



Finance Act 1998

1998 CHAPTER 36

PART I

EXCISE DUTIES

Alcoholic liquor duties

1 Rate of duty on beer

- (1) In section 36(1) of the Alcoholic Liquor Duties Act 1979 (rate of duty on beer), for “£11.14” there shall be substituted “£11.50”.
- (2) This section shall come into force on 1st January 1999.

2 Adjustment of rates of duty on sparkling liquors

- (1) The Alcoholic Liquor Duties Act 1979 shall be amended as follows.
- (2) In Part I of the Table of rates of duty in Schedule 1, in column 2 of the fourth entry (rate of duty per hectolitre on sparkling wine or made-wine of a strength exceeding 5.5 per cent. but less than 8.5 per cent.), for “201.50” there shall be substituted “161.20”.
- (3) In section 62(1A)(a) (rate of duty per hectolitre on sparkling cider of a strength exceeding 5.5 per cent.), for “£37.54” there shall be substituted “£45.05”.
- (4) This section shall be deemed to have come into force at 6 o'clock in the evening of 17th March 1998.

3 Rates of duty on wine and made-wine

- (1) For Part I of the Table of rates of duty in Schedule 1 to the Alcoholic Liquor Duties Act 1979 (wine and made-wine of a strength not exceeding 22 per cent.) there shall be substituted—

Status: This is the original version (as it was originally enacted).

“PART I

WINE OR MADE-WINE OF A STRENGTH NOT EXCEEDING 22 PER CENT.

<i>Description of wine or made-wine</i>	<i>Rates of duty per hectolitre</i>
	£
Wine or made-wine of a strength not exceeding 4 per cent.	46.01
Wine or made-wine of a strength exceeding 4 per cent. but not exceeding 5.5 per cent.	63.26
Wine or made-wine of a strength exceeding 5.5 per cent. but not exceeding 15 per cent. and not being sparkling	149.28
Sparkling wine or sparkling made-wine of a strength exceeding 5.5 per cent. but less than 8.5 per cent.	161.20
Sparkling wine or sparkling made-wine of a strength of 8.5 per cent. or of a strength exceeding 8.5 per cent. but not exceeding 15 per cent.	213.27
Wine or made-wine of a strength exceeding 15 per cent. but not exceeding 22 per cent.	199.03”

(2) This section shall come into force on 1st January 1999.

4 Rates of duty on cider

(1) In section 62(1A) of the Alcoholic Liquor Duties Act 1979 (rates of duty on cider), for paragraphs (b) and (c) there shall be substituted the following paragraphs—

“(b) £37.92 per hectolitre in the case of cider of a strength exceeding 7.5 per cent. which is not sparkling cider; and

(c) £25.27 per hectolitre in any other case.”

(2) This section shall come into force on 1st January 1999.

5 Drawback of excise duty on beer

(1) Section 42 of the Alcoholic Liquor Duties Act 1979 (drawback on exportation, shipment as stores etc.) shall cease to have effect.

(2) Subsection (1) above shall come into force on such day as the Commissioners of Customs and Excise may by order made by statutory instrument appoint.

Hydrocarbon oil duties

6 Charge on production without delivery

(1) In section 6 of the Hydrocarbon Oil Duties Act 1979 (excise duty on imported hydrocarbon oil and on oil produced and delivered for home use), in subsection (1)—

- (a) for “subsections (2) and” there shall be substituted “subsection”; and
- (b) the words from “and delivered” to “above” shall be omitted.

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

“(2) Where—

- (a) imported hydrocarbon oil is removed to relevant premises,
- (b) the oil undergoes a production process at those premises or any other relevant premises, and
- (c) any duty charged on the importation of the oil has not become payable at any time before the production time,

the duty charged on importation shall not become payable at any time after the production time.

(2AA) In subsection (2) above—

“the production time” means the time at which the oil undergoes the production process; and

“relevant premises” means—

- (a) a refinery;
- (b) other premises used for the production of hydrocarbon oil; or
- (c) premises of such other description as may be specified in regulations made by the Commissioners.

