

SCHEDULES

SCHEDULE 19

MANAGEMENT: OTHER AMENDMENTS

PART II

AMENDMENTS OF TAXES ACT 1988

Time limits for claims under section 96

- 37 (1) In subsection (8) of section 96 of the Taxes Act 1988 (farming and market gardening: relief for fluctuating profits)—
- (a) for the words “two years after the end of” there shall be substituted the words “twelve months from the 31st January next following”; and
 - (b) for the words “before the end of” there shall be substituted the words “before the 31st January next following”.
- (2) This paragraph has effect where the first of the two years of assessment to which the claim relates is the year 1996-97 or any subsequent year.

Interest on Schedule E tax

- 38 In subsection (2)(dd) of section 203 of the Taxes Act 1988 (PAYE), the words from “(being not less” to “due)” shall cease to have effect.

Time limits for claims under sections 534 and 537A

- 39 In subsection (5) of section 534 of the Taxes Act 1988 (relief for copyright payments etc.), for the words from “and such a claim” to the end there shall be substituted the words “and such a claim may be made at any time not later than seven years from the 31st January next following the year of assessment in which the work’s first publication occurs.”
- 40 In subsection (5) of section 537A of the Taxes Act 1988 (relief for payments in respect of designs), for the words from “and such a claim” to “eight years after” there shall be substituted the words “and such a claim may be made at any time not later than seven years from the 31st January next following the year of assessment in which”.

Repayment supplements: income tax

- 41 (1) For subsection (1) of section 824 of the Taxes Act 1988 (repayment supplements: individuals and others) there shall be substituted the following subsection—
- “(1) Subject to the following provisions of this section, a repayment made by the Board or an officer of the Board of any of the following, namely—

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- (a) an amount paid on account of income tax under section 59A of the Management Act;
- (b) any income tax paid by or on behalf of an individual for a year of assessment;
- (c) a surcharge imposed under section 59C of that Act; and
- (d) a penalty incurred by an individual under any of the provisions of that Act,

shall be increased under this section by an amount (a “repayment supplement”) equal to interest on the amount repaid at the rate applicable under section 178 of the Finance Act 1989 for the period (if any) between the relevant time and the date on which the order for the repayment is issued.”

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

“(3) For the purposes of subsection (1) above—

- (a) if the repayment is of an amount paid on account of income tax, the relevant time is either the date on which the amount became due and payable in accordance with section 59A of the Management Act or, if later, the date on which the amount was paid;
- (b) if the repayment is of income tax, the relevant time is either the 31st January next following the year of assessment for which the tax was charged or, if later, the date on which the tax was paid; and
- (c) if the repayment is of a penalty or surcharge, the relevant time is either the date following the expiry of 30 days from the date on which the penalty or surcharge was incurred or imposed or, if later, the date on which the penalty or surcharge was paid.”

- (3) The following shall cease to have effect, namely—

- (a) subsection (5) of that section;
- (b) in subsection (9) of that section the words “a partnership” and the words “(within the meaning of section 111 of the Finance Act 1989)”; and
- (c) subsection (10) of that section.

- (4) This paragraph, so far as it relates to partnerships whose trades, professions or businesses are set up and commenced before 6th April 1994, has effect as respects the year 1997-98 and subsequent years of assessment.

Interest on tax overpaid

- 42 In subsection (2) of section 826 of the Taxes Act 1988 (interest on tax overpaid), for the words “section 10” there shall be substituted the words “section 59D of the Management Act (payment of corporation tax)”.

Time limits for elections under Schedule 5

- 43 (1) In sub-paragraph (3) of paragraph 2 of Schedule 5 to the Taxes Act 1988 (farming: election for the herd basis), for the words from “not later” to the end there shall be substituted the following paragraphs—
- “(a) in the case of an election by a person chargeable to income tax, not later than twelve months from the 31st January next following the qualifying year of assessment;

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- (b) in the case of an election on behalf of persons in partnership, not later than twelve months from the 31st January next following the year of assessment in which the qualifying period of account ends; and
 - (c) in the case of an election by a person chargeable to corporation tax, not later than two years from the end of the qualifying accounting period.”
- (2) In sub-paragraph (4) of that paragraph, for paragraphs (a) and (b) there shall be substituted the following paragraphs—
- “(a) in a case falling within sub-paragraph (3)(a) above, for the qualifying year of assessment and all subsequent years;
 - (b) in a case falling within sub-paragraph (3)(b) above, for the qualifying period of account and all subsequent periods of account; and
 - (c) in a case falling within sub-paragraph (3)(c) above, for the qualifying accounting period and all subsequent accounting periods.”
- (3) After that sub-paragraph there shall be inserted the following sub-paragraphs—
- “(5) Where, in a case falling within sub-paragraph (3)(a) above, the commencement year immediately precedes the qualifying year of assessment, sub-paragraph (4)(a) above shall have effect as if the reference to the qualifying year of assessment were a reference to the commencement year.
- (6) In this paragraph—
- “commencement year”, in relation to a person chargeable to income tax, means the year of assessment in which his trade is set up and commenced;
 - “period of account”, in relation to persons in partnership, means any period for which accounts are drawn up;
 - “qualifying accounting period”, in relation to a person chargeable to corporation tax, means the first accounting period during the whole or part of which it kept a production herd of the class in question;
 - “qualifying period of account”, in relation to persons in partnership, means the first period of account during the whole or part of which those persons kept such a herd;
 - “qualifying year of assessment”, in relation to a person chargeable to income tax, means the first year of assessment after the commencement year for which the amount of profits or gains or losses in respect of his farming is computed for tax purposes by reference to the facts of a period during the whole or part of which he kept such a herd.”
- (4) In paragraph 6 of that Schedule, for sub-paragraphs (2) to (4) there shall be substituted the following sub-paragraphs—
- “(2) An election for the herd basis made by virtue of sub-paragraph (1) above shall only be valid if made—

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- (a) in the case of an election by a person chargeable to income tax, not later than twelve months from the 31st January next following the qualifying year of assessment;
 - (b) in the case of an election on behalf of persons in partnership, not later than twelve months from the 31st January next following the year of assessment in which the qualifying period of account ends; and
 - (c) in the case of an election by a person chargeable to corporation tax, not later than two years from the end of the qualifying accounting period.
- (3) An election for the herd basis made by virtue of sub-paragraph (1) above shall, notwithstanding paragraph 2(4) above, have effect—
- (a) in a case falling within sub-paragraph (2)(a) above, for the qualifying year of assessment and all subsequent years;
 - (b) in a case falling within sub-paragraph (2)(b) above, for the qualifying period of account and all subsequent periods of account; and
 - (c) in a case falling within sub-paragraph (2)(c) above, for the qualifying accounting period and all subsequent accounting periods.
- (4) In this paragraph—
- “period of account”, in relation to persons in partnership, means any period for which accounts are drawn up;
 - “qualifying accounting period”, in relation to a person chargeable to corporation tax, means the first accounting period in which the compensation is relevant;
 - “qualifying period of account”, in relation to persons in partnership, means the first period of account in which the compensation is relevant;
 - “qualifying year of assessment”, in relation to a person chargeable to income tax, means the first year of assessment for which the amount of profits or gains or losses in respect of his farming falls to be computed for tax purposes by reference to the facts of a period in which the compensation is relevant.”