Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
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Finance Act 1999

1999 CHAPTER 16

U.K.

An Act to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with Finance. [27th July 1999]

Most Gracious Sovereign, We, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and grant unto Your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I U.K.

EXCISE DUTIES

Alcoholic liquor duties

1 Rate of duty on sparkling cider. U.K.

(1) In section 62(1A)(a) of the [M1]Alcoholic Liquor Duties Act 1979 (rate of duty per hectolitre on sparkling cider of a strength exceeding 5.5 per cent.), for "£45.05" there shall be substituted " £161.20 ".

(2) This section shall be deemed to have come into force at 6 o'clock in the evening of 9th March 1999.

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Marginal Citations

M1 1979 c.4.

Hydrocarbon oil duties

2 Rates of duty and rebate on hydrocarbon oil. U.K.

(1) In section 6(1A) of the [M2]Hydrocarbon Oil Duties Act 1979 (rates of duty on hydrocarbon oil)—

(a) in paragraph (a) (light oil), for "£0.4926" there shall be substituted " £0.5288 ";

(b) in paragraph (b) (ultra low sulphur diesel), for "£0.4299" there shall be substituted " £0.4721 "; and

(c) in paragraph (c) (heavy oil which is not ultra low sulphur diesel), for "£0.4499" there shall be substituted " £0.5021 ".

(2) In section 8(3) of that Act (road fuel gas), for "£0.2113" there shall be substituted " £0.1500 ".

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

(a) in paragraph (a) (fuel oil), for "£0.0218" there shall be substituted " £0.0265 "; and

(b) in each of paragraphs (b) and (ba) (gas oil which is not ultra low sulphur diesel and ultra low sulphur diesel), for "£0.0282" there shall be substituted " £0.0303 ".

(4) In section 13A(1A) of that Act (rebate on unleaded petrol)—

(a) in paragraph (a) (higher octane unleaded petrol), for "£0.0050" there shall be substituted " £0.0055 "; and

(b) in paragraph (b) (other unleaded petrol), for "£0.0527" there shall be substituted " £0.0567 ".

(5) In section 14(1) of that Act (rebate on light oil for use as furnace fuel), for "£0.0218" there shall be substituted " £0.0265 ".

(6) This section shall be deemed to have come into force at 6 o'clock in the evening of 9th March 1999.

Marginal Citations

M2 1979 c.5

VALID FROM 01/10/1999

3 Increased rebate on higher octane unleaded petrol. U.K.

(1) In section 13A(1A)(a) of the Hydrocarbon Oil Duties Act 1979 (rebate on higher octane unleaded petrol), for "£0.0055" there shall be substituted " £0.0367 ".

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(2) This section comes into force on 1st October 1999.

4 Drawback of duty on exportation. U.K.

(1) In section 15(1) of the [M3]Hydrocarbon Oil Duties Act 1979 (drawback of duty on exportation, shipment as stores or warehousing of hydrocarbon oil and related articles), the word "exportation," shall be omitted.

(2) This section has effect in relation to any exportation on or after the day on which this Act is passed.

Marginal Citations
M3 1979 c.5.

Tobacco products duty

5 Rates of tobacco products duty. U.K.

(1) For the Table of rates of duty in Schedule 1 to the [M4]Tobacco Products Duty Act 1979 there shall be substituted—

1. Cigarettes	An amount equal to 22 per cent. of the retail price plus £82.59 per thousand cigarettes.
2. Cigars	£122.06 per kilogram.
3. Hand-rolling tobacco	£87.74 per kilogram.
4. Other smoking tobacco and chewing tobacco	£53.66 per kilogram.

(2) This section shall be deemed to have come into force at 6 o'clock in the evening of 9th March 1999.

Marginal Citations
M4 1979 c.7

Betting and gaming duties

6 Rate of pool betting duty. U.K.

(1) In section 7(1) of the [M5]Betting and Gaming Duties Act 1981 (rate of pool betting duty), for "26.50 per cent." there shall be substituted " 17.50 per cent. "

(2) This section has effect in relation to bets the stake money on which is or has been paid on or after 28th March 1999.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
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Marginal Citations
M5 1981 c.63

7 Rates of gaming duty. U.K.

(1) For the Table in section 11(2) of the [M6]Finance Act 1997 (rates of gaming duty) there shall be substituted—

" Table

Part of gross gaming yield	*Rate*
The first £462,500	2½ per cent.
The next £1,027,500	12½ per cent.
The next £1,027,500	20 per cent.
The next £1,798,500	30 per cent.
The remainder	40 per cent."

(2) This section has effect in relation to accounting periods beginning on or after 1st April 1999.

Marginal Citations
M6 1997 c.16

Vehicle excise duty

8 The general rate of vehicle excise duty. U.K.

(1) In sub-paragraph (2) of paragraph 1 of Schedule 1 to the [M7]Vehicle Excise and Registration Act 1994 (the general rate), for "£150" there shall be substituted " £155 ".

(2) For the word "The" at the beginning of that sub-paragraph there shall be substituted " Except in the case of a vehicle having an engine with a cylinder capacity not exceeding 1,100 cubic centimetres, the ".

(3) After that sub-paragraph there shall be inserted the following sub-paragraph—

"(2A) In the case of a vehicle having an engine with a cylinder capacity not exceeding 1,100 cubic centimetres, the general rate is £100."

(4) In sections 13(3)(b), 35A(5)(b) and 36(3)(b) of that Act, and in section 13(4)(b) of that Act as substituted under paragraph 8 of Schedule 4 to that Act, (which refer to the rate of duty applicable under paragraph 1 of Schedule 1), for the words "paragraph 1 of Schedule 1", in each place where they occur, there shall be substituted " paragraph 1(2) of Schedule 1 ".

(5) Subsection (1) above has effect in relation to any licence issued after 9th March 1999; and subsections (2) to (4) above have effect in relation to any licence taken out for a period beginning on or after 1st June 1999.

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Marginal Citations
M7 1944 c.22

9 Rates of duty for goods vehicles. U.K.

Schedule 1 to this Act (which makes provision for new rates of vehicle excise duty for goods vehicles etc.) shall have effect.

Goods shipped etc. as stores

10 Goods for sale on board ships or aircraft. U.K.

(1) For subsection (4) of section 1 of the [M8]Customs and Excise Management Act 1979 (goods for sale on board ships or aircraft to be treated as stores) there shall be substituted the following subsections—

"(4) Goods for use in a ship or aircraft as merchandise for sale to persons carried in the ship or aircraft shall be treated for the purposes of the customs and excise Acts as stores if, and only if—

(a) the goods are to be sold by retail either—

(i) in the course of a relevant journey, or

(ii) for consumption on board;

and

(b) the goods are not treated as exported by virtue of regulations under section 12 of the [M9]Customs and Excise Duties (General Reliefs) Act 1979 (goods for use in naval ships or establishments).

(4A) For the purposes of subsection (4) above a relevant journey is any journey beginning in the United Kingdom and having an immediate destination outside the member States.

(4B) In relation to goods treated as stores by virtue of subsection (4) above, any reference in the customs and excise Acts to the consumption of stores shall be construed as referring to the sale of the goods as mentioned in paragraph (a) of that subsection."

(2) This section shall be deemed to have come into force on 1st July 1999 but shall not have effect in relation to any shipment of goods before that date.

Marginal Citations
M8 1979 c.2.
M9 1979 c.3.

11 Drawback of duty on shipment. U.K.

(1) In section 2 of the [M10]Finance (No. 2) Act 1992 (power to provide for drawback of excise duty), in subsection (1), after "provision" there shall be inserted " (a) ", and after "Kingdom" there shall be inserted "; and

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(b) conferring an entitlement to drawback of duty, in prescribed cases, on the shipment as stores, or warehousing in an excise warehouse for use as stores, of goods chargeable with duty".

(2) In subsection (5) of that section, for " "goods" has the same meaning" there shall be substituted "excise warehouse", "goods", "shipment", "stores" and "warehousing" have the same meanings ".

(3) Section 132 of the Customs and Excise Management Act 1979 (extension of drawback to shipment, and warehousing for use, as stores) shall cease to have effect.

(4) Subsection (3) above shall come into force on such day as the Commissioners of Customs and Excise may by order made by statutory instrument appoint.

Commencement Information

I1 S.11 partly in force; s.11(1)(2)(4) in force at Royal Assent, see s.11(4)

Marginal Citations

M10 1992 c.48.

PART II U.K.