(2AB) For the purposes of subsection (2) above, oil undergoes a production process if—

- (a) hydrocarbon oil of another description is obtained from it, or
- (b) it is subjected to any process of purification or blending.”

(3) The preceding provisions of this section shall come into force on such day as the Commissioners of Customs and Excise may by order made by statutory instrument appoint.

7 Rates of duties and rebates

(1) In section 6(1A) of the Hydrocarbon Oil Duties Act 1979 (rates of duty on hydrocarbon oil)—

- (a) in paragraph (a) (light oil), for “£0.4510” there shall be substituted “£0.4926”;
- (b) in paragraph (b) (ultra low sulphur diesel), for “£0.3928” there shall be substituted “£0.4299”; and
- (c) in paragraph (c) (heavy oil that is not ultra low sulphur diesel), for “£0.4028” there shall be substituted “£0.4499”.

(2) In section 11(1) of that Act (rebate on heavy oil)—

- (a) in paragraph (a) (fuel oil), for “£0.0200” there shall be substituted “£0.0218”; and

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- (b) in each of paragraphs (b) and (ba) (gas oil which is not ultra low sulphur diesel and ultra low sulphur diesel), for “£0.0258” there shall be substituted “£0.0282”.
- (3) In section 13A(1A) of that Act (rebate on unleaded petrol)—
 - (a) in paragraph (a) (higher octane unleaded petrol), for “£0.0150” there shall be substituted “£0.0050”; and
 - (b) in paragraph (b) (other unleaded petrol), for “£0.0482” there shall be substituted “£0.0527”.
- (4) In section 14(1) of that Act (rebate on light oil for use as furnace fuel), for “£0.0200” there shall be substituted “£0.0218”.
- (5) This section shall be deemed to have come into force at 6 o'clock in the evening of 17th March 1998.

8 Ultra low sulphur diesel

- (1) In section 1 of the Hydrocarbon Oil Duties Act 1979, for subsection (6) (meaning of “ultra low sulphur diesel”) there shall be substituted the following subsection—
 - “(6) “Ultra low sulphur diesel” means gas oil—
 - (a) the sulphur content of which does not exceed 0.005 per cent. by weight or is nil;
 - (b) the density of which does not exceed 835 kilograms per cubic metre at a temperature of 15° C; and
 - (c) of which not less than 95 per cent. by volume distils at a temperature not exceeding 345° C.”
- (2) This section shall be deemed to have come into force at 6 o'clock in the evening of 17th March 1998.

9 Mixtures of heavy oils

- (1) In section 20AAA of the Hydrocarbon Oil Duties Act 1979 (charge to duty on mixtures of oils), after subsection (2) there shall be inserted the following subsection—
 - “(2A) Where—
 - (a) a mixture of heavy oils is produced in contravention of Part IIA of Schedule 2A to this Act, and
 - (b) the mixture is not produced as a result of approved mixing,
 a duty of excise shall be charged on the mixture.”
- (2) In subsection (3) of that section, after “subsection (1)” there shall be inserted “or (2A)”.
- (3) In section 20AAB of that Act (supplementary provisions about mixing of oils), in subsection (1), after “section 20AAA(1)” there shall be inserted “or (2A)”.
- (4) In Schedule 2A to that Act (mixtures of oils to which duty applies), after paragraph 7 there shall be inserted the following—

“PART IIA

UNREBATED HEAVY OIL

- 7A A mixture of heavy oils is produced in contravention of this paragraph if such a mixture is produced by mixing—
- (a) ultra low sulphur diesel in respect of which, on its delivery for home use, a declaration was made that it was intended for use as fuel for a road vehicle; and
 - (b) heavy oil of any other description in respect of which, on its delivery for home use, such a declaration was made.”
- (5) In paragraph 9 of that Schedule (rate of duty for mixtures of heavy oil), after sub-paragraph (1) there shall be inserted the following sub-paragraph—
- “(1A) Subject to paragraph 10 below, duty charged under subsection (2A) of section 20AAA of this Act shall be charged at the rate for heavy oil in force at the time when the mixture is produced.”
- (6) This section shall be deemed to have come into force at 6 o'clock in the evening of 17th March 1998.

