to be ”.
- (4) Subsections (1) and (2) above shall have effect where the time when the person begins to carry on the trade, profession or vocation falls after 31st March 1993, and subsection (3) above shall have effect in relation to payments made after that date.

110 Waste disposal expenditure.

- (1) In section 91A(6) of the Taxes Act 1988 (relevant licence for the purposes of restoration payments), after paragraph (b) there shall be inserted “or

 - (c) any authorisation under the ^{M29}Radioactive Substances Act 1960 or the ^{M30}Radioactive Substances Act 1993 for the disposal of radioactive waste or any nuclear site licence under the ^{M31}Nuclear Installations Act 1965.”

- (2) In section 91B of that Act (preparation expenditure for waste disposal), after subsection (10) there shall be inserted the following subsection—

“(10A) For the purposes of this section any expenditure incurred for the purposes of a trade by a person about to carry it on shall be treated as if it had been incurred by that person on the first day on which he does carry it on and in the course of doing so.”
- (3) This section shall have effect in relation to any case where the trade in question is begun after 31st March 1993.

Marginal Citations

- M29** 1960 c. 34.
M30 1993 c. 12.
M31 1965 c. 57.

111 Business expansion scheme: loan linked investments.

- (1) After section 299 of the Taxes Act 1988 there shall be inserted the following section—

Status: Point in time view as at 24/07/2002.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

“299A Loan linked investments.

- (1) An individual shall not be entitled to relief in respect of any shares in a company issued on or after 16th March 1993 if—
 - (a) there is a loan made by any person, at any time in the relevant period, to that individual or any associate of his; and
 - (b) the loan is one which would not have been made, or would not have been made on the same terms, if that individual had not subscribed for those shares or had not been proposing to do so.
- (2) References in this section to the making by any person of a loan to any individual or an associate of his include references—
 - (a) to the giving by that person of any credit to that individual or any associate of his; and
 - (b) to the assignment or assignation to that person of any debt due from that individual or any associate of his;
 and the references in section 307(6)(ca) to the making of a loan shall be construed accordingly.”
- (2) In sections 289(12)(a) and 310(1) and (10)(a) of that Act (definition of “the relevant period” and information provisions), after “299,”, in each case, there shall be inserted “299A,”.
- (3) In section 307(6) of that Act (reckonable date for the purposes of interest on relief that is withdrawn), after paragraph (c) there shall be inserted the following paragraph—
 - “(ca) in the case of relief withdrawn by virtue of section 299A in consequence of the making of any loan after the grant of the relief, the date of the making of the loan;”.
- (4) This section shall apply in relation to any case in which the claim for relief is made on or after 16th March 1993.

112 Employers’ pension contributions.

- (1) In section 592(4) of the Taxes Act 1988 (employers’ contributions to exempt approved schemes), at the end there shall be inserted “ but no other sum shall for those purposes be allowed to be deducted as an expense, or expense of management, in respect of the making, or any provision for the making, of any contributions under the scheme. ”
- (2) Subsection (1) above shall have effect in the case of any employer in relation to, as the case may be—
 - (a) any accounting period of that employer ending with a day after 5th April 1993; or
 - (b) any year of assessment the employer’s basis period for which ends with a day after that date.
- (3) Where—
 - (a) there is after 5th April 1993 an actual payment by an employer of a contribution under an exempt approved scheme,
 - (b) that payment would, apart from this subsection, be allowed to be deducted as an expense, or expense of management, of the employer in relation to any chargeable period in relation to which subsection (1) above has effect, and

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

- (c) the total of previously allowed deductions exceeds the relevant maximum, the amount allowed to be so deducted in respect of the payment mentioned in paragraph (a) above and of any other actual payments of contributions under the scheme which, having been made after 5th April 1993, fall within paragraph (b) above in relation to the same chargeable period shall be reduced by whichever is the smaller of the excess and the amount which reduces the deduction to nil.
- (4) In relation to any such actual payment by an employer of a contribution under an exempt approved scheme as would be allowed to be deducted as mentioned in subsection (3) above in relation to any chargeable period-
- (a) the reference in that subsection to the total of previously allowed deductions is a reference to the aggregate of every amount in respect of the making, or any provision for the making, of that or any other contributions under the scheme, which has been allowed to be deducted as an expense, or expense of management, of that person in relation to a previous chargeable period; and
- (b) the reference to the relevant maximum is a reference to the amount which would have been that aggregate if the restriction on deductions imposed by virtue of subsection (1) above had been applied in relation to every previous chargeable period;
- and for the purposes of this subsection an amount the deduction of the whole or any part of which falls to be taken into account as allowed in relation to more than one chargeable period shall be treated as if the amount allowed were a different amount in the case of each of those periods.
- (5) For the purposes of this section any payment which is treated under subsection (6) of section 592 of the Taxes Act 1988 as spread over a period of years shall be treated as actually paid at the time when it is treated as paid in accordance with that subsection.
- (6) After subsection (6) of section 592 of the Taxes Act 1988 there shall be inserted the following subsection—
- “(6A) Where any sum is paid to the trustees of the scheme in or towards the discharge of any liability of an employer under section 58B of the ^{M32}Social Security Pensions Act 1975 or section 144 of the Pension Schemes Act 1993 (deficiencies in the assets of a scheme) or under Article 68B of the ^{M33}Social Security Pensions (Northern Ireland) Order 1975 or section 140 of the Pension Schemes (Northern Ireland) Act 1993 (which contain corresponding provision for Northern Ireland), the payment of that sum—
- (a) shall be treated for the purposes of this section as an employer’s contribution under the scheme; and
- (b) notwithstanding (where it is the case) that the employer’s trade, profession, vocation or business is permanently discontinued before the making of the payment, shall be allowed, in accordance with subsection (4) above, to be deducted as such a contribution to the same extent as it would have been allowed but for the discontinuance and as if it had been made on the last day on which the trade, profession, vocation or business was carried on.”; and this subsection shall have effect in relation to any payment made on or after the day on which this Act is passed.
- (7) In this section—
- “basis period”, in relation to any person, means a period on the profits or gains of which income tax for any year of assessment falls to be finally

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computed under Case I or II of Schedule D in respect of the trade, profession or vocation of that person (being the later period in any case where the profits and gains of an earlier period are taken to be the profits and gains of a later period); and

“exempt approved scheme” has the meaning given by section 592(1) of the Taxes Act 1988.

Marginal Citations

M32 1975 c. 60.

M33 S.I. 1975/1503 (N.I. 15).

Capital allowances

^{F44}**113**

Textual Amendments

F44 S. 113 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 580, Sch. 4

^{F45}**114**

Textual Amendments

F45 S. 114 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 580, Sch. 4

^{F46}**115**

Textual Amendments

F46 S. 115 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 580, Sch. 4

^{F47}**116**

Textual Amendments

F47 S. 116 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 580, Sch. 4

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

F48 117 Transactions between connected persons etc.

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Textual Amendments

F48 S. 117 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 580, Sch. 4

Miscellaneous

118 Scottish trusts.

- (1) Where—
 - (a) any of the income of a trust having effect under the law of Scotland is income to which a beneficiary of the trust would have an equitable right in possession if that trust had effect under the law of England and Wales, and
 - (b) the trustees of that trust are resident in the United Kingdom, the rights of that beneficiary shall be deemed for the purposes of the Income Tax Acts to include such a right to that income notwithstanding that no such right is conferred according to the law of Scotland.
- (2) This section shall have effect in relation to the income of any trust for the year 1993–94 or any subsequent year of assessment.

119 Controlled foreign companies.

- (1) In section 750(1) of the Taxes Act 1988 (meaning of lower level of taxation for purposes of provisions relating to controlled foreign companies) for “one-half” there shall be substituted “three-quarters”.
- (2) Subsection (1) above shall apply in relation to accounting periods beginning on or after 16th March 1993.
- (3) Where a company is by virtue of section 749(1) or (2) of the Taxes Act 1988 regarded as resident in a territory outside the United Kingdom and (apart from this section)—
 - (a) an accounting period of the company would begin before 16th March 1993 and end on or after that date, and
 - (b) the company would not be considered to be subject, by virtue of section 750(1) of that Act, to a lower level of taxation in that accounting period in the territory in which it is regarded as resident,for the purposes of Chapter IV of Part XVII of that Act that accounting period shall be treated as ending on 15th March 1993.