VALUE ADDED TAX

12 Works of art, antiques, etc. U.K.

(1) In subsection (4) of section 21 of the [M11]Value Added Tax Act 1994 (which treats as reduced for VAT purposes the value of goods falling within subsection (5) of that section and imported from outside the EU)—

(a) at the beginning there shall be inserted " Subject to subsection (6D) below, "; and

(b) for "14.29 per cent." there shall be substituted " 28.58 per cent. "

(2) For subsections (5) and (6) of that section there shall be substituted the following subsections—

"(5) The goods that fall within this subsection are—

(a) any work of art;

(b) any antique, not falling within paragraph (a) above or (c) below, that is more than one hundred years old;

(c) any collection or collector's piece that is of zoological, botanical, mineralogical, anatomical, historical, archaeological, palaeontological, ethnographic, numismatic or philatelic interest.

(6) In this section "work of art" means, subject to subsections (6A) and (6B) below—

(a) any mounted or unmounted painting, drawing, collage, decorative plaque or similar picture that was executed by hand;

(b) any original engraving, lithograph or other print which—

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(i) was produced from one or more plates executed by hand by an individual who executed them without using any mechanical or photomechanical process; and

(ii) either is the only one produced from the plate or plates or is comprised in a limited edition;

(c) any original sculpture or statuary, in any material;

(d) any sculpture cast which—

(i) was produced by or under the supervision of the individual who made the mould or became entitled to it by succession on the death of that individual; and

(ii) either is the only cast produced from the mould or is comprised in a limited edition;

(e) any tapestry or other hanging which—

(i) was made by hand from an original design; and

(ii) either is the only one made from the design or is comprised in a limited edition;

(f) any ceramic executed by an individual and signed by him;

(g) any enamel on copper which—

(i) was executed by hand;

(ii) is signed either by the person who executed it or by someone on behalf of the studio where it was executed;

(iii) either is the only one made from the design in question or is comprised in a limited edition; and

(iv) is not comprised in an article of jewellery or an article of a kind produced by goldsmiths or silversmiths;

(h) any mounted or unmounted photograph which—

(i) was printed by or under the supervision of the photographer;

(ii) is signed by him; and

(iii) either is the only print made from the exposure in question or is comprised in a limited edition;

(6A) The following do not fall within subsection (5) above by virtue of subsection (6)(a) above, that is to say—

(a) any technical drawing, map or plan;

(b) any picture comprised in a manufactured article that has been hand-decorated; or

(c) anything in the nature of scenery, including a backcloth.

(6B) An item comprised in a limited edition shall be taken to be so comprised for the purposes of subsection (6)(d) to (h) above only if—

(a) in the case of sculpture casts—

(i) the edition is limited so that the number produced from the same mould does not exceed eight; or

(ii) the edition comprises a limited edition of nine or more casts made before 1st January 1989 which the Commissioners have directed should be treated, in the exceptional circumstances of the case, as a limited edition for the purposes of subsection (6)(d) above;

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(b) in the case of tapestries and hangings, the edition is limited so that the number produced from the same design does not exceed eight;

(c) in the case of enamels on copper—

(i) the edition is limited so that the number produced from the same design does not exceed eight; and

(ii) each of the enamels in the edition is numbered and is signed as mentioned in subsection (6)(g)(ii) above;

(d) in the case of photographs—

(i) the edition is limited so that the number produced from the same exposure does not exceed thirty; and

(ii) each of the prints in the edition is numbered and is signed as mentioned in subsection (6)(h)(ii) above.

(6C) For the purposes of this section a collector's piece is of philatelic interest if—

(a) it is a postage or revenue stamp, a postmark, a first-day cover or an item of pre-stamped stationery; and

(b) it is franked or (if unfranked) it is not legal tender and is not intended for use as such.

(6D) Subsection (4) above does not apply in the case of any goods imported from outside the member States if—

(a) the whole of the VAT chargeable on their importation falls to be relieved by virtue of an order under section 37(1); or

(b) they were exported from the United Kingdom during the period of twelve months ending with the date of their importation."

(3) This section has effect in relation to goods imported at any time on or after the day on which this Act is passed.

Marginal Citations

M11 1994 c.23.

13 Gold. U.K.

(1) Notwithstanding the words preceding paragraph (a) in section 26(3) of the [M12]Value Added Tax Act 1994 (input tax allowable against output tax), regulations which—

(a) are made under section 26(3), and

(b) have effect in respect of exempt supplies which relate to gold,

may provide that input tax is allowable, as being attributable to the supplies, only in relation to specified matters.

(2) An order under section 31(2) of that Act (exempt supplies and acquisitions) which provides for certain supplies which relate to gold to be exempt supplies may—

(a) provide that a supply which would be an exempt supply by virtue of the order shall, if the supplier so chooses, be a taxable supply;

(b) make provision by reference to notices to be published by the Commissioners.

(3) An order under section 37(1) of that Act (relief on importation of goods) which gives relief from VAT on certain importations of gold may make provision by reference to notices to be published by the Commissioners.

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(4) Provision made by virtue of subsection (2) or (3) above may be expressed—
- (a) to apply only in specified circumstances;
- (b) to apply subject to compliance with specified conditions (which may include conditions relating to general or specific approval of the Commissioners).

(5) Regulations may—
- (a) require specified persons to keep specified records in relation to specified transactions concerning gold;
- (b) require specified persons to give specified information to the Commissioners about specified transactions concerning gold;
- (c) provide for paragraph 10(2) of Schedule 11 to that Act (entry and inspection of premises) to apply in relation to specified transactions concerning gold as it applies in relation to the supply of goods under taxable supplies.

(6) The provisions of that Act (including, in particular, section 97 and paragraph 6(2) to (6) of Schedule 11) shall apply in relation to regulations under subsection (5) above as they apply in relation to regulations under paragraph 6(1) of Schedule 11 to that Act.

(7) In this section "the Commissioners" means the Commissioners of Customs and Excise.

Marginal Citations
M12 1994 c.23.

14 Preparations etc. of meat, yeast or egg. U.K.

Schedule 8 to the [M13]Value Added Tax Act 1994 (zero-rating) shall have effect, and be deemed always to have had effect, as if in Group 1 (food), in Note (6) (which provides that certain items which override the exceptions listed in that Group relate only to item 4 of the excepted items (non-alcoholic beverages)) for "Items 4 to 6" there were substituted " Items 4 to 7 ".

Marginal Citations
M13 1994 c.23.

15 Assignment of debts. U.K.

(1) In section 36 of the Value Added Tax Act 1994 (bad debts), for subsection (3) there shall be substituted—

"(3) In subsection (2) above "the outstanding amount" means—
- (a) if at the time of the claim no part of the consideration written off in the claimant's accounts as a bad debt has been received, an amount equal to the amount of the consideration so written off;
- (b) if at that time any part of the consideration so written off has been received, an amount by which that part is exceeded by the amount of the consideration written off;

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and in this subsection "received" means received either by the claimant or by a person to whom has been assigned a right to receive the whole or any part of the consideration written off."

(2) In subsection (5)(e) of that section, for the words from "where" to the end of the paragraph there shall be substituted " where any part (or further part) of the consideration written off in the claimant's accounts as a bad debt is subsequently received either by the claimant or, except in such circumstances as may be prescribed, by a person to whom has been assigned a right to receive the whole or any part of that consideration; ".

(3) At the end of paragraph 7 of Schedule 11 to that Act (furnishing of information etc.) there shall be added—

"(9) For the purposes of this paragraph a person to whom has been assigned a right to receive the whole or any part of the consideration for a supply of goods or services shall be treated as a person concerned in the supply."

(4) Until such day as the Commissioners may specify in regulations made under section 36 of that Act, Part XIX of the [M14]Value Added Tax Regulations 1995 (bad debt relief), except regulation 171, shall be read as if a reference to a payment being received by the claimant were a reference to a payment being received either by the claimant or by a person to whom a right to receive it has been assigned.

(5) Subsections (1) and (4) above have effect for the purposes of the making of any refund or repayment after 9th March 1999, but do not have effect in relation to anything received on or before that day.

Marginal Citations

M14 S.I 1995/2518.

16 Groups of companies. U.K.

Schedule 2 to this Act (which makes changes to provisions about the treatment of bodies corporate as members of a group) shall have effect.

17 Penalties for incorrect certificates. U.K.

(1) For subsections (1) and (2) of section 62 of the Value Added Tax Act 1994 (incorrect certificates as to zero-rating etc.) there shall be substituted the following subsections—

"(1) Subject to subsections (3) and (4) below, where—

(a) a person to whom one or more supplies are, or are to be, made—

(i) gives to the supplier a certificate that the supply or supplies fall, or will fall, wholly or partly within paragraph 1 of Schedule A1, Group 5 or 6 of Schedule 8 or Group 1 of Schedule 9, or

(ii) gives to the supplier a certificate for the purposes of section 18B(2)(d) or 18C(1)(c),

and

(b) the certificate is incorrect,

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the person giving the certificate shall be liable to a penalty.