Tobacco products duty

10 Rates of tobacco products duty

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

“TABLE

1. Cigarettes	An amount equal to 22 per cent. of the retail price plus £77.09 per thousand cigarettes.
2. Cigars	£114.79 per kilogram.
3. Hand-rolling tobacco	£87.74 per kilogram.
4. Other smoking tobacco and chewing tobacco	£50.47 per kilogram.”

- (2) This section shall come into force on 1st December 1998.

Gaming duty

11 Rates of gaming duty

- (1) For the Table in section 11(2) of the Finance Act 1997 (rates of gaming duty) there shall be substituted the following table—

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

“TABLE

<i>Part of gross gaming yield</i>	<i>Rate</i>
The first £450,000	2½ per cent.
The next £1,000,000	12½ per cent.
The next £1,000,000	20 per cent.
The next £1,750,000	30 per cent.
The remainder	40 per cent.”

(2) In section 11(3) of that Act (rate of duty for unregistered gaming), for “33½ per cent.” there shall be substituted “40 per cent.” (3) This section has effect in relation to accounting periods beginning on or after 1st April 1998.

Amusement machine licence duty

12 Rates of amusement machine licence duty

(1) In section 23 of the Betting and Gaming Duties Act 1981 (rates of amusement machine licence duty), for the Table in subsection (2) there shall be substituted the following Table—

“TABLE

<i>(1)</i> <i>Period (in months) for which licence granted</i>	<i>(2)</i> <i>Machines that are not gaming machines</i>	<i>(3)</i> <i>Gaming machines that are small-prize machines or are five-penny machines without being small-prize machines</i>	<i>(4)</i> <i>Other machines</i>
	£	£	£
1	30	80	220
2	50	150	425
3	75	220	615
4	95	285	800
5	120	345	970
6	140	400	1,125
7	160	450	1,270
8	185	500	1,405
9	205	540	1,525
10	225	580	1,635

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

<i>(1)</i> <i>Period (in months) for which licence granted</i>	<i>(2)</i> <i>Machines that are not gaming machines</i>	<i>(3)</i> <i>Gaming machines that are small-prize machines or are five-penny machines without being small-prize machines</i>	<i>(4)</i> <i>Other machines</i>
11	240	615	1,730
12	250	645	1,815”

(2) This section shall apply in relation to any amusement machine licence for which an application is received by the Commissioners of Customs and Excise after 17th March 1998.

13 Further exception for thirty-five-penny machines

(1) In section 21(3A) of the Betting and Gaming Duties Act 1981 (excepted machines), for paragraphs (b) and (c) there shall be substituted the following paragraphs—

- “(b) a five-penny machine which is a small prize machine; or
- (c) a thirty-five-penny machine which is not a prize machine or which, if it is a prize machine, is not a gaming machine.”

(2) This section has effect in relation to the provision of an amusement machine at any time on or after 1st April 1998.

14 Video machines

(1) In section 21(3A) of the Betting and Gaming Duties Act 1981 (excepted machines), after paragraph (c) there shall be inserted “; or

- (d) an excepted video machine.”

(2) After subsection (3A) of that section there shall be inserted the following subsections—

“(3B) For the purposes of this section an amusement machine is an excepted video machine if—

- (a) it is a video machine which is not a prize machine;
- (b) it is a machine on which a game can be played solo;
- (c) the price for a solo game on the machine does not exceed 35p; and
- (d) the price to participate in a game on the machine for two or more players does not exceed 50p.