120 Pay and file: miscellaneous amendments.

Schedule 14 to this Act (which makes various amendments of the ^{M34}Taxes Management Act 1970, the Taxes Act 1988 and the ^{M35}Finance Act 1989 with a view to, or in connection with, the introduction of “pay and file”) shall have effect.

Status: Point in time view as at 24/07/2002.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

Marginal Citations

M34 1970 c. 9.

M35 1989 c. 26.

^{F49} **121**

Textual Amendments

F49 S. 121 repealed (11.5.2001 with effect in accordance with s. 87 of the amending Act) by 2001 c. 9, s. 110, Sch. 33 Pt. II(12), note

122 Application of Income Tax Acts etc. to public departments.

- (1) In subsection (2) of section 829 of the Taxes Act 1988 (restriction on application of Income Tax Acts to public departments), at the end there shall be inserted “ unless it is tax which would not have been so borne but for a failure by a public office or department of the Crown to make a deduction required by virtue of subsection (1) above. ”
- (2) The provisions of Parts IX and X of the Taxes Management Act 1970 (interest and penalties) shall apply in relation to public offices and departments of the Crown for the purposes, so far as they so apply, of the other provisions of that Act and of the provisions of the Income Tax Acts mentioned in section 829(1) of the Taxes Act 1988.
- (3) This section shall have effect in relation to the year 1993-94 and subsequent years of assessment.

123 Expenditure involving crime.

- (1) The following section shall be inserted after section 577 of the Taxes Act 1988—

“577A Expenditure involving crime.

- (1) In computing profits or gains chargeable to tax under Schedule A or Schedule D, no deduction shall be made for any expenditure incurred in making a payment the making of which constitutes the commission of a criminal offence.
 - (2) Such expenditure shall not be included in computing any expenses of management in respect of which relief may be given under the Tax Acts.”
- (2) This section shall apply in relation to expenditure incurred on or after 11th June 1993.

124 Expenses of Members of Parliament.

- (1) Section 200 of the Taxes Act 1988 (expenses of Members of Parliament) shall become subsection (1) of that section and the following subsection shall be inserted after that subsection—

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

“(2) A sum which is paid to a Member of the House of Commons in accordance with any resolution of that House providing for Members of that House to be reimbursed in respect of the cost of, and any additional expenses incurred in, travelling between the United Kingdom and any European Community institution in Brussels, Luxembourg or Strasbourg shall not be regarded as income for any purpose of the Income Tax Acts.”

- (2) This section shall apply in relation to sums paid on or after 1st January 1992.
- (3) Any such adjustment (whether by way of discharge or repayment of tax, the making of an assessment or otherwise) as is appropriate in consequence of this section may be made.

CHAPTER II

EXCHANGE GAINS AND LOSSES

Modifications etc. (not altering text)

- C12** Pt. II Chapter II (ss. 125-170) modified (1.5.1995) by 1988 c. 1, **Sch. 24 para. 19(2)** (as inserted (1.5.1995) by 1995 c. 4, s. 133, **Sch. 25 paras. 1, 6(5)**)
Pt. II Chapter II (ss. 125-170) restricted (31.7.1998) by 1988 c. 1, **Sch. 28AA para. 8** (as inserted (31.7.1998) by 1998 c. 36, s. 108, **Sch. 16 para. 8(1)(a)**)
Pt. II Chapter II (ss. 125-170): power to amend conferred (3.5.1994) by 1994 c. 9, s. **177(6)(b)**
Pt. II Chapter II (ss. 125-170) excluded (3.5.1994) by 1994 c. 9, **ss. 226(2), 230**
Pt. II Chapter II (ss. 125-170) modified (19.9.1994) by 1994 c. 21, s. 21, **Sch. 4 Pt. I para. 23(2)** (with s. 40(7)); S.I. 1994/2189, art. 2, **Sch.**
Pt. II Chapter II (ss. 125-170) modified (23.3.1995) by S.I. 1994/3226, **reg. 3(2)**
Pt. II Chapter II (ss. 125-170) applied (23.3.1995) by S.I. 1994/3231, **reg. 2(1)**
Pt. II Chapter II (ss. 125-170) modified (29.4.1996) by 1996 c. 8, s. 105, **Sch. 15 Pt. I para. 22(1)** (with ss. 80-105)
- C13** Pt. II Chapter II to be construed with 1994 c. 31, **Sch. 4 Pt. I para. 23** (19.9.1994) by 1994 c. 21, s. 21, **Sch. 4 Pt. I para. 23(5)**; S.I. 1994/2189, art. 2, **Sch.**

Accrual of gains and losses

^{F50}**125**

Textual Amendments

- F50** S. 125 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, **ss. 79(1)(b), 141, Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

^{F51}**126**

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Textual Amendments

F51 S. 126 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

^{F52} **127**

Textual Amendments

F52 S. 127 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Trading gains and losses

^{F53} **128**

Textual Amendments

F53 S. 128 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Non-trading gains and losses

^{F54} **129**

Textual Amendments

F54 S. 129 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

^{F55} **130**

Textual Amendments

F55 S. 130 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Alternative calculation

F59 **134**

Textual Amendments

F59 S. 134 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b)(3), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Main benefit test

F60 **135**

Textual Amendments

F60 S. 135 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F61 **135A**.....

Textual Amendments

F61 S. 135A repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Arm's length test

F62 **136**

Textual Amendments

F62 S. 136 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(1)** Note 2 (with Sch. 23 paras. 25, 26)

F63 **136A**.....

Textual Amendments

F63 S. 136A repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Status: Point in time view as at 24/07/2002.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

F64 **137**

Textual Amendments

F64 S. 137 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F65 **138**

Textual Amendments

F65 S. 138 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Deferral of unrealised gains

F66 **139**

Textual Amendments

F66 S. 139 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F67 **140**

Textual Amendments

F67 S. 140 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F68 **141**

Textual Amendments

F68 S. 141 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F69 **142**

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Textual Amendments

F69 S. 142 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F70 **143**

Textual Amendments

F70 S. 143 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Irrecoverable debts

F71 **144**

Textual Amendments

F71 S. 144 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F72 **145**

Textual Amendments

F72 S. 145 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Currency contracts: special cases

F73 **146**

Textual Amendments

F73 S. 146 repealed (27.4.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F74 **147**

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Textual Amendments

F74 S. 147 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Excess gains or losses

^{F75} **148**

Textual Amendments

F75 S. 148 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Local currency to be used

^{F76} **149**

Textual Amendments

F76 S. 149 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Exchange rate to be used

150 Exchange rate at translation times.

- (1) This section has effect to determine the exchange rate to be used in finding for the purposes of this Chapter the local currency equivalent at a translation time of—
 - (a) the basic valuation of an asset or liability,
 - (b) the nominal amount of a debt outstanding, or
 - (c) an amount of currency.
- (2) References in this section to the two currencies are to—
 - (a) the local currency and the nominal currency of the asset or liability concerned (where this section applies by virtue of subsection (1)(a) or (1)(b) above), or
 - (b) the local currency and the currency mentioned in subsection (1)(c) above (where this section applies by virtue of subsection (1)(c) above).
- (3) References in this section to an arm’s length rate are to such exchange rate for the two currencies as might reasonably be expected to be agreed between persons dealing at arm’s length.
- (4) Subsections (5) to (7) below apply where the translation time is a translation time solely by virtue of an accounting period of the company coming to an end.