(1A) Subject to subsections (3) and (4) below, where—

(a) a person who makes, or is to make, an acquisition of goods from another member State prepares a certificate for the purposes of section 18B(1)(d), and

(b) the certificate is incorrect,

the person preparing the certificate shall be liable to a penalty.

(2) The amount of the penalty shall be equal to—

(a) in a case where the penalty is imposed by virtue of subsection (1) above, the difference between—

(i) the amount of the VAT which would have been chargeable on the supply or supplies if the certificate had been correct; and

(ii) the amount of VAT actually chargeable;

(b) in a case where it is imposed by virtue of subsection (1A) above, the amount of VAT actually chargeable on the acquisition."

(2) Subsection (1) above has effect in relation to certificates given or, as the case may be, prepared on or after the day on which this Act is passed.

18 EC sales statements: time limits for assessments to penalties. U.K.

(1) For section 77(2) of the [M15]Value Added Tax Act 1994 (time limits for assessments under section 76) there shall be substituted the following subsections—

"(2) Subject to subsection (5) below, an assessment under section 76 of an amount due by way of any penalty, interest or surcharge referred to in subsection (3) of that section may be made at any time before the expiry of the period of 2 years beginning with the time when the amount of VAT due for the prescribed accounting period concerned has been finally determined.

(2A) Subject to subsection (5) below, an assessment under section 76 of a penalty under section 65 or 66 may be made at any time before the expiry of the period of 2 years beginning with the time when facts sufficient in the opinion of the Commissioners to indicate, as the case may be—

(a) that the statement in question contained a material inaccuracy, or

(b) that there had been a default within the meaning of section 66(1),

came to the Commissioners' knowledge."

(2) Subsection (1) above has effect in relation to any amount by way of penalty, interest or surcharge which becomes due on or after the day on which this Act is passed.

Marginal Citations

M15 1994 c.23.

19 Period before repayment supplement payable. U.K.

(1) Section 79 of the [M16]Value Added Tax Act 1994 (repayment supplement) shall be amended as follows.

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(2) In subsection (2)(b), for "the period of 30 days beginning on the date of the receipt by the Commissioners of that return or claim" there shall be substituted " the relevant period ".

(3) After subsection (2) there shall be inserted—

"(2A) The relevant period in relation to a return or claim is the period of 30 days beginning with the later of—

(a) the day after the last day of the prescribed accounting period to which the return or claim relates, and

(b) the date of the receipt by the Commissioners of the return or claim."

(4) In subsections (3) and (7), for "subsection (2)(b)" there shall be substituted " subsection (2A) "; and regulations under subsection (3) shall be construed accordingly.

(5) This section has effect in relation to returns and claims received by the Commissioners on or after 9th March 1999.

Marginal Citations

M16 1994 c.23.

VALID FROM 01/12/1999

20 Meaning of "business". U.K.

(1) Section 94(3) of the Value Added Tax Act 1994 (meaning of "business": public organisations) shall cease to have effect.

(2) This section shall come into force in accordance with such provision as the Commissioners of Customs and Excise may make by order made by statutory instrument.

Subordinate Legislation Made

P1 S. 20(2) power fully exercised (12.10.1999): 1.12.1999 appointed by S.I. 1999/2769, **art. 2**

21 Accounting for VAT by Government departments. U.K.

(1) Where—

(a) a Government department makes supplies of goods or services that are taxable supplies for the purposes of the Value Added Tax Act 1994, and

(b) its receipts include amounts paid to it in respect of the making of those supplies,

the receipts of the department to be paid into the Consolidated Fund shall be confined to the amounts remaining after deducting, from the amounts otherwise falling to be paid into that Fund, all such amounts in respect of the department's liabilities to pay value added tax to the Commissioners of Customs and Excise as the department may be authorised to deduct in accordance with arrangements made by the Treasury.

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(2) Arrangements made by the Treasury for the purposes of this section shall apply only to such Government departments and in such cases, and shall have effect subject to such conditions and to the compliance by the department with such accounting and other requirements, as may be provided for in the arrangements.

(3) In this section "Government department" includes any person or body of persons carrying out functions on behalf of the Crown or of any Minister of the Crown and any part of a Government department (as so defined) which is designated for the purposes of section 41 of the [M17]Value Added Tax Act 1994.

(4) This section has effect in relation to the financial year beginning with 1st April 1999 and subsequent financial years and shall be deemed to have had effect in relation to earlier financial years.

(5) For the purposes of applying this section in relation to the financial year beginning with 1st April 1999 or in relation to any earlier financial year, any arrangements applying to a Government department which—

(a) were made or approved before the passing of this Act, and

(b) allowed that department to deduct amounts in respect of value added tax liabilities before making payments into the Consolidated Fund,

shall be deemed to have been made by the Treasury for the purposes of this section.

Marginal Citations

M17 1994 c.23.

PART III U.K.

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Income tax rates and charge etc.

22 Starting rate. U.K.

(1) The following shall be substituted for section 1(2)(aa) of the Taxes Act 1988 (the charge to income tax: lower rate)—

"(aa) in respect of so much of an individual's total income as does not exceed £1,500, at such rate as Parliament may determine to be the starting rate for that year;".

(2) The following shall be substituted for section 1(2A) of that Act (lower rate limit)—

"(2A) The amount up to which an individual's income is by virtue of subsection (2) above chargeable for any year at the starting rate shall be known as the starting rate limit."

(3) In section 1(3) of that Act (basic rate limit), for "lower rate" there shall be substituted " starting rate ".

(4) In section 1(4) of that Act (indexation), for the words from "and, if the result is not a multiple of £100" to the end there shall be substituted "and—

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(a) if the result in the case of the amount specified in subsection (2)(aa) above is not a multiple of £10, rounding it up to the nearest amount which is such a multiple, and

(b) if the result in the case of the amount specified in subsection (2)(b) above is not a multiple of £100, rounding it up to the nearest amount which is such a multiple."

(5) Section 1(4) of that Act (indexation), so far as it relates to section 1(2)(aa), shall not apply for the year 1999-00.

(6) In section 1(6A) of that Act (repayment), for "lower rate" there shall be substituted " starting rate ".

(7) In section 1A of that Act (application of lower rate to income from savings and distributions)—

(a) the following shall be inserted before subsection (2)—

"(1B) In relation to any year of assessment for which income tax is charged the lower rate is 20 per cent. or such other rate as Parliament may determine.", and

(b) the following shall be inserted after subsection (6)—

"(6A) Where income tax at the basic rate has been borne on income chargeable at the lower rate any necessary repayment of tax shall be made on the making of a claim."

(8) In the following provisions of that Act, for "lower rate" there shall be substituted " starting rate "

(a) section 547(5)(c) (life policies, etc.: method of charging gain to tax);

(b) section 550(3) (life policies, etc.: relief where gain charged at a higher rate).

(9) In the following provisions of that Act, for "at the lower rate by virtue of section 1(2)(aa)" there shall be substituted " at the starting rate "

(a) section 549(2) (life policies, etc.: deficiencies allowable as deductions);

(b) section 699(2) (relief from higher rate for inheritance tax on accrued income);

(c) section 819(2) (old references to standard rate tax).

(10) In section 832(1) of that Act (interpretation of the Tax Acts)—

(a) the following shall be substituted for the definition of "lower rate"—

""lower rate", in relation to the charging of income tax for any year of assessment, means the rate of income tax specified in or determined in pursuance of section 1A(1B);", and

(b) the following shall be inserted after the definition of "Schedule A business"—

""starting rate", in relation to the charging of income tax for any year of assessment, means the rate of income tax determined in pursuance of section 1(2)(aa), and any reference to the starting rate limit shall be construed in accordance with section 1(2A);".

(11) In the following provisions of the [M18]Taxes Management Act 1970, for "or the lower rate" there shall be substituted " , the lower rate or the starting rate "

(a) section 7(6) (notice of liability to income tax and capital gains tax);

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(b) section 91(3)(c) (effect of reliefs on tax charged on income subject to deduction).

(12) Subsections (1) to (3) and (6) to (11) above apply for the year 1999-00 and subsequent years of assessment; and subsection (4) above applies for the year 2000-01 and subsequent years of assessment.

Marginal Citations
M18 1970 c.9.

23 Charge and rates for 1999-00. U.K.

Income tax shall be charged for the year 1999-00, and for that year—

(a) the starting rate shall be 10 per cent.;

(b) the basic rate shall be 23 per cent.; and

(c) the higher rate shall be 40 per cent.

24 Personal allowances for 1999-00 for those aged 65 or more. U.K.

(1) For the year 1999-00 the amounts specified in subsections (2) and (3) of section 257 of the Taxes Act 1988 (personal allowances for those aged at least 65 but less than 75 and for those aged 75 or more) shall be taken to be £5,720 and £5,980, respectively.