(3C) For the purposes of this section the price for a solo game on a machine does not exceed 35p if the denomination or aggregate denomination of the coin or coins that must be inserted into the machine to play the game solo does not or, where the machine provides differing numbers of games in different circumstances, cannot exceed 35p for each time the game is played.

(3D) For the purposes of this section the price to participate in a game on the machine for two or more players does not exceed 50p if the denomination

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or aggregate denomination of the coin or coins that must be inserted into the machine to play the game simultaneously with more than one player does not exceed or, where the machine provides differing numbers of games in different circumstances, cannot exceed 50p per player for each time the game is played.

(3E) For the purposes of this section a game is played solo if it is played by one person at a time (whether or not against a previous player).”

(3) Accordingly, in section 25 of that Act—

- (a) in subsection (4) (no account to be taken of the fact that a machine may be played by more than one person at a time), after “description” there shall be inserted “other than an excepted video machine falling within section 21(3A)(d) above”; and
- (b) in subsection (6) (excepted machine not to be treated as a number of machines), for the words “in the case of any machine” onwards there shall be substituted “for the purpose of determining whether a machine is an excepted video machine falling within section 21(3A)(d) above, or in the case of a pinball machine or a machine that is an excepted machine”.

(4) This section has effect in relation to the provision of an amusement machine at any time on or after the day on which this Act is passed.

Air passenger duty

15 Fiscal representatives

(1) After section 34 of the Finance Act 1994 (fiscal representatives) there shall be inserted the following section—

“34A Administrative representatives

(1) Subject to the following provisions of this section, where—

- (a) the appointment of any person to be the fiscal representative of an aircraft operator contains a statement that the appointment is made for administrative purposes only,
- (b) the operator has complied with any obligations for the provision of security imposed, in relation to appointments containing such statements, by any general directions given by the Commissioners, and
- (c) the operator is not for the time being in contravention of any requirement to provide any security that he is required to provide under section 36 below,

that appointment shall have effect in accordance with subsection (2) below.

(2) Where the appointment of any person as a fiscal representative has effect in accordance with this subsection section 34(4)(b) and (c) above shall be taken, in the case of that person—

- (a) not to impose any requirement on the representative to secure the payment of amounts of duty which are or may become due from his principal, and
- (b) not to make him personally liable either to pay any such amounts or in respect of any failure by his principal to pay them.

- (3) The security that may be required by general directions given by the Commissioners for the purposes of this section is any such security for the payment of amounts of duty which are or may become due from the person providing the security as may be determined in accordance with the directions.
 - (4) The power of the Commissioners under section 36 below to require the provision of security shall not include any power to require a fiscal representative of an aircraft operator whose appointment has effect in accordance with subsection (2) above to provide any security for the payment of amounts of duty which are or may become due from his principal.
 - (5) In this section references to an amount of duty include references to any penalty or interest that is recoverable as if it were an amount of duty, but only in so far as the penalty or interest is in respect of a failure by an aircraft operator to pay an amount of duty, or to pay such an amount before a certain time.”
- (2) In section 34(4) of that Act (effect of appointment of fiscal representative), after “subsection (5)” there shall be inserted “and section 34A”.

Vehicle excise duty

16 Rates of duty where pollution reduced

Schedule 1 to this Act (which makes provision for reduced rates of vehicle excise duty to be applicable to certain vehicles adapted so as to reduce pollution) shall have effect.

17 Restriction of exemption for old vehicles

In paragraph 1A(1) of Schedule 2 to the Vehicle Excise and Registration Act 1994 (exemption for vehicles more than 25 years old), for the words “more than 25 years before the beginning of the year in which that time falls” there shall be substituted “before 1st January 1973.”

18 Regulations relating to nil licences

In section 22(2A) of the Vehicle Excise and Registration Act 1994 (provisions that may be made about nil licences), after paragraph (b) there shall be inserted the following paragraphs—

- “(c) make provision (including provision requiring the payment of a fee) for cases where a nil licence is or may be lost, stolen, destroyed or damaged or contains particulars which have become illegible or inaccurate,
- (d) require a person issued with a nil licence which ceases to be in force in circumstances prescribed by the regulations to furnish to the Secretary of State such particulars and make such declarations as may be so prescribed, and to do so at such times and in such manner as may be so prescribed.”