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

- (5) In a case where—
- (a) an exchange rate for the two currencies is used (as regards the asset, liability or currency contract concerned) in the accounts of the company for the last day of the accounting period, and
 - (b) the rate is an arm's length rate,
- that is the exchange rate to be used as regards the asset, liability or contract.
- (6) In a case where—
- (a) the provision for whose purposes the local currency equivalent falls to be found is section 126 above,
 - (b) an exchange rate for the two currencies is not used (as regards the currency contract concerned) in the accounts of the company for the last day of the accounting period,
 - (c) the fact that such an exchange rate is not so used conforms with [^{F77}generally accepted accounting practice], and
 - (d) the exchange rate for the two currencies that is implied by the currency contract concerned is an arm's length rate,
- the exchange rate mentioned in paragraph (d) above is the exchange rate to be used as regards the contract.
- (7) In a case where neither subsection (5) nor subsection (6) above applies, the London closing exchange rate for the two currencies for the last day of the accounting period is the exchange rate to be used.
- (8) Subsections (9) to (14) below apply where the translation time is a translation time otherwise than solely by virtue of an accounting period of the company coming to an end.
- (9) In a case where—
- (a) an exchange rate for the two currencies is used (as regards the asset, liability or currency contract concerned) in the accounts of the company at the translation time,
 - (b) the rate represents the average of arm's length rates for all the days falling within a period, and
 - (c) the arm's length rate for any given day (other than the first) falling within the period is not significantly different from the arm's length rate for the day preceding the given day,
- that is the exchange rate to be used as regards the asset, liability or contract.
- (10) In a case where—
- (a) subsection (9) above does not apply,
 - (b) an exchange rate for the two currencies is used (as regards the asset, liability or currency contract concerned) in the accounts of the company at the translation time, and
 - (c) the rate is an arm's length rate,
- that is the exchange rate to be used as regards the asset, liability or contract.
- (11) In a case where—
- (a) the provision for whose purposes the local currency equivalent falls to be found is section 126 above,

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

- (b) an exchange rate for the two currencies is not used (as regards the currency contract concerned) in the accounts of the company at the translation time,
- (c) the fact that such an exchange rate is not so used conforms with [^{F78}generally accepted accounting practice], and
- (d) the exchange rate for the two currencies that is implied by the currency contract concerned is an arm’s length rate,

the exchange rate mentioned in paragraph (d) above is the exchange rate to be used as regards the contract.

(12) In a case where—

- (a) none of subsections (9) to (11) above applies,
- (b) it is the company’s normal practice, when using an exchange rate in its accounts, to use a rate which represents an average of exchange rates obtaining for a period, and
- (c) the London closing exchange rate for the two currencies for any given day (other than the first) falling within the relevant period is not significantly different from the London closing exchange rate for the two currencies for the day preceding the given day,

the rate which represents the average of the London closing exchange rates for the currencies for all the days falling within the relevant period is the exchange rate to be used.

(13) In a case where none of subsections (9) to (12) above applies, the London closing exchange rate for the day in which the translation time falls is the exchange rate to be used.

(14) References in subsection (12) above to the relevant period are to the period which—

- (a) begins when the relevant accounting period begins, and
- (b) ends at the end of the day in which the translation time falls;

and the relevant accounting period is the accounting period in which the translation time falls.

Textual Amendments

F77 Words in s. 150(6)(c) substituted (24.7.2002) by 2002 c. 23, s. 103(4)(b)

F78 Words in s. 150(11)(c) substituted (24.7.2002) by 2002 c. 23, s. 103(4)(b)

Modifications etc. (not altering text)

C18 S. 150 modified (23.3.1995) by S.I. 1994/3226, reg. 5

^{F79} 151

Textual Amendments

F79 S. 151 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, Sch. 40 Pt. 3(10) Note 2 (with Sch. 23 paras. 25, 26)

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Interpretation: companies

F80 152

Textual Amendments

F80 S. 152 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Interpretation: assets, liabilities and contracts

F81 153

Textual Amendments

F81 S. 153 repealed (1.10.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

154 Definitions connected with assets.

- (1) Subject to the following provisions of this section, a company becomes entitled to an asset when it becomes unconditionally entitled to it.
 - (2) In determining whether or not a company is unconditionally entitled to an asset, any transfer by way of security of the asset or of any interest or right in or over the asset shall be ignored.
 - (3) Where a company agrees to acquire an asset by transfer it becomes entitled to it when the contract is made and not on a later transfer made pursuant to the contract; but the preceding provisions of this subsection do not apply where the agreement is by way of a currency contract.
 - (4) Where a company agrees to dispose of an asset by transfer it ceases to be entitled to it when the contract is made and not on a later transfer made pursuant to the contract.
 - (5) If a contract is conditional (whether on the exercise of an option or otherwise) for the purposes of subsections (3) and (4) above it is made when the condition is satisfied.
- [^{F82}(5A) The question whether a company becomes unconditionally entitled at a particular time to an asset falling within section 153(1)(a) above shall be determined without reference to the fact that there is or is not a later time when, or before which, the whole or any part of the debt is required to be paid.
- (5B) Where an asset falling within section 153(1)(a) above consists of a right to interest—
- (a) a company becomes unconditionally entitled to the asset at the time when or (as the case may be) before which the interest is required to be paid to the company, and
 - (b) subsection (5A) above shall not apply.]

Status: Point in time view as at 24/07/2002.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

- (6) Where a company ceases to be entitled to an asset and at a later time becomes entitled to the same asset, with effect from the later time the asset shall be treated as if it were a different asset.
- (7) In a case where—
- (a) at different times a company becomes entitled to rights to settlement under debts on securities, and
 - (b) the rights are of the same kind,
- the rights shall be treated as different assets and not part of the same asset.
- (8) Whether a transaction involves a company becoming entitled to—
- (a) one asset consisting of a right to settlement under a debt on a security, or
 - (b) a number of such assets,
- shall be determined according to the facts of the case concerned.
- (9) For the purpose of deciding whether rights to settlement under debts on securities of a particular kind are held by a company, rights of that kind acquired earlier shall be treated as disposed of before rights of that kind acquired later; and references here to acquisition and disposal are references to becoming entitled and ceasing to be entitled.
- (10) For the purpose of deciding whether shares of a particular kind are held by a company, shares of that kind acquired earlier shall be treated as disposed of before shares of that kind acquired later; and references here to acquisition and disposal are references to becoming entitled and ceasing to be entitled.
- (11) In a case where—
- (a) a rule is used for the purpose mentioned in subsection (9) or (10) above when the company's accounts are prepared,
 - (b) the rule differs from that contained in the subsection, and
 - (c) the accounts are prepared in accordance with [^{F83}generally accepted accounting practice],
- the rule used when the accounts are prepared (and not the rule in the subsection) shall be used for the purpose.
- (12) In a case where—
- (a) a company would (apart from this subsection) become entitled to an asset at a particular time (the later time) by virtue of the preceding provisions of this section,
 - (b) the asset falls within section 153(1)(a) above,
 - (c) the time at which the company, in drawing up its accounts, regards itself as becoming entitled to the asset is a time (the earlier time) earlier than the later time, and
 - (d) the accounts are drawn up in accordance with [^{F83}generally accepted accounting practice],
- the company shall be taken to have become entitled to the asset at the earlier time and not at the later time.
- [^{F84}(12A) So much of any asset as consists in a right to receive interest as respects which any sums fall to be brought into account for the purposes of Chapter II of Part IV of the Finance Act 1996 (loan relationships) shall be taken to be an asset to which the company became entitled at the following time (instead of the time for which subsection (12) above provides), that is to say—

Status: Point in time view as at 24/07/2002.

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- (a) where the sums fall to be brought into account for the purposes of that Chapter in accordance with an authorised accruals basis of accounting, the time when the interest is taken for those purposes to have accrued, and
 - (b) where the sums fall to be brought into account for the purposes of that Chapter in accordance with an authorised mark to market basis of accounting, the time when the interest is taken for those purposes to have become due and payable.]
- (13) Where subsection (12) above applies, as regards any time beginning with the earlier time and ending immediately before the later time the nominal amount of the debt shall be taken to be—
- (a) such amount as the company treats as the nominal amount in its accounts, or
 - (b) such amount as it would so treat in accordance with [^{F83}generally accepted accounting practice] (if that amount is different from the amount found under paragraph (a) above).

[^{F85}(13A) In a case where—

- (a) a company would (apart from this subsection) become entitled to an asset at a particular time (the earlier time) by virtue of subsections (1) to (11) above,
- (b) the asset falls within section 153(1)(a) above and the debt concerned is a debt on a security, or the asset is a share,
- (c) the time at which the company, in drawing up its accounts, regards itself as becoming entitled to the asset is a time (the later time) later than the earlier time, and
- (d) the accounts are drawn up in accordance with [^{F86}generally accepted accounting practice],

the company shall be taken to become entitled to the asset at the later time and not at the earlier time.