(2) Accordingly, section 257C(1) of the Taxes Act 1988 (indexation), so far as it relates to the amounts so specified, shall not apply for the year 1999-00.

25 Operative date of indexation for PAYE. U.K.

(1) The Taxes Act 1988 shall be amended in accordance with subsections (2) and (3) below.

(2) In section 1 (charge to income tax), after subsection (4) there shall be inserted—

"(5A) Subsection (4) above shall not require any change to be made in the amounts deductible or repayable under section 203 during the period beginning with 6th April and ending with 17th May in the year of assessment."

(3) In section 257C (indexation of allowances), after subsection (1) there shall be inserted—

"(2A) Subsection (1) above shall not require any change to be made in the amounts deductible or repayable under section 203 during the period beginning with 6th April and ending with 17th May in the year of assessment."

(4) This section has effect for the year 1999-00 and subsequent years of assessment.

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Rates of capital gains tax

26 Rates of capital gains tax. U.K.

(1) Section 4 of the [M19]Taxation of Chargeable Gains Act 1992 (rates of capital gains tax) shall be amended as follows.

(2) In subsection (1) (link between rate of capital gains tax and rate of income tax), for "basic rate" there shall be substituted " lower rate ".

(3) In subsection (1AA) (rate for trusts etc.), for "applicable to trusts under section 686(1) of the Taxes Act" there shall be substituted " the rate applicable to trusts under section 686 of the Taxes Act ".

(4) Subsections (1A), (1B), (3A) and (3B) (charge at income tax lower rate in certain cases) shall cease to have effect.

(5) In subsection (4) (definition of "unused part of an individual's basic rate band"), the words "(disregarding subsection (3B)(a) above)" shall cease to have effect.

(6) This section applies for the year 1999-00 and subsequent years of assessment.

Marginal Citations
M19 1992 c.12.

Corporation tax charge and rates

27 Charge and main rate for financial year 2000. U.K.

Corporation tax shall be charged for the financial year 2000 at the rate of 30 per cent.

28 Corporation tax starting rate. U.K.

(1) After section 13 of the Taxes Act 1988 there shall be inserted the following section—

"**13AA Corporation tax starting rate.**

(1) Where in any accounting period the profits of a qualifying company do not exceed the first relevant amount, the company may, instead of making a claim under section 13(1), claim that the corporation tax charged on its basic profits for that period shall be calculated as if the rate of corporation tax were such rate (to be known as the "corporation tax starting rate"), lower than the small companies' rate, as Parliament may from time to time determine.

(2) Where in any accounting period the profits of a qualifying company exceed the first relevant amount but do not exceed the second relevant amount, the company may, instead of making a claim under section 13(1), claim that the corporation tax charged on its basic profits for that period shall be—

(a) calculated as if the rate of corporation tax were the small companies' rate; and

(b) then reduced by the sum specified in subsection (3) below.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
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(3) That sum is the sum equal to such fraction as Parliament may from time to time determine of the following amount—

$$(R2 - P) \times \frac{I}{P}$$

where—

R2 is the second relevant amount;

P is the amount of the profits; and

I is the amount of the basic profits.

(4) The first and second relevant amounts mentioned above shall be determined as follows—

(a) where the company has no associated company in the accounting period, those amounts are £10,000 and £50,000 respectively;

(b) where the company has one or more associated companies in the accounting period—

(i) the first relevant amount is £10,000 divided by one plus the number of those associated companies, and

(ii) the second relevant amount is £50,000 divided by one plus the number of those associated companies.

(5) Subsections (4) and (5) of section 13 shall apply for the purposes of subsection (4) above as they apply for the purposes of subsection (3) of that section.

(6) For an accounting period of less than 12 months the relevant amounts determined in accordance with subsection (4) above shall be proportionately reduced.

(7) The profits and the basic profits of a company for an accounting period shall be determined for the purposes of this section as they are for the purposes of section 13.

(8) In this section "qualifying company", in relation to an accounting period, means a company which—

(a) is resident in the United Kingdom;

(b) is not a close investment-holding company (as defined in section 13A) at the end of that period; and

(c) is not an investment trust which for that period has any eligible rental income (within the meaning of section 508A)."

(2) In section 13A(1) of the Taxes Act 1988 (close investment-holding companies), after "section 13(1)" there shall be inserted " or 13AA(8) ".

(3) In section 468(1A) of that Act (taxation of authorised unit trusts), at the end there shall be inserted " and sections 13 and 13AA shall not apply ".

(4) In paragraph 1(a) of Schedule 12 to the [M20]Finance Act 1989 (provision of information for the purposes of close companies provisions), for "13A" there shall be substituted " 13 to 13A ".

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(5) In paragraph 8(1) of Schedule 18 to the [M21]Finance Act 1998 (tax calculation in company tax return), after "section 13(2)" there shall be inserted " or 13AA(2) ".

(6) Subsections (1) to (5) above have effect, subject to subsection (7) below, in relation to corporation tax for the financial year 2000 or any subsequent financial year.

(7) In the case of an accounting period beginning before 1st April 2000 and ending on or after that date—

(a) section 13AA of the Taxes Act 1988 shall apply as if the different parts of that accounting period falling in the different financial years were separate accounting periods;

(b) where a claim is made under section 13AA in relation to the part of that period beginning with 1st April 2000, section 13 of that Act shall also so apply; and

(c) for the purposes of treating different parts of an accounting period as separate accounting periods in accordance with paragraphs (a) and (b) above, the profits and basic profits of the company for that period shall be attributed to the different parts of it according to the financial year in which, for the purposes of section 8 of that Act, they are taken to arise.

Marginal Citations

M20 1989 c.26.

M21 1998 c.36.

29 Rate and fraction for corporation tax starting rate. U.K.

For the financial year 2000—

(a) the corporation tax starting rate shall be 10 per cent.; and

(b) the fraction mentioned in section 13AA(3) of the Taxes Act 1988 shall be one fortieth.

Income tax reductions

30 Children's tax credit. U.K.

(1) The following section shall be inserted after section 257 of the Taxes Act 1988—

"**257AA Children's tax credit.**

(1) If a qualifying child (or more than one) is resident with the claimant during the whole or part of the year of assessment, the claimant shall be entitled to an income tax reduction, to be known as a children's tax credit.

(2) The reduction shall be calculated by reference to £4,160.

(3) Where any part of the claimant's income for the year of assessment falls within section 1(2)(b), his children's tax credit for the year shall be calculated as if the amount specified in subsection (2) above were reduced by £2 for every £3 of that part of his income.

(4) In this section "qualifying child" means, in relation to a person—

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(a) a child of his who has not attained the age of 16, or

(b) a child who has not attained the age of 16 and who is maintained by, and at the expense of, the person for any part of the year of assessment;

and "child" includes illegitimate child and stepchild.

(5) Schedule 13B (which modifies this section where a child lives with more than one adult during a year of assessment) shall have effect."

(2) The Schedule set out in Schedule 3 to this Act shall be inserted after Schedule 13A to the Taxes Act 1988.

(3) In section 257C(1) and (3) of the Taxes Act 1988 (indexation), for the words "sections 257 and 257A" there shall be substituted " sections 257, 257AA(2) and 257A ".

(4) The [M22]Taxes Management Act 1970 shall be amended as follows—

(a) in section 36(3A) (fraudulent or negligent conduct), there shall be inserted at the end " or under Schedule 13B to that Act (elections as to transfer of children's tax credit) ",

(b) in section 37A (effect of assessment where allowances transferred)—

(i) after "spouse" there shall be inserted " or partner ", and

(ii) after "Act" there shall be inserted " or paragraph 4 of Schedule 13B to that Act ",

(c) in section 43A(2A) (further assessments), there shall be inserted at the end " or under Schedule 13B to that Act (elections as to transfer of children's tax credit) ", and

(d) in section 58(3)(b) (proceedings in Northern Ireland), after "repealed by that Act)" there shall be inserted " , paragraph 6 of Schedule 13B to that Act ".

(5) Subsections (1), (2) and (4) above have effect for the year 2001-02 and subsequent years of assessment.

(6) Subsection (3) above has effect for the purposes of the application of section 257AA of the Taxes Act 1988 for the year 2002-03 and subsequent years of assessment.

Marginal Citations

M22 1970 c.9.

31 Restriction of MCA to those reaching 65 before 2000-01. U.K.

(1) Section 257A of the Taxes Act 1988 (income tax reduction for married couples) shall be amended as follows.

(2) Subsection (1) (reduction where neither spouse is aged 65 or over) shall cease to have effect.

(3) In subsection (2) (reduction where either spouse is aged 65 or over)—

(a) for "is at any time within that year of the age of 65 or upwards" there shall be substituted " was born before 6th April 1935 ";

(b) the words from "(instead of" to the end shall be omitted.

(4) In subsection (3) (reduction where either spouse is aged 75 or over)—

(a) after "either of them" there shall be inserted " (a) ";

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(b) after "75 or upwards," there shall be inserted "and
(b) was born before 6th April 1935,";
(c) the words "(1) or" shall be omitted.

(5) In subsection (4) (rule where person dies in year of assessment)—
(a) for "subsections (2) and (3)" there shall be substituted " subsection (3) ";
(b) for "a specified age" there shall be substituted " the age of 75 ".

(6) In subsection (5) (tapering of reduction where claimant's total income exceeds specified amount), the words from "(but not" to the end shall be omitted.

(7) After that subsection there shall be inserted the following subsection—

"(5A) The amounts specified in subsections (2) and (3) above shall not by virtue of subsection (5) above be treated as reduced below £1,970."

(8) In subsection (6) (rule where claimant marries in year of assessment, etc.), for "subsections (1) to (3)" there shall be substituted " subsections (2) and (3) ".

(9) After subsection (6) there shall be inserted the following subsections—

"(7) A man who is entitled for any year of assessment to an income tax reduction under this section, or to make a claim for such a reduction, shall not be entitled for that year to any income tax reduction under section 257AA.

(8) Where—
(a) a woman is married to and living with a man for the whole or any part of a year of assessment, and
(b) that man is entitled for that year to an income tax reduction under this section, or to make a claim for such a reduction,

no child shall be regarded for any of the purposes of section 257AA or Schedule 13B as resident with that woman at any time in that year when she is married to and living with that man.

(9) A person may, by notice to an officer of the Board, elect to give up his entitlement for any year of assessment to an income tax reduction under this section; and where he does so and the election is not subsequently revoked, that person shall be taken for the purposes of this section to have no entitlement for that year to a reduction under this section, or to make a claim for such a reduction."

(10) Subsections (2) to (5) and (8) above have effect for the year 2000-01 and subsequent years of assessment.

(11) Subject to section 32(5) below, subsections (6) and (7) above have effect for the year 1999-00 and subsequent years of assessment.

(12) Subsection (9) above has effect for the year 2001-02 and subsequent years of assessment.

32 Further provision about married couple's allowance. U.K.

(1) In section 257BA of the Taxes Act 1988 (elections as to transfer of relief under section 257A)—

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(a) in subsections (1)(a), (2)(a), (3)(a) and (6), for "section 257A(1)" there shall be substituted " section 257A(5A) ";
(b) in subsection (2), the words from "(to nil" to the end shall be omitted;
(c) in subsection (9), for "deduction" there shall be substituted " income tax reduction ".

(2) Sections 257D to 257F of that Act (transitional relief in connection with married couple's allowance) shall cease to have effect.

(3) Subsection (1)(a) and (c) above has effect for the year 1999-00 and subsequent years of assessment.

(4) Subsections (1)(b) and (2) above have effect for the year 2000-01 and subsequent years of assessment.

(5) Section 257C of the Taxes Act 1988 (indexation) shall apply in relation to subsection (5A) of section 257A of that Act, but only for the year 2000-01 and subsequent years of assessment.

33 Abolition of existing relief in respect of children. U.K.

(1) Sections 259 to 261A of the Taxes Act 1988 (additional relief in respect of children) shall cease to have effect.

(2) This section has effect for the year 2000-01 and subsequent years of assessment.

34 Abolition of widow's bereavement allowance. U.K.

(1) Section 262 of the Taxes Act 1988 (income tax reduction for widow in year of bereavement and following year) shall cease to have effect.

(2) Subsection (1) above has effect in relation to deaths occurring on or after 6th April 2000.

(3) Where a woman is entitled to an income tax reduction for the year 2000-01 by virtue of paragraph (b) of section 262(1) of the Taxes Act 1988, the reference in that paragraph to the amount specified in section 257A(1) for that year shall be read as a reference to the amount specified in section 257A(5A) for that year.

35 Order of income tax reductions etc. U.K.

(1) In section 256(3) of the Taxes Act 1988 (order of income tax reductions etc.)—
(a) in paragraph (a), for "section 259 or 261A" there shall be substituted " section 257AA ";
(b) paragraph (b) shall cease to have effect;
(c) the words after paragraph (c) shall be omitted.

(2) Subsection (1)(a) and (b) above has effect for the year 2001-02 and subsequent years of assessment.

(3) Subsection (1)(c) above has effect for the year 2000-01 and subsequent years of assessment.

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(4) For the year 2000-01, section 256(3) of the Taxes Act 1988 shall have effect with the omission of paragraph (a) and, in paragraph (b), of the words "except section 259 or 261A".

36 Maintenance payments. U.K.

(1) In subsection (1) of section 347B of the Taxes Act 1988 (income tax reduction in respect of qualifying maintenance payments), at the beginning there shall be inserted " Subject to subsection (1A) below ".

(2) After that subsection there shall be inserted the following subsection—

"(1A) A periodical payment is not a qualifying maintenance payment unless either of the parties to the marriage mentioned in subsection (1)(b) above was born before 6th April 1935."

(3) In subsection (2) of that section, for "subsections (3) and (4)" there shall be substituted " subsection (3) ".

(4) In subsection (3) of that section, for "section 257A(1)" there shall be substituted " section 257A(5A) ".

(5) In subsection (5A) of that section, for "subsections (2) to (5)" there shall be substituted " subsections (2) and (3) ".

(6) In subsection (8) of that section, for "subsections (1)(a) and (5)(a)" there shall be substituted " subsection (1)(a) ".

(7) Sections 347A and 347B of the Taxes Act 1988 shall have effect, notwithstanding anything in subsection (3) of section 36 of the [M23]Finance Act 1988 (which provides for the application of those sections), in relation to a payment made in pursuance of an existing obligation (within the meaning of that subsection) as they have effect in relation to a payment made otherwise than in pursuance of such an obligation.

(8) This section has effect in relation to any payment falling due on or after 6th April 2000.

Marginal Citations
M23 1988 c.39.

Relief for interest payments

37 Limit on relief for interest. U.K.

For the year 1999-00 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.

38 Withdrawal of relief for interest on loans to buy land etc. U.K.

(1) A payment of interest falling within subsection (3) or (4) below shall not be eligible for relief under section 353 of the Taxes Act 1988 by virtue of section 354 of that Act (interest on loans to buy land etc.).

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(2) Section 369(1) of that Act (mortgage interest payable under deduction of tax) shall not apply to any payment of interest falling within subsection (3) or (4) below which (apart from section 353(2) of that Act and subsection (1) above) would be eligible for relief under section 353 of that Act by virtue of section 354 of that Act.

(3) A payment of interest falls within this subsection if it is—
- (a) a payment made on or after 6th April 2000 (whenever falling due); or
- (b) a payment made before that date, but not before 9th March 1999, of any interest that was not due until on or after 6th April 2000.

(4) A payment of interest falls within this subsection if it is—
- (a) made before 6th April 2000 but not before 9th March 1999; and
- (b) made under or in accordance with any scheme made for a tax-avoidance purpose on or after 9th March 1999 (whether or not before the making of the payment).

(5) For the purposes of subsection (4) above, a scheme is made for a tax-avoidance purpose if its main purpose, or one of its main purposes, is to secure that a payment of one or more of the following descriptions is a relievable payment, that is to say—
- (a) a payment discharging an obligation to make a payment which (but for the scheme) might have been expected to be a non-relievable payment;
- (b) a payment made in pursuance of any obligation which has effect, directly or indirectly, in place of an obligation under which a payment which might have been expected to be a non-relievable payment would have become due;
- (c) a payment made in pursuance of an obligation which (apart from the purpose of securing that it is a relievable payment) might have been expected to take the form of an obligation—
  - (i) to make a non-relievable payment, or
  - (ii) to make two or more payments at least one of which would have been a non-relievable payment.

(6) In subsection (5) above—

"non-relievable payment" means a payment falling within subsection (3) above; and

"relievable payment" means a payment which—
- (a) is eligible for relief under section 353 of the Taxes Act 1988, or
- (b) is a payment to which section 369(1) of that Act applies.

(7) The references in this section to a scheme are references to any scheme, arrangements or understanding of any kind whatever, whether or not legally enforceable.

(8) Schedule 4 to this Act (which contains amendments consequential on the preceding provisions of this section) shall have effect.

39 Withdrawal of relief for interest on new annuity loans. U.K.

(1) In section 365 of the Taxes Act 1988 (relief for interest on loans to buy life annuities), in subsection (1), before paragraph (a) insert—

"(aa) that the loan was made before 9th March 1999;".

(2) After subsection (1) of that section insert—

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"(1AA) Where—

(a) a loan made on or after 9th March 1999 was made in pursuance of an offer made by the lender before that date, and

(b) the offer was either in writing or evidenced by a note or memorandum made by the lender before that date,

the loan shall be deemed for the purposes of subsection (1)(aa) above to have been made before that date."

(3) This section has effect for the year 1998-99 and subsequent years of assessment.

40 Annuity loans: residence requirements and re-mortgages. U.K.

(1) Section 365 of the Taxes Act 1988 (relief for interest on loans to buy life annuities) is amended as follows.

(2) In subsection (1)(d) (residence requirement for land on which loan is secured), for "uses the land on which it was secured as his only or main residence at the time the interest is paid" substitute " used the land on which it was secured as his only or main residence immediately before 9th March 1999 ".

(3) After subsection (1AA) (inserted by section 39 of this Act) insert—

"(1AB) Subject to subsection (1AC) below, the conditions in paragraphs (aa) and (a) of subsection (1) above shall be treated as satisfied in relation to a loan ("the new loan") if—

(a) the new loan was made on or after the day on which the Finance Act 1999 was passed;

(b) the new loan was made as part of a scheme ("the scheme") under which the whole or any part of the proceeds of the loan was used to defray money applied in paying off another loan ("the old loan"); and

(c) the conditions in subsection (1) above were, or were treated by virtue of this subsection as, satisfied with respect to the old loan.

(1AC) If only part of the proceeds of the new loan was used to defray money applied in paying off the old loan, subsection (1AB) above applies only if, under the scheme, not less than nine-tenths of the remaining part of the proceeds of the new loan was applied to the purchase by the person to whom it was made of an annuity ending with his life or with the life of the survivor of two or more persons who include him.

(1AD) In subsection (1AC) above "the remaining part" means the part of the proceeds of the new loan that was not used to defray money applied in paying off the old loan."

(4) For subsection (1A) substitute—

"(1A) The condition in subsection (1)(d) above shall be treated as satisfied in relation to a loan if—

(a) the person to whom the loan was made, or any of the annuitants, ceased to use the land as his only or main residence at a time falling within the period of twelve months ending with 8th March 1999, and

(b) the intention at that time of the person to whom the loan was made, or each of the annuitants owning an estate or interest in the land, was to

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take steps, before the end of the period of twelve months after the day on which the land ceased to be so used, with a view to the disposal of his estate or interest."

(5) This section has effect in relation to any payment of interest (whenever falling due) made on or after the day on which this Act is passed.

41 Repayments attracting repayment supplement. U.K.

(1) Section 824 of the Taxes Act 1988 (repayment supplements for individuals) shall have effect, and be deemed always to have had effect, with the following amendments.

(2) Before subsection (3) insert—

"(2B) Subsection (1) above shall apply to a payment made by the Board under section 375(8) (payment of amount which borrower would have been able to deduct from interest payment under section 369(1)) as if the payment were a repayment falling within that subsection."

(3) In subsection (3), before paragraph (a) insert—

"(aa) if the repayment is a payment made by the Board under section 375(8), the relevant time is—

(i) if the interest payment was made in the year 1996-97 or a subsequent year of assessment, the 31st January next following that year;

(ii) if the interest payment was made in an earlier year of assessment, the 5th April next following that year;".

(4) This section shall be deemed to have had effect in relation to provisions corresponding to section 824 of the Taxes Act 1988 directly or indirectly re-enacted in that section as it has effect in relation to that section, subject to subsections (5) and (6) below.

(5) For the purposes of subsection (4) above the references in the amendments of section 824 of the Taxes Act 1988 made by this section to provisions of that Act shall be taken to include references to any corresponding provision contained in the enactments directly or indirectly re-enacted in those provisions.

(6) Subsection (4) above applies only if the payments corresponding to payments under section 375(8) of the Taxes Act 1988 were made in the year 1984-85 or a subsequent year of assessment.

Employee benefits etc.

42 Conditional acquisition of shares. U.K.

(1) Section 140A of the Taxes Act 1988 (conditional acquisition of shares) is amended as follows.

(2) Omit subsection (2).

(3) In subsection (3), for "In any other case" substitute " If the terms on which the employee acquires the employee's interest are such that his interest in the shares in question will cease to be only conditional within five years after his acquisition of the interest ".

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Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

(4) In subsection (4), for ", in a case falling within subsection (2) or (3) above" substitute " (whether or not subsection (3) above applies) ".

(5) This section applies in relation to shares acquired on or after the day on which this Act is passed.

43 Meaning of conditional interests in shares. U.K.

(1) Section 140C of the Taxes Act 1988 (which describes the cases in which an interest in shares is, or is not, to be treated as only conditional) is amended as follows.

(2) After subsection (1) insert—

"(1A) A person shall not for the purposes of sections 140A and 140B be taken, in relation to any shares in a company or any security, to have an interest which is only conditional by reason only that one or more of subsections (2) to (4) below applies in relation to him."

(3) In subsections (2), (3) and (4) for the words from the beginning to "by reason only that" substitute " This subsection applies in relation to a person if ".

(4) In subsection (3)—

(a) after "offer the shares for sale" insert " or transfer them "; and

(b) for the words from "if he ceases" to the end substitute " if he ceases to be an officer or employee of the company or of one or more group companies or of any group company. "

(5) After that subsection insert—

"(3A) This subsection applies in relation to a person if he may be required to offer the shares for sale or transfer them, if, as a result of misconduct, he ceases to be an officer or employee of the company or of one or more group companies or of any group company."

(6) After subsection (5) add—

"(6) For the purposes of this section—

(a) a company is a "group company" in relation to another company if they are members of the same group, and

(b) companies are taken to be members of the same group if, and only if, one is a 51 per cent. subsidiary of the other or both are 51 per cent. subsidiaries of a third company."

(7) The amendments made by this section shall be deemed always to have had effect.

44 Exemption for mobile telephones. U.K.

(1) The following section shall be inserted after section 155 of the Taxes Act 1988 (exception of certain benefits in kind from the general charge to tax)—

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"**155AA Mobile telephones.**

(1) Section 154 does not apply where the benefit consists in a mobile telephone being made available (without any transfer of the property in it) to the employee or to a member of his family or household.

(2) In this section "mobile telephone" means wireless telegraphy apparatus designed or adapted for the purpose of transmitting and receiving spoken messages so as to provide a telephone which—
   (a) is connected to a public telecommunication system (within the meaning of the [M24]Telecommunications Act 1984); and
   (b) is not physically connected to a land-line;

   but does not include any cordless telephone or any telepoint telephone.

(3) The mobile telephones to which the exemption provided by this section applies include any mobile telephone provided in connection with a car, van or heavier commercial vehicle, notwithstanding that the vehicle is made available as mentioned in section 157, section 159AA or, as the case may be, section 159AC.

(4) In this section "cordless telephone" means wireless telegraphy apparatus which (whether or not provided in connection with a car, van or heavier commercial vehicle)—
   (a) is designed or adapted for the purpose of transmitting and receiving spoken messages so as to provide a wireless extension to a telephone, and
   (b) is used only as such an extension to a telephone that is physically connected to a land-line.

(5) In this section "telepoint telephone" means wireless telegraphy apparatus which (whether or not provided in connection with a car, van or heavier commercial vehicle) is used for the purpose of a short-range radio communications service utilising frequencies between 864 and 868 megahertz (inclusive).

(6) In this section "heavier commercial vehicle" has the same meaning as in section 159AC."

(2) Section 159A of that Act (charge on mobile telephones) shall cease to have effect.

(3) In section 154 of that Act (general charging provision for benefits in kind), in subsection (2)—
   (a) in paragraph (b), "159A," shall be omitted; and
   (b) after "sections 155" there shall be inserted " , 155AA ".

(4) In section 168A of that Act (price of a car as regards a year), in subsection (11), for "section 159A(8)(a)" there shall be substituted " section 155AA(2) ".

(5) In section 200AA of that Act (incidental benefits for holders of certain offices etc.), subsection (3) shall cease to have effect.

(6) This section has effect for the year 1999-00 and subsequent years of assessment.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

Marginal Citations
M24 1984 c.12.

45 Limited exemption for computer equipment. U.K.

(1) After section 156 of the Taxes Act 1988 there shall be inserted the following section—

"156A Limited exemption for computer equipment.

(1) This section applies to a benefit consisting in the provision of computer equipment if, in the case of a person ("the employee") who is in employment to which this Chapter applies—
  (a) that equipment is provided by being made available to the employee or to a member of his family or household;
  (b) it is so made available without any transfer of property in the equipment to the employee or to a member of his family or household; and
  (c) it is so made available in a case in which the arrangements for providing employees of the employer with the benefit of computer equipment comply with subsection (2) below.

(2) The arrangements for providing the employees of the employer with the benefit of computer equipment comply with this subsection unless—
  (a) the only arrangements for making computer equipment available to such employees, or to members of their families or households, are arrangements that are confined to cases where the employee in question is a director of a company; or
  (b) the arrangements (taking them all together) for making computer equipment available to employees of the employer, or to members of their families or households, are such that it is made available on terms that are more favourable in some or all of the cases where the employee in question is a director of a company than in one or more cases where he is not.

(3) Section 154 applies for any year of assessment to—
  (a) the benefits to which this section applies that are provided in that year and consist in the making available to the employee of any equipment, and
  (b) the benefits to which this section applies that are provided in that year and consist in the making available to members of his family or household of any equipment,

  to the extent only that the amount which (disregarding this section) would be taken to be the aggregate cash equivalent of the benefits falling within paragraphs (a) and (b) above exceeds £500.

(4) For the purposes of this section "computer equipment" includes printers, scanners, modems, discs and other peripheral devices designed to be used by being connected to or inserted in a computer.

(5) In this section references to making computer equipment available—

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(a) include references to the provision, together with any computer equipment made available, of a right to use computer software; but

(b) do not include references to the provision of a benefit consisting in access to, or the use of, any public telecommunication system (within the meaning of the [M25]Telecommunications Act 1984).”

(2) In section 154(2) of that Act, for “and 155A” there shall be substituted “ , 155A and 156A ”.

(3) This section applies for the year 1999-00 and subsequent years of assessment.

Marginal Citations

M25 1984 c.12.

46 PRP and agricultural pay. U.K.

(1) An application made at any time on or after 28th July 1998 for the registration of a profit-related pay scheme shall not be required to contain, or to have contained, any such undertaking as is mentioned in section 175(1)(c) of the Taxes Act 1988 (undertaking to satisfy minimum wage legislation without taking account of profit-related pay).

(2) In section 178(1) of the Taxes Act 1988, paragraph (d) (cancellation on grounds of non-compliance with a section 175(1)(c) undertaking) shall be omitted.

(3) Subsection (2) above has effect in relation only to failures to comply taking place on or after 28th July 1998; but it shall be deemed so to have had effect at all times on or after that date.

47 Cars available for private use. U.K.

(1) Schedule 6 to the Taxes Act 1988 (cars available for private use: cash equivalent of car) shall be amended as follows.

(2) In paragraph 2(1) (reduction for business travel: 18,000 miles and above)—

(a) for “in the year concerned” substitute “ in a year ”, and

(b) for “the amount ascertained under paragraph 1 above, reduced by two thirds” substitute “ 15 per cent. of the price of the car as regards the year ”.

(3) In paragraph 2(2) (reduction for business travel: 2,500 to 18,000 miles)—

(a) for “in the year concerned” substitute “ in a year ”, and

(b) for “the amount ascertained under paragraph 1 above, reduced by one third” substitute “ 25 per cent. of the price of the car as regards the year ”.

(4) For paragraph 4(a) (two or more cars) substitute—

“(a) paragraph 2(1) above shall have effect as if for “15 per cent.” there were substituted “25 per cent.””

(5) In paragraph 5 (reduction for age of car), for “one third” substitute “ one quarter ”.

(6) This section has effect for the year 1999-00 and subsequent years of assessment.

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48 Provision and support of bus services. U.K.

(1) In Chapter IV of Part V of the Taxes Act 1988 (provisions relating to the Schedule E charge: exemptions and deductions), after section 197A insert—

"**197AA Works bus services.**

(1) There is no charge to tax under section 154 (taxable benefits: general charging provision) in respect of the provision for employees of a works bus service.

(2) A "works bus service" means a service provided by means of a bus for conveying employees of one or more employers on qualifying journeys.

(3) For the purposes of this section—

"bus" means a road passenger vehicle with a seating capacity of 12 or more; and

"qualifying journey", in relation to an employee, means a journey—

(a) between his home and workplace, or

(b) between one workplace and another,

in connection with the performance of the duties of the employment.

(4) The exemption conferred by this section is subject to the following conditions—

(a) the service must be available generally to employees of the employer (or each employer) concerned;

(b) the main use of the service must be for qualifying journeys by those employees.

(5) The exemption is also subject to substantial compliance with the condition that the service must be used only by the employees for whom it is provided or their children.

For this purpose "children" includes stepchildren and illegitimate children but does not include children aged 18 or over.

(6) If under this section there is no charge to tax under section 154 (or would be no charge if the employee were in employment to which Chapter II of Part V applies), there is no charge to tax under section 141 (non-cash vouchers) in respect of a voucher evidencing the employee's entitlement to use the service.

(7) In this section—

"employment" includes an office and related expressions have a corresponding meaning; and

"workplace" means a place at which the employee's attendance is necessary in the performance of the duties of the employment.

(8) For the purposes of this section the seating capacity of a vehicle is determined in the same way as for the purposes of Part III of Schedule 1 to the [M26]Vehicle Excise and Registration Act 1994 (vehicle excise duty on buses), whether or not the vehicle is a bus within the meaning of that Part.

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197AB Support for public transport road services.

(1) There is no charge to tax under section 154 (taxable benefits: general charging provision) in respect of financial or other support for a public transport road service used by employees of one or more employers for qualifying journeys.

(2) For this purpose—

"public transport road service" means a public passenger transport service provided by means of a road vehicle; and

"qualifying journey", in relation to an employee, means a journey—

(a) between his home and workplace, or

(b) between one workplace and another,

in connection with the performance of the duties of the employment.

(3) The exemption conferred by this section is subject to the following conditions—

(a) the terms on which the service is available to the employees referred to in subsection (1) above must not be more favourable than those available to other passengers;

(b) the service must be available generally to employees of the employer (or each employer) concerned.

(4) In this section—

"employment" includes an office and related expressions have a corresponding meaning; and

"workplace" means a place at which the employee's attendance is necessary in the performance of the duties of the employment."

(2) This section has effect for the year 1999-00 and subsequent years of assessment.

Marginal Citations

M26 1994 c.22.

49 Provision of motor cycle or cycle parking facilities. U.K.

(1) The provisions listed below (which provide for exemption from tax in relation to the provision of car parking spaces) apply in relation to—

(a) motor cycle parking spaces, and

(b) facilities for parking cycles,

as they apply in relation to car parking spaces.

(2) The provisions referred to above are—

section 141(6A) of the Taxes Act 1988 (use of non-cash voucher to obtain use of parking space);

section 142(3A) of that Act (use of credit-token to obtain use of parking space);

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section 155(1A) of that Act (taxable benefits: general charge excluded in relation to provision of parking space); and

section 197A of that Act (charge on emoluments excluded in relation to expenditure in connection with provision of parking space).

(3) In subsection (1) above—

"motor cycle" has the meaning given by section 185(1) of the [M27]Road Traffic Act 1988, and

"cycle" has the meaning given by section 192(1) of that Act.

(4) The provisions of this section have effect for the year 1999-00 and subsequent years of assessment.

Modifications etc. (not altering text)

C1 S. 49(1) applied (6.4.2001 with effect as mentioned in reg. 1(2) of S.I. 2001/597) by S.R. 1979/186, reg. 19, **Sch. 1ZC Pt. V para. 3** (as inserted 6.4.2001 with effect as mentioned in reg. 1(2) of S.I. 2001/597) by S.I. 2001/597, reg. 11, **Sch. 2**

S. 49(1) applied (6.4.2001 with effect as mentioned in reg. 1(1) of the amending S.I.) by S.I. 2001/1004, regs. 1, 26, **Sch. 3 Pt. V para. 3**

Marginal Citations

M27 1988 c.52.

50 Cycles and cyclist's safety equipment. U.K.

(1) In Chapter IV of Part V of the Taxes Act 1988 (provisions relating to the Schedule E charge: exemptions and deductions), after section 197AB (inserted by section 48 above) insert—

"**197AC Provision of cycle or cyclist's safety equipment.**

(1) There is no charge to tax under section 154 (taxable benefits: general charging provision) in respect of the provision for an employee of—

(a) a cycle, or

(b) cyclist's safety equipment,

without any transfer of the property in the cycle or equipment.

(2) In this section "cycle" has the meaning given by section 192(1) of the Road Traffic Act 1988, and "cyclist" has a corresponding meaning.

(3) The exemption conferred by subsection (1) above is subject to the condition that the benefit or facility in question must be available generally to employees of the employer concerned.

(4) The exemption is also subject to the condition that the employee must use the cycle or safety equipment mainly for qualifying journeys.

For this purpose "qualifying journey", in relation to an employee, means a journey—

(a) between his home and workplace, or

(b) between one workplace and another,

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in connection with the performance of the duties of the employment.

(5) If under this section there is no charge to tax under section 154 (or would be no charge if the employee were in employment to which Chapter II of Part V applies), there is no charge to tax under section 141 (non-cash vouchers) in respect of a voucher evidencing the employee's entitlement to use the cycle or safety equipment in question.

(6) In this section—

"employment" includes an office and related expressions shall be construed accordingly; and

"workplace" means a place at which the employee's attendance is necessary in the performance of the duties of the employment."

(2) In section 27(2B) of the [M28]Capital Allowances Act 1990 (cases in which expenditure on machinery or plant qualifies for allowances although not "necessarily" provided for use in performance of duties of employment)—

(a) in paragraph (a) after "mechanically propelled road vehicle" insert " or a cycle "; and

(b) after paragraph (b) insert—

"In paragraph (a) "cycle" has the meaning given by section 192(1) of the [M29]Road Traffic Act 1988.".

(3) The provisions of this section have effect for the year 1999-00 and subsequent years of assessment.

Marginal Citations

M28 1990 c.1.

M29 1988 c.52.

Members of parliaments and assemblies

51 EU travel expenses. U.K.

(1) In section 200 of the Taxes Act 1988 (expenses of Members of Parliament), in subsection (2), for the words from "the cost of" to "Strasbourg" substitute " EU travel expenses " and after that subsection insert—

"(3) For the purposes of subsection (2) above "EU travel expenses" are the cost of, and any additional expenses incurred in, travelling between the United Kingdom and—

(a) any European Union institution in Brussels, Luxembourg or Strasbourg, or

(b) the national parliament of another member State.".

(2) This section has effect in relation to sums paid on or after 1st April 1999.

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52 Scottish Parliament and devolved assemblies. U.K.

(1) Schedule 5 to this Act, which makes amendments the effect of which is—

(a) to treat members of the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly in the same way, for tax purposes, as members of Parliament, and

(b) to treat certain office holders under the [M30]Scotland Act 1998, the [M31]Government of Wales Act 1998 and the [M32]Northern Ireland Act 1998 in the same way, for tax purposes, as holders of ministerial and other offices,

shall have effect.

(2) The amendments made by that Schedule have effect for the year 1999-00 and subsequent years of assessment.

Marginal Citations

M30 1998 c.46.
M31 1998 c.38.
M32 1998 c.47.

Sub-contractors in the construction industry

53 Exemption certificates. U.K.

(1) Sections 562 to 565 of the Taxes Act 1988 (exemption certificates for the scheme for sub-contractors in the construction industry) shall have effect in relation to any application to which this section applies, and shall be deemed always to have had effect in relation to such an application—

(a) with the substitution of the subsection set out in subsection (2) below for the subsection (2B) inserted in section 562 by paragraph 4(3) of Schedule 27 to the [M33]Finance Act 1995 (which defined the payments to be taken into account in assessing turnover for the purposes of exemption); and

(b) as if paragraphs 3 to 5 of Schedule 8 to the [M34]Finance Act 1998 (which extended the description of payments for certain cases) had not been enacted.

(2) That subsection is as follows—

"(2B) In subsection (2A) above "relevant payments" means payments under contracts relating to, or to the work of individuals participating in the carrying out of, any operations which—

(a) are of a description specified in subsection (2) of section 567; but

(b) are not of a description specified in subsection (3) of that section,

other than so much of the payments as represents the direct cost to the person receiving the payments of materials used or to be used in carrying out the operations in question."

(3) This section applies to any application for the issue or renewal of a certificate under section 561 of the Taxes Act 1988 which is or has been made with respect to any period beginning on or after 1st August 1999.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
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Marginal Citations

M33 1995 c.4.

M34 1998 c.36.

Reverse premiums

54 Tax treatment of reverse premiums. U.K.

(1) Schedule 6 to this Act (tax treatment of receipts by way of reverse premium) has effect.

(2) The provisions of that Schedule apply in relation to a reverse premium (within the meaning of that Schedule) received on or after 9th March 1999, unless it is a payment or other benefit to which the recipient was entitled immediately before that date.

(3) In determining whether a payment or benefit was one to which the recipient was entitled immediately before 9th March 1999, no account shall be taken of any arrangements made on or after that date.

Charities

55 Gifts in kind to charities etc. U.K.

(1) The following section shall be inserted after section 83 of the Taxes Act 1988—

"**83A Gifts in kind to charities etc.**

(1) This section applies where a person carrying on a trade, profession or vocation gives an article falling within subsection (2) below to—
  (a) a charity within the meaning of section 506, or
  (b) a body listed in section 507(1).

(2) An article falls within this subsection if—
  (a) it is an article manufactured, or of a class or description sold, by the donor in the course of his trade; or
  (b) it is an article used by the donor in the course of his trade, profession or vocation which for the purposes of Part II of the 1990 Act constitutes machinery or plant used by him wholly or partly in the course of that trade, profession or vocation.

(3) Subject to subsection (4) below, where this section applies in the case of the gift of an article—
  (a) no amount shall be required, in consequence of the donor's disposal of that article from trading stock, to be brought into account for the purposes of the Tax Acts as a trading receipt of the donor; and
  (b) section 24(6) of the 1990 Act shall not require the donor to bring into account any disposal value in respect of the article for the purposes of that section.

(4) In any case where—

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(a) relief is given under subsection (3) above in respect of the gift of an article, and

(b) any benefit received in any chargeable period by the donor or any person connected with him is in any way attributable to the making of that gift,

the donor shall in respect of that chargeable period be charged to tax under Case I or Case II of Schedule D or, if he is not chargeable to tax under either of those Cases for that period, under Case VI of Schedule D on an amount equal to the value of that benefit.

(5) Section 839 applies for the purposes of this section."

(2) Section 47 of the [M35]Finance Act 1998 (gifts in kind for relief in poor countries) shall cease to have effect.

(3) Subsections (1) and (2) above have effect in relation to gifts made on or after the day on which this Act is passed.

Marginal Citations

M35 1998 c.36.

56 Gifts of money to relieve refugee poverty. U.K.

(1) Section 48 of the Finance Act 1998 (gifts of money made for relief in poor countries) shall be amended in accordance with subsections (2) to (4) below.

(2) In subsection (1)—

(a) in paragraph (a), for "the first designation date" there shall be substituted " 31st July 1998 ";

(b) in paragraph (b), for "one or both" there shall be substituted " one or more ".

(3) In subsection (2)—

(a) in paragraphs (a) and (b) for "designated countries or territories" there shall be substituted " countries or territories designated for the purposes of this paragraph, "; and

(b) at the end of paragraph (b) there shall be inserted ", and

(c) the relief of poverty in the case of persons from any country or territory designated for the purposes of this paragraph who are refugees or who have suffered displacement as a result of organised intimidation or oppression or of war or other armed conflict."

(4) In subsection (9), for "this section" there shall be substituted " paragraph (a), (b) or (c) of subsection (2) above ".

(5) Any order made before the passing of this Act under subsection (9) of that section (designation of countries or territories in respect of which section 48 has effect) shall have effect as if made for the purposes only of subsection (2)(a) and (b) of that section.

(6) Any notification given for the purposes of that section, in relation to a charity, before the passing of this Act shall be treated as a notification given for the purposes of that section as amended by this section.

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Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

(7) This section has effect in relation to gifts made on or after 6th April 1999.

(8) An order made under subsection (9) of that section for the purposes of subsection (2)(c) (as inserted by subsection (3)(b) above) may have effect retrospectively in relation to such times falling on or after that date as may be specified in the order.

57 Aggregation of money gifts for relief in poor countries. U.K.

(1) Section 48 of the [M36]Finance Act 1998 (gifts of money made for relief in poor countries) shall have effect, and be deemed always to have had effect, with the following amendments.

(2) In subsection (4) (aggregated small gifts to be treated as a single payment made at the time of the last of them), after "that section" there shall be inserted " (but subject to subsection (4A) below) ".

(3) After that subsection there shall be inserted the following subsection—

"(4A) Subsection (10) of section 25 of the [M37]Finance Act 1990 (receipts of gifts by a charity to be treated as payments of grossed-up amounts after deduction of basic rate income tax) shall have effect where—

(a) any aggregated gifts are treated under this section as a single qualifying donation made to a charity, and

(b) the aggregated gifts include gifts made in different years of assessment,

as if that single qualifying donation had been received by the charity in the year of assessment in which the first of the aggregated gifts was made and as if that were the relevant year of assessment for the purposes of that subsection."

Marginal Citations

M36 1998 c.36.

M37 1990 c.29.

Education and training

58 Employees seconded to educational establishments. U.K.

(1) Section 86 of the Taxes Act 1988 (employees seconded to charities and educational establishments) shall be amended as follows.

(2) In subsection (3) (relief for expenditure attributable to the employment before 1st April 1997 of employees seconded to educational establishments), the words "and before 1st April 1997" shall be omitted.