19 Failure to pay amount required in respect of void licence

- (1) In subsection (1) of section 35A of the Vehicle Excise and Registration Act 1994 (offence of failing to return void licence)—

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- (a) in paragraph (a), for the words from “requires” to “the notice” there shall be substituted “contains a relevant requirement”; and
 - (b) in paragraph (b), for “within that period” there shall be substituted “contained in the notice”.
- (2) After subsection (2) of that section there shall be inserted the following subsections—
- “(3) For the purposes of subsection (1)(a), a relevant requirement is—
 - (a) a requirement to deliver up the licence within such reasonable period as is specified in the notice; or
 - (b) a requirement to deliver up the licence within such reasonable period as is so specified and, on doing so, to pay the amount specified in subsection (4).
 - (4) The amount referred to in subsection (3)(b) is an amount equal to one-twelfth of the appropriate annual rate of vehicle excise duty for each month, or part of a month, in the relevant period.
 - (5) The reference in subsection (4) to the appropriate annual rate of vehicle excise duty is a reference to the annual rate which at the beginning of the relevant period—
 - (a) in the case of a vehicle licence, was applicable to a vehicle of the description specified in the application, or
 - (b) in the case of a trade licence, was applicable to a vehicle falling within paragraph 1 of Schedule 1 (or to a vehicle falling within subparagraph (1)(c) of paragraph 2 of that Schedule if the licence was to be used only for vehicles to which that paragraph applies).
 - (6) For the purposes of subsection (4) the relevant period is the period—
 - (a) beginning with the first day of the period for which the licence was applied for or, if later, the day on which the licence first was to have effect, and
 - (b) ending with whichever is the earliest of the times specified in subsection (7).
 - (7) In a case where the requirement is a requirement to deliver up a vehicle licence, those times are—
 - (a) the end of the month during which the licence was required to be delivered up,
 - (b) the end of the month during which the licence was actually delivered up,
 - (c) the date on which the licence was due to expire, and
 - (d) the end of the month preceding that in which there first had effect a new vehicle licence for the vehicle in question;
 and, in a case where the requirement is a requirement to deliver up a trade licence, those times are the times specified in paragraphs (a) to (c).”
- (3) In section 36 of that Act (additional liability to be imposed on persons convicted of offences under section 35A), for subsection (4) of that section there shall be substituted the following subsections—
- “(4) For the purposes of this section the relevant period is the period—

- (a) beginning with the first day of the period for which the licence was applied for or, if later, the day on which the licence first was to have effect, and
 - (b) ending with whichever is the earliest of the times specified in subsection (4A).
- (4A) the case of a vehicle licence those times are—
 - (a) the end of the month in which the order is made,
 - (b) the date on which the licence was due to expire,
 - (c) the end of the month during which the licence was delivered up, and
 - (d) the end of the month preceding that in which there first had effect a new licence for the vehicle in question;and, in the case of a trade licence, those times are the times specified in paragraphs (a) to (c).”
- (4) After subsection (5) of that section there shall be inserted the following subsection—
 - “(6) Where—
 - (a) a person has been convicted of an offence under section 35A in relation to a vehicle licence or a trade licence, and
 - (b) a requirement to pay an amount with respect to that licence has been imposed on that person by virtue of section 35A(3)(b),the order to pay an amount under this section shall have effect instead of that requirement and the amount to be paid under the order shall be reduced by any amount actually paid in pursuance of the requirement.”
- (5) The preceding provisions of this section apply to notices sent and orders made on or after the day on which this Act is passed.

Assessments

20 Assessments for excise duty purposes

Schedule 2 to this Act (assessments for excise duty purposes) shall have effect.