(13B) In a case where—

- (a) a company would (apart from this subsection) cease to be entitled to an asset at a particular time (the earlier time) by virtue of subsections (1) to (11) above,
- (b) the asset falls within section 153(1)(a) above and the debt concerned is a debt on a security, or the asset is a share,
- (c) the time at which the company, in drawing up its accounts, regards itself as ceasing to be entitled to the asset is a time (the later time) later than the earlier time, and
- (d) the accounts are drawn up in accordance with [^{F86}generally accepted accounting practice],

the company shall be taken to cease to be entitled to the asset at the later time and not at the earlier time.]

(14) A company holds an asset at a particular time if it is entitled to it at that time.

Textual Amendments

F82 S. 154(5A)(5B) inserted (3.5.1994) by 1994 c. 9, s. 114(1)

F83 Words in s. 154(11)(c)(12)(d)(13)(b) substituted (24.7.2002) by 2002 c. 23, s. 103(4)(b)

F84 S. 154(12A) inserted (29.4.1996) by 1996 c. 8, s. 104, Sch. 14 para. 71 (with ss. 80-105)

F85 S. 154(13A)(13B) inserted (3.5.1994) by 1994 c. 9, s. 114(2)

F86 Words in s. 154(13A)(d)(13B)(d) substituted (24.7.2002) by 2002 c. 23, s. 103(4)(b)

Status: Point in time view as at 24/07/2002.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

155 Definitions connected with liabilities.

- (1) Subject to the following provisions of this section, a company becomes subject to a liability falling within section 153(2)(a) above when it becomes unconditionally subject to it.
- (2) Where a company agrees to acquire a liability falling within section 153(2)(a) above by transfer it becomes subject to it when the contract is made and not on a later transfer made pursuant to the contract.
- (3) Where a company agrees to dispose of a liability falling within section 153(2)(a) above by transfer it ceases to be subject to it when the contract is made and not on a later transfer made pursuant to the contract.
- (4) If a contract is conditional (whether on the exercise of an option or otherwise) for the purposes of subsections (2) and (3) above it is made when the condition is satisfied.
- [^{F87}(4A) The question whether a company becomes unconditionally subject at a particular time to a liability falling within section 153(2)(a) above shall be determined without reference to the fact that there is or is not a later time when, or before which, the whole or any part of the debt is required to be paid.
- (4B) Where a liability falling within section 153(2)(a) above consists of a duty to pay interest—
 - (a) a company becomes unconditionally subject to the liability at the time when or (as the case may be) before which the company is required to pay the interest, and
 - (b) subsection (4A) above shall not apply.]
 - (5) Where a company ceases to be subject to a liability falling within section 153(2)(a) above and at a later time becomes subject to the same liability, with effect from the later time the liability shall be treated as if it were a different liability.
 - (6) A company becomes subject to a liability falling within section 153(2)(b) above at the time with effect from which it makes the provision.
 - (7) A company ceases to be subject to a liability falling within section 153(2)(b) above at the time with effect from which it deletes the provision or (if different) the time with effect from which it would delete the provision under [^{F88}generally accepted accounting practice].
 - (8) Where a company makes a provision falling within section 153(2)(b) above and later changes the amount, the company shall be treated as—
 - (a) deleting (with effect from the time when the change becomes effective) the provision representing the amount before the change, and
 - (b) making (with effect from that time) a new provision representing the amount as changed;
 and so on for further changes.
 - (9) A company ceases to be subject to a liability falling within section 153(2)(c) above when it becomes entitled to the right concerned, unless it ceases to be subject to the liability earlier apart from this subsection.
 - (10) A company ceases to be subject to a liability falling within section 153(2)(d) above when it becomes entitled to the share or shares, unless it ceases to be subject to the liability earlier apart from this subsection.

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

(11) In a case where—

- (a) a company would (apart from this subsection) become subject to a liability at a particular time (the later time) by virtue of the preceding provisions of this section,
- (b) the liability falls within section 153(2)(a) above,
- (c) the time at which the company, in drawing up its accounts, regards itself as becoming subject to the liability is a time (the earlier time) earlier than the later time, and
- (d) the accounts are drawn up in accordance with [^{F88}generally accepted accounting practice],

the company shall be taken to have become subject to the liability at the earlier time and not at the later time.

[^{F89}(11A) So much of any liability consisting in a liability to pay interest as respects which debits fall to be brought into account for the purposes of Chapter II of Part IV of the Finance Act 1996 (loan relationships) shall be taken to be a liability to which the company became subject at the following time (instead of at the time for which subsection (11) above provides), that is to say—

- (a) where the debits fall to be brought into account for the purposes of that Chapter in accordance with an authorised accruals basis of accounting, the time when the interest is taken for those purposes to have accrued, and
- (b) where the debits fall to be brought into account for the purposes of that Chapter in accordance with an authorised mark to market basis of accounting, the time when the interest is taken for those purposes to have become due and payable.]

(12) Where subsection (11) above applies, as regards any time beginning with the earlier time and ending immediately before the later time the nominal amount of the debt shall be taken to be—

- (a) such amount as the company treats as the nominal amount in its accounts, or
- (b) such amount as it would so treat in accordance with [^{F88}generally accepted accounting practice] (if that amount is different from the amount found under paragraph (a) above).

(13) A company owes a liability at a particular time if it is subject to it at that time.

Textual Amendments

F87 S. 155(4A)(4B) inserted (3.5.1994) by 1994 c. 9, s. 114(3)

F88 Words in s. 155(7)(11)(d)(12)(b) substituted (24.7.2002) by 2002 c. 23, s. 103(4)(b)

F89 S. 155(11A) inserted (29.4.1996) by 1996 c. 8, s. 104, Sch. 14 para. 72 (with ss. 80-105)

156 Assets and liabilities: other matters.

(1) Each of the following questions shall be determined according to the facts of the case concerned—

- (a) whether a transaction (or series of transactions) involves the creation of one asset consisting of a right to settlement under a debt or a number of assets consisting of a number of such rights;

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

- (b) whether a transaction (or series of transactions) involves the creation of one liability consisting of a duty to settle under a debt or a number of liabilities consisting of a number of such duties;
 - (c) whether a transaction (or series of transactions) involves the creation of both an asset (or assets) held and a liability (or liabilities) owed by the same company.
- (2) Subsection (3) below applies where—
- (a) a company, in drawing up its accounts, regards itself as becoming entitled or subject to an asset or liability at a particular time,
 - (b) the company, in drawing up its accounts, regards itself as ceasing to be entitled or subject to the asset or liability at a later time,
 - (c) at the time mentioned in paragraph (a) above it could reasonably be expected that the company would become entitled or subject to such an asset or liability,
 - (d) the asset or liability does not in fact come into existence before the later time but (if it did) it would fall within section 153(1)(a) or (2)(a) above, and
 - (e) the accounts are drawn up in accordance with [^{F90}generally accepted accounting practice].
- (3) The company shall be taken to—
- (a) become entitled or subject to such an asset or liability at the time it regards itself as becoming so entitled or subject, and
 - (b) cease to be entitled or subject to such an asset or liability at the time it regards itself as ceasing to be so entitled or subject.
- (4) Where subsection (3) above applies, as regards any time beginning with the time mentioned in subsection (3)(a) and ending with the time mentioned in subsection (3)(b) the nominal amount of the debt shall be taken to be—
- (a) such amount as the company treats as the nominal amount in its accounts, or
 - (b) such amount as it would so treat in accordance with [^{F90}generally accepted accounting practice] (if that amount is different from the amount found under paragraph (a) above).

Textual Amendments
F90 Words in s. 156(2)(e)(4)(b) substituted (24.7.2002) by 2002 c. 23, s. 103(4)(b)

^{F91}**157**

Textual Amendments
F91 S. 157 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Interpretation: other provisions

^{F92}**158**

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Textual Amendments

F92 S. 158 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

159 Basic valuation.

- (1) Subject to the following provisions of this section, the basic valuation of an asset or liability is—
 - (a) such valuation as the company puts on it with regard to the time immediately after the company becomes entitled or subject to it, or
 - (b) such valuation as the company would put on it with regard to that time under ^[F93]generally accepted accounting practice], if that valuation is different from that found under paragraph (a) above.
 - (2) Where (apart from this subsection) the valuation under subsection (1) above would be in a currency (the actual currency) other than the nominal currency, it shall be taken to be the equivalent, expressed in terms of the nominal currency, of the valuation in the actual currency; and the translation required by this subsection shall be made by reference to the London closing exchange rate for the two currencies concerned for the day in which the time mentioned in subsection (1) above falls.
 - (3) The basic valuation of a liability falling within section 153(2)(c) or (d) above is the consideration for the company becoming subject to the liability; and any consideration or part that is not pecuniary shall be taken to be equal to its open market value—
 - (a) found at the time when the company becomes subject to the liability, and
 - (b) if part of the consideration is pecuniary, expressed in the same currency as that part.
 - (4) Where (apart from this subsection) the valuation under subsection (3) above would be in a currency (the actual currency) other than the nominal currency, it shall be taken to be the equivalent, expressed in terms of the nominal currency, of the valuation in the actual currency; and the translation required by this subsection shall be made by reference to the London closing exchange rate for the two currencies concerned for the day on which the company becomes subject to the liability.
- ^[F94](5) Where—
 - (a) a company becomes entitled, on any transfer by virtue of which it becomes a party to a loan relationship, to a right of settlement under a qualifying debt on a security, and
 - (b) that transfer is a transfer with accrued interest,the basic valuation of that right shall be found by taking the consideration for the company's becoming entitled to the right and then deducting the amount of the accrued interest the right to which is transferred.]
- (10) Subsections (11) and (12) below apply where—
 - (a) section 127 above applies as regards an asset or liability for an accrual period (the earlier period), and
 - (b) section 125 or 127 above applies as regards the asset or liability for the next accrual period (the later period).

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

- (11) As regards the later period the basic valuation of the asset or liability shall be taken to be—
 - (a) the nominal amount of the debt outstanding immediately before the beginning of the later period, or
 - (b) if section 127(7) above also applies as regards the earlier period, the amount found under section 127(10) for that period.
- (12) As regards an accrual period which falls after the later period the basic valuation of the asset or liability shall be the amount found under subsection (11) above, subject to any subsequent application of that subsection.

Textual Amendments

F93 Words in s. 159(1)(b) substituted (24.7.2002) by 2002 c. 23, s. 103(4)(b)

F94 S. 159(5) substituted (29.4.1996 but without application in relation to transfers before 1.4.1996) for s. 159(5)-(9) by 1996 c. 8, s. 104, Sch. 14 para. 73 (with ss. 80-105)

Modifications etc. (not altering text)

C19 S. 159 modified (23.3.1995) by S.I. 1994/3226, regs. 6(1)(6), 8(5)
S. 159 excluded (23.3.1995) by S.I. 1994/3226, reg. 6(3)

^{F95} 160

Textual Amendments

F95 S. 160 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, Sch. 40 Pt. 3(10) Note 2 (with Sch. 23 paras. 25, 26)

^{F96} 161

Textual Amendments

F96 S. 161 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, Sch. 40 Pt. 3(10) Note 2 (with Sch. 23 paras. 25, 26)

^{F97} 162

Textual Amendments

F97 S. 162 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, Sch. 40 Pt. 3(10) Note 2 (with Sch. 23 paras. 25, 26)

^{F98} 163

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Textual Amendments

F98 S. 163 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F99 **164**

Textual Amendments

F99 S. 164 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Miscellaneous

F100 **165**

Textual Amendments

F100 S. 165 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F101 **166**

Textual Amendments

F101 S. 166 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F102 **167**

Textual Amendments

F102 S. 167 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F103 **168**

Textual Amendments

F103 S. 168 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Status: Point in time view as at 24/07/2002.

*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 1993, Part II. (See end of Document for details)*

F104 168A

Textual Amendments

F104 S. 168A repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F105 169

Textual Amendments

F105 S. 169 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

170 Amendments.

Schedule 18 to this Act (which contains amendments) shall have effect.

CHAPTER III

LLOYD'S UNDERWRITERS ETC.

Modifications etc. (not altering text)

C20 Pt. II Chapter III applied (1.5.1995 with application as mentioned in s. 127(19) of the amending Act) by 1995 c. 4, s. 127(16)(a)(19)

C21 Pt. II Chapter III modified (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by S.I. 1997/2681, **reg. 3(1)(a)**

Main provisions

171 Taxation of profits and allowance of losses.

- (1) Income tax for any year of assessment on the profits arising from a member's underwriting business shall be computed on the profits of that year of assessment.
- (2) As respects the profits arising to a member from his underwriting business for any year of assessment—
 - (a) the aggregate of those profits shall be chargeable to tax under Case I of Schedule D; and
 - (b) accordingly, no part of those profits shall be chargeable to tax under any other Schedule or any other Case of Schedule D;

but nothing in this subsection shall affect the manner in which the amount of any profits arising from assets forming part of an ancillary trust fund is to be computed.

F106(2A)

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

[^{F107}(2B) Section 231(1) of the Taxes Act 1988 (entitlement to tax credit) shall not apply where the distribution there mentioned is a distribution in respect of any asset of a member's [^{F108}premium] trust fund.]

^{F109}(3)

(4) Subsection (2) above does not apply in relation to any profits arising before 6th April 1993 from assets forming part of an ancillary trust fund.

Textual Amendments

F106 S. 171(2A) repealed (31.7.1997 with effect in accordance with s. 36 and [Sch. 6 para. 20\(3\)](#) of the amending Act) by [1997 c. 58, ss. 36, 52, Sch. 6 para. 20\(2\)\(3\), Sch. 8 Pt. II\(11\)](#) Note

F107 S. 171(2B) inserted (31.7.1997 with effect in relation to distributions made on or after 2.7.1997) by [1997 c. 58, s. 22\(1\)\(7\)](#)

F108 Word in s. 171(2B) substituted (1.12.2001) by [S.I. 2001/3629, arts. 1\(2\), 82\(a\)](#)

F109 S. 171(3) repealed (3.5.1994 with effect for the year 1996-97 and subsequent years of assessment) by [1994 c. 9, ss. 228, 258, Sch. 21 para. 1\(2\)\(3\)\(b\), Sch. 26 Pt. V\(25\)](#) Note 2

Modifications etc. (not altering text)

C22 S. 171 modified (9.3.1995 with effect in relation to profits or losses of a member's underwriting business arising in the underwriting year 1994 or 1995) by [S.I. 1995/352, reg. 13](#)

172 Year of assessment in which profits or losses arise.

(1) Subject to the provisions of this Chapter, for the purposes of section 171 above and all other purposes of the Income Tax Acts the profits or losses in any year of assessment of a member's underwriting business shall be taken to be—

- [^{F110}(a) in the case of profits or losses arising directly from his membership of one or more syndicates, those of any previous year or years which are declared in the corresponding underwriting year;
- (b) in the case of profits or losses arising from assets forming part of a [^{F111}premium] trust fund, those allocated under the rules or practice of Lloyd's to any previous year or years the profits or losses of which are declared in the corresponding underwriting year; and]
- (c) in the case of other profits or losses, those derived from payments received or made in the corresponding underwriting year.

(2) Subsection (1)(c) above does not apply in relation to payments received or made before 6th April 1993.

Textual Amendments

F110 S. 172(1)(a)(b) substituted (3.5.1994 with effect as mentioned in [Sch. 21 para. 2\(2\)](#) of the amending Act) by [1994 c. 9, s. 228, Sch. 21 para. 2\(1\)\(2\)](#)

F111 Word in s. 172(1)(b) substituted (1.12.2001) by [S.I. 2001/3629, arts. 1\(2\), 82\(b\)](#)

Modifications etc. (not altering text)

C23 S. 172 modified (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by [S.I. 1997/2681, reg. 6\(1\)\(b\)](#)

Status: Point in time view as at 24/07/2002.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

173 Assessment and collection of tax.

- (1) Schedule 19 to this Act (assessment and collection of tax) shall have effect.
- (2) Schedule 19A to the Taxes Act 1988 (which is superseded by Schedule 19 to this Act for the year 1992-93 and subsequent years of assessment) shall have effect as if for sub-paragraph (3) of paragraph 1 there were substituted the following sub-paragraph—
 - “(3) Regulations under this paragraph may make provision with respect to any year or years of assessment; and the year (or any of the years) may be the year next but one preceding the year in which the regulations are made or any year following that earlier year.”
- (3) Subsection (2) above applies in relation to regulations made after the passing of this Act.

Members’ trust funds

174 [^{F112}Premium] trust funds.

- [^{F113}(1) For the purposes of the Income Tax Acts and the Gains Tax Acts—
 - (a) a member shall be treated as absolutely entitled as against the trustees to the assets forming part of a [^{F114}premium] trust fund of his; and
 - (b) where a deposit required by a regulatory authority in a country or territory outside the United Kingdom is paid out of such a fund, the money so paid shall be treated as still forming part of that fund.]
- (2) Where an asset forms part of a [^{F114}premium] trust fund at the beginning of any underwriting year, for the purposes of the Income Tax Acts—
 - (a) the trustees of the fund shall be treated as acquiring it on that day, and
 - (b) they shall be treated as paying in respect of the acquisition an amount equal to the value of the asset at the time of the acquisition.
- (3) Where an asset forms part of a [^{F114}premium] trust fund at the end of any underwriting year, for the purposes of the Income Tax Acts—
 - (a) the trustees of the fund shall be treated as disposing of it on that day, and
 - (b) they shall be treated as obtaining in respect of the disposal an amount equal to the value of the asset at the time of the disposal.
- [^{F115}(4)
- [^{F115}(5)
- (6) Subsections (2) to (5) above do not apply to FOTRA securities forming part of a member’s premiums trust fund at the beginning or end of any underwriting year if—
 - (a) the member is not domiciled in the United Kingdom at any time in the year, and
 - (b) he is either not ordinarily resident in the United Kingdom during the year or a non-resident United Kingdom trader in the year.
- (7) In this section—

“FOTRA securities” has the same meaning as in section 715 of the Taxes Act 1988 (exceptions from accrued income scheme);

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“non-resident United Kingdom trader” shall be construed in accordance with subsection (5) of that section;

“underwriting year” does not include the year 1993 or any earlier underwriting year.

Textual Amendments

- F112** S. 174: words in sidenote substituted (1.12.2001) by S.I. 2001/3629, arts. 1(2), 82(c)
- F113** S. 174(1) substituted (3.5.1994 with effect for the year 1994-95 and subsequent years of assessment) by 1994 c. 9, s. 228, Sch. 21 para. 3
- F114** Word in s. 174(1)(a)(2)(3) substituted (1.12.2001) by S.I. 2001/3629, arts. 1(2), 82(c)
- F115** S. 174(4)(5) repealed (19.3.1997 with effect in relation to, and to transfers under, any arrangement made on or after such day as may be appointed by order) by 1997 c. 16, ss. 76, 113, Sch. 10 Pt. I paras. 6(a), 7(1), Sch. 18 Pt. VI(10) Note 1

175 Special reserve funds.

- (1) If arrangements are made by the Council of Lloyd's which—
 - (a) enable such a special reserve fund as is referred to in Part I of Schedule 20 to this Act to be set up in relation to each member; and
 - (b) comply with the requirements of that Part and are approved by the Board, the provisions of that Part relating to taxation shall have effect in relation to any special reserve fund of a member set up under the arrangements.
- (2) The arrangements may from time to time be varied with the consent of the Board.
- (3) If, after giving notice of their intention to do so to the Council of Lloyd's, the Board cancel the approval which they have given with respect to the arrangements, paragraph 3 of Schedule 20 to this Act shall not apply, in the case of any member, to any year of assessment after the year of assessment in which the approval is cancelled.
- (4) The provisions of Part II of Schedule 20 to this Act shall have effect as respects the winding up of any special reserve fund which—
 - (a) was set up under the arrangements mentioned in section 452(1) of the Taxes Act 1988; and
 - (b) belongs to a member for whom a special reserve fund may be set up under the arrangements mentioned in subsection (1) above.

Modifications etc. (not altering text)

- C24** S. 175 excluded (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by S.I. 1997/2681, reg. 7
- C25** S. 175(4) applied (with modifications) (9.3.1995 with application as mentioned in reg. 1 of the amending S.I.) by S.I. 1995/351, regs. 1, 15(1)

176 Ancillary trust funds.

- (1) A member shall be treated for the purposes of the Income Tax Acts and the Gains Tax Acts as absolutely entitled as against the trustees to the assets forming part of an ancillary trust fund of his.

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- (2) The cost of acquisition and the consideration for the disposal of assets forming part of an ancillary trust fund—
 - (a) shall be left out of account in computing for the purposes of income tax the profits or losses of the member’s underwriting business; and
 - (b) accordingly, shall not be excluded for the purposes of capital gains tax under section 37 or 39 of the Gains Tax Act.

- (3) None of the following provisions (which apply where an individual entitled to securities dies), namely—
 - (a) subsections (1) to (4) of section 721 of the Taxes Act 1988 (accrued income scheme);
 - ^{F116}(b)
 - ^{F116}(c)
 - ^{F116}(d)

shall apply where the individual concerned is a member and the security concerned forms part of an ancillary trust fund of his.

- (4) In a case where subsection (3)(a) above applies, the deceased’s personal representatives shall be treated for the purposes of sections 710 to 728 of the Taxes Act 1988 as the transferor or transferee in relation to transfers of securities as to which the deceased was the transferor or transferee (as the case may be) in the interest period in which he died.

Textual Amendments

F116 S. 176(3)(b)-(d) repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the amending Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)**

Modifications etc. (not altering text)

C26 S. 176 modified (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by **S.I. 1997/2681, reg. 5(1)**

Other special cases

^{F117}**177**

Textual Amendments

F117 S. 177 repealed (28.7.2000 with effect as mentioned in s. 107(12)(c) of the amending Act) by 2000 c. 17, ss. 107(11), 156, **Sch. 40 Pt. II(16)**, note 2

178 Stop-loss and quota share insurance.

- (1) In computing for the purposes of income tax the profits of a member’s underwriting business, each of the following shall be deductible as an expense, namely—
 - (a) any premium payable by him under a stop-loss insurance, and any repayment of insurance money paid to him under such an insurance;

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- (b) any amount payable by him into the High Level Stop Loss Fund, and any repayment of an amount paid to him out of that Fund; and
- [^{F118}(c) where an amount is payable by him under a quota share contract—
- (i) so much of that amount as exceeds the amount of transferred losses that are declared on or before the date the contract takes effect (“the declared amount”), or
 - (ii) if the contract does not take effect, the amount so payable under the contract.]
- (2) Subject to subsection (3) below, each of the following, namely—
- (a) any insurance money payable to [^{F119}a member] under a stop-loss insurance in respect of a loss in his underwriting business; and
 - (b) any amount payable to a member out of the High Level Stop Loss Fund in respect of such a loss,
- shall be treated as a trading receipt in computing the profits arising from that business for the year of assessment which corresponds to the underwriting year in which the loss [^{F120}was declared].
- (3) Where, as respects the payment of any such insurance money or amount as is mentioned in subsection (2) above—
- (a) the inspector is not notified of the payment at least 30 days before the time after which any assessment or further assessment of profits for the year of assessment is precluded by section 34 of the Management Act (ordinary time limit of six years), and
 - (b) the inspector is not entitled, after that time, to make any such assessment or further assessment by virtue of section 36 (fraudulent or negligent conduct) or 40(2) (assessment on personal representatives) of that Act,
- that subsection shall have effect in relation to that insurance money or amount as if it referred instead to the year of assessment which corresponds to the underwriting year in which the payment is made.
- [^{F121}(3A) Where the amount payable by a member under a quota share contract is less than the declared amount, the difference between the two amounts shall be treated as a trading receipt in computing the profits arising from the member’s underwriting business in the year of assessment which corresponds to the underwriting year in which the contract takes effect.
- (3B) Where a member has entered a quota share contract, any amount paid by him to cover a cash call in respect of transferred losses that are not declared at the time the contract takes effect shall be treated—
- (a) for the purposes of subsection (1)(c)(i) and (3A) above, as an amount payable under the contract, and
 - (b) for the purposes of section 172, as a payment made at the time the contract takes effect.]
- [^{F122}(4) For the purposes of this section—
- “cash call” has the same meaning as in Part 1 of Schedule 20 to this Act;
 - “quota share contract” means any contract between a member and another person which—
- (a) is made in accordance with the rules or practice of Lloyd’s, and
 - (b) provides for that other person to take over any rights and liabilities of the member under any of the syndicates of which he is a member;

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and where the taking over of a member’s rights and liabilities is conditional upon the occurrence of any event, the contract does not take effect until that event occurs; and

“transferred loss”, in relation to such a contract, means a loss for which that other person takes over liability under the contract (disregarding, in the case of a loss that has been declared at the time it is taken over, any part of it in respect of which the member has paid a cash call before that time).]

Textual Amendments

- F118** S. 178(1)(c) substituted (24.7.2002 with effect as mentioned in s. 86(2) of the amending Act) by 2002 c. 23, s. 86, **Sch. 32 para. 2**
- F119** Words in s. 178(2) substituted (3.5.1994 with effect as respects insurance money and other amounts payable in respect of losses declared in the underwriting year 1997 or subsequent underwriting years) by 1994 c. 9, s. 228, **Sch. 21 para. 5(1)(a)(2)**
- F120** Words in s. 178(2) substituted (3.5.1994 with effect as respects insurance money and other amounts payable in respect of losses declared in the underwriting year 1997 or subsequent underwriting years) by 1994 c. 9, s. 228, **Sch. 21 para. 5(1)(b)(2)**
- F121** S. 178 (3A)(3B) inserted (24.7.2002 with effect as mentioned in s. 86(2) of the amending Act) by 2002 c. 23, s. 86, **Sch. 32 para. 2**
- F122** S. 178(4) substituted (24.7.2002 with effect as mentioned in s. 86(2) of the amending Act) by 2002 c. 23, s. 86, **Sch. 32 para. 4**

Modifications etc. (not altering text)

- C27** S. 178(3) excluded (9.3.1995 with effect as mentioned in reg. 1 of the amending S.I.) by S.I. 1995/351, **regs. 1, 5(1)(c)**

Miscellaneous

179 Cessation: final year of assessment.

- (1) Subject to subsection (5) below, this section applies where a member ceases to carry on his underwriting business, whether by reason of death or otherwise.
- (2) Subject ^{F123} . . . to the provisions of any regulations made by the Board, the member’s final year of assessment shall be that which corresponds to the underwriting year in which his deposit at Lloyd’s is paid over to him or his personal representatives or assigns.
- ^{F124}(3)
- (4) For the purposes of section 171 above and all other purposes of the Income Tax Acts, any profits or losses arising to the member from his underwriting business which are not taken (by virtue of the provisions of this Chapter) to be profits or losses of an earlier year of assessment shall be taken to be profits or losses of his final year of assessment.
- (5) This section does not apply in any case where the member’s deposit at Lloyd’s is paid over to him or his personal representatives or assigns before 1st January 1993.

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Textual Amendments

F123 Words in s. 179(2) repealed (3.5.1994 with effect in any case where the member dies after the end of 1993-94) by 1994 c. 9, ss. 228, 258, Sch. 21 para. 6(1)(3), Sch. 26 Pt. V(25) Note 3

F124 S. 179(3) repealed (3.5.1994 with effect in any case where the member dies after the end of 1993-94) by 1994 c. 9, ss. 228, 258, Sch. 21 para. 6(1)(3), Sch. 26 Pt. V(25) Note 3

Modifications etc. (not altering text)

C28 Ss. 179, 179A excluded (9.3.1995 with application as mentioned in reg. 1 of the amending S.I.) by S.I. 1995/351, regs. 1, 14(2)

SS. 179, 179A excluded (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by S.I. 1997/2681, reg. 4(1)

[^{F125}179A] **Death of member.**

- (1) This section applies where a member ceases to carry on his underwriting business by reason of death.
- (2) For the purposes of assessing the profits of the member's underwriting business, the member shall be treated as having died at the end of the year of assessment which corresponds to the underwriting year immediately preceding that in which he actually died.
- (3) For the purposes of the Income Tax Acts—
 - (a) the carrying on of the member's underwriting business by his personal representatives shall not be treated as a change in the persons engaged in the carrying on of that business; and
 - (b) subject to the provisions of any regulations made by the Board, the business shall be treated as continuing until the member's deposit at Lloyd's is paid over to his personal representatives.]

Textual Amendments

F125 S. 179A inserted (3.5.1994 with effect in any case where the member dies after the end of the year 1993-94) by 1994 c. 9, s. 228, Sch. 21 para. 6(2)(3)

Modifications etc. (not altering text)

C29 Ss. 179, 179A excluded (9.3.1995 with application as mentioned in reg. 1 of the amending S.I.) by S.I. 1995/351, regs. 1, 14(2)

SS. 179, 179A excluded (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by S.I. 1997/2681, reg. 4(1)

180 Underwriting profits to be earned income.

- (1) In relation to any member, all profits arising to him from his underwriting business—
 - (a) shall be treated for the purposes of the Income Tax Acts as immediately derived from the carrying on by him of that business, and
 - (b) accordingly, shall constitute earned income for those purposes.
- (2) This section does not apply in relation to profits of the year 1992-93 or earlier years of assessment.

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Modifications etc. (not altering text)

- C30** S. 180 excluded (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by [S.I. 1997/2681](#), **reg. 8**

181 Lloyd's underwriting agents.

In section 43 of the ^{M36}Finance Act 1989 (Schedule D: computation), subsections (6) and (7) (which extend certain time limits for persons permitted by the Council of Lloyd's to act as underwriting agents at Lloyd's) shall cease to have effect in relation to periods of account ending on or after 30th June 1993.

Marginal Citations

- M36** 1989 c. 26.

Supplemental

182 Regulations.

(1) The Board may by regulations provide—

- (a) for the assessment and collection of tax charged in accordance with section 171 above (so far as not provided for by Schedule 19 to this Act);
- (b) for making, in the event of any changes in the rules or practice of Lloyd's, such amendments of this Chapter as appear to the Board to be expedient having regard to those changes;
- (c) for modifying the application of this Chapter in cases where a syndicate continues after the end of its closing year or a member dies or otherwise ceases to carry on his underwriting business;
- [^{F126}(ca) for modifying the application of this Chapter in relation to cases where assets forming part of a [^{F127}premium] trust fund are the subject of—
 - ^{F128}(i)
 - (ii) any such arrangements or agreements as are mentioned in section 737E(2) and (8) of the Taxes Act 1988 (sale and repurchase of securities etc.);]
- (d) for giving credit for foreign tax.

^{F129}(2)

^{F129}(3)

^{F129}(4)

(5) Regulations made, or deemed to have been made, under any of the following enactments (regulations about Lloyd's underwriters), namely—

- (a) section 451(1) or (1A) of the Taxes Act 1988,
- (b) section 92(5) of the ^{M37}Finance Act 1989, or
- (c) section 209(4) of the Gains Tax Act,

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which were in force immediately before 6th April 1992 shall continue in force for the year 1992-93 and subsequent years of assessment notwithstanding the repeal of that enactment by this Act, and shall be deemed to have been made under this section.

Textual Amendments

- F126** S. 182(1)(ca) inserted (1.5.1995) by 1995 c. 4, s. 83(2)
- F127** Word in s. 182(1)(ca) substituted (1.12.2001) by S.I. 2001/3629, arts. 1(2), 82(d)
- F128** S. 182(1)(ca)(i) repealed (19.3.1997 with effect in relation to, and to transfers under, any arrangement made on or after such day as may be appointed by order) by 1997 c. 16, ss. 76, 113, Sch. 10 Pt. I paras. 6(a), 7(1), Sch. 18 Pt. VI(10) Note 1
- F129** S. 182(2)-(4) repealed (3.5.1994 with effect for the year 1997-98 and subsequent years of assessment) by 1994 c. 9, ss. 228, 258, Sch. 21 para. 7, Sch. 26 Pt. V(25) Note 4

Marginal Citations

- M37** 1989 c. 26.

183 Consequential amendments.

- (1) In section 20(2) of the Taxes Act 1988 (Schedule F), for the words “section 450” there shall be substituted the words “ section 171 of the Finance Act 1993 ”.
- (2) In section 481(5)(f) of that Act (meaning of “relevant deposit”), for the words “section 457) of an underwriting member” there shall be substituted the words “ section 184 of the Finance Act 1993) of an underwriting or former underwriting member ”.
- ^{F130}(3)
- ^{F131}(4) In section 710(14) of that Act (meaning of “business” and “premiums trust fund”), for the words “section 457” there shall be substituted the words “ section 184 of the Finance Act 1993 ”.
- (5) In the following provisions (which relate to nominees, trustees etc.), namely—
 - Section 720(3) of the Taxes Act 1988,
 - paragraph 18(1) of Schedule 4 to that Act,
 - paragraph 10(1) of Schedule 11 to the Finance Act 1989, and
 - paragraph 18(1) of Schedule 10 to the ^{M38}Finance Act 1990,the words from “his special reserve fund” to the end shall be omitted.
- (6) In the following provisions (which relate to the death of a member), namely—
 - section 721(5) of the Taxes Act 1988,
 - paragraph 18(8) of Schedule 4 to that Act,
 - paragraph 10(6) of Schedule 11 to the Finance Act 1989, and
 - paragraph 18(6) of Schedule 10 to the ^{M39}Finance Act 1990,the words from “a special reserve fund” to the end shall be omitted.
- (7) In section 206(2) of the Gains Tax Act (Lloyd’s underwriters), after the words “subsection (1) above” there shall be inserted the words “ and section 174(1) of the Finance Act 1993 ”.

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- (8) In section 209 of that Act (interpretation, regulations about underwriters etc.)—
- (a) in subsection (1), for the words “sections 450 to 456 of the Taxes Act” there shall be substituted the words “ Chapter III of Part II of the Finance Act 1993 ” and for the words “sections 450 to 456”, in the second place where they occur, there shall be substituted the words “ that Chapter ”; and
 - (b) in subsection (6), the words “or (4)” shall be omitted.

Textual Amendments

- F130** S. 183(3) repealed (3.5.1994 with effect for the year 1997-98 and subsequent years of assessment) by 1994 c. 9, ss. 228(2)(c)(4), 230, 258, **Sch. 26 Pt. V(25)** Note 1
- F131** S. 183(4)-(8) repealed (the repeals of subsections (4)-(6) having effect for the year 1994 and subsequent underwriting years and the repeals of subsections (7)-(8) having effect for the year of assessment 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 213, **Sch. 23 Pt. III(12)** Notes 2, 4.

Marginal Citations

- M38** 1990 c. 29.
M39 1990 c. 29.

184 Interpretation and commencement.

- (1) In this Chapter, unless the context otherwise requires—
- “ancillary trust fund”, in relation to a member, does not include a [^{F132}premium] trust fund of his or his special reserve fund (if any) but, subject to that, means any trust fund required or authorised by the rules of Lloyd’s, or required by a members’ agent of his ^{F133} . . . ;
- “closing year”—
- (a) in relation to a year of assessment, means the year of assessment next but one following that year;
 - (b) in relation to an underwriting year, means the underwriting year next but one following that year; and
 - (c) in relation to a syndicate, means the closing year of the underwriting year for which it was formed;
- “the Gains Tax Act” means the ^{M40}Taxation of Chargeable Gains Act 1992 and
- “the Gains Tax Acts” means that Act and any other enactments relating to capital gains tax;
- “the High Level Stop Loss Fund” means the fund of that name which, under the rules of Lloyd’s, has been established for the year 1993 and subsequent underwriting years;
- “inspector” includes any officer of the Board;
- “the Management Act” means the ^{M41}Taxes Management Act 1970;
- “managing agent”, in relation to a syndicate and a year of assessment, means—
- (a) the person registered as a managing agent at Lloyd’s who was acting as such an agent for the syndicate at the end of the corresponding underwriting year, or

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(b) such other person as may be determined in accordance with regulations made by the Board;

“member” means [^{F134}an individual who is a member of Lloyd’s and] is or has been an underwriting member;

“members’ agent”, in relation to a member of a syndicate and a year of assessment, means—

(a) the person registered as a members’ agent at Lloyd’s who was acting as such an agent for the member at the end of the corresponding underwriting year, or

(b) if two or more such persons were so acting and one of them was appointed by the member to be responsible for complying with the requirements of Part II of Schedule 19 to this Act in relation to all of the syndicates of which he is a member, that person, or

(c) if two or more such persons were so acting and none of them was so appointed, the person who was so acting for the member in his capacity as a member of the syndicate, or

(d) such other person as may be determined in accordance with regulations made by the Board;

[^{F135}“premium trust fund” means a trust fund into which premiums receivable by members are paid in compliance with a trust deed under section 10.3 of the Lloyd’s Sourcebook made by the Financial Services Authority under the Financial Services and Markets Act 2000 ^{F136}];

“prescribed” means prescribed by regulations made by the Board;

“profits” includes gains;

“special reserve fund”, unless the contrary intention appears, means a special reserve fund set up under the arrangements mentioned in section 175(1) above;

“stop-loss insurance” means any insurance taken out by a member against losses in his underwriting business [^{F137}, except insurance taken out by entering a quota share contract (within the meaning of section 178 above)];

“syndicate” means a syndicate of underwriting members of Lloyd’s formed for an underwriting year;

“underwriting business”, in relation to a member, means his underwriting business as a member of Lloyd’s, whether carried on personally or through an underwriting agent, and does not include any other business carried on by him, and in particular, where he is himself an underwriting agent, does not include his business as such an agent;

“underwriting year” means the calendar year.

(2) For the purposes of this Chapter—

(a) an underwriting year and a year of assessment shall be deemed to correspond to each other if the underwriting year ends in the year of assessment;

(b) the profits or losses of a member’s underwriting business include profits or losses arising to him from assets forming part of a [^{F138}premium] trust fund or an ancillary trust fund; and

(c) any charge made on a member by the [^{F139}managing agent] of a syndicate of which he is a member, and any expense incurred on his behalf by the [^{F139}managing agent] of such a syndicate, shall be treated as expenses arising directly from his membership of that syndicate.

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- (3) Subject to any provision to the contrary, the provisions of this Chapter have effect for the year 1992-93 and subsequent years of assessment.

Textual Amendments

- F132** S. 184(1): word in the definition of “ancillary trust fund” substituted (1.12.2001) by [S.I. 2001/3629](#), [arts. 1\(2\)](#), [82\(e\)](#)
- F133** Words in definition in s. 184(1) repealed (3.5.1994 with effect for the year 1994-95 and subsequent years of assessment) by [1994 c. 9](#), [ss. 228](#), [258](#), [Sch. 21 para. 8\(1\)\(a\)](#), [Sch. 26 Pt. V\(25\)](#) Note 6
- F134** Words in definition in s. 184(1) substituted (3.5.1994 with effect for the year 1994-95 and subsequent years of assessment) by [1994 c. 9](#), [s. 228](#), [Sch. 21 para. 8\(1\)\(b\)](#)
- F135** S. 184(1): definition of “premium trust fund” substituted (1.12.2001) by [S.I. 2001/3629](#), [arts. 1\(2\)](#), [79](#)
- F136** This sourcebook is part of the FSA Handbook. The FSA Handbook may be purchased on paper and on CD Rom from the Publications Department (Sales), Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS and is available on line at www.fsa.gov.uk.
- F137** S. 184(1): words in definition of “stop-loss insurance” inserted (24.7.2002 with effect as mentioned in [s. 86\(2\)](#) of the amending Act) by [2002 c. 23](#), [s. 86](#), [Sch. 32 para. 5](#)
- F138** Word in s. 184(2)(b) substituted (1.12.2001) by [S.I. 2001/3629](#), [arts. 1\(2\)](#), [82\(e\)](#)
- F139** Words in s. 184(2)(c) substituted (3.5.1994 with effect for the year 1994-95 and subsequent years of assessment) by [1994 c. 9](#), [s. 228](#), [Sch. 21 para. 8\(2\)](#)

Modifications etc. (not altering text)

- C31** S. 184 applied (1.5.1995 with application as mentioned in [s. 127\(19\)](#) of the amending Act) by [1995 c. 4](#), [s. 127\(16\)\(b\)\(19\)](#)

Marginal Citations

- M40** [1992 c. 12](#).
M41 [1970 c. 9](#).

Status:

Point in time view as at 24/07/2002.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1993, Part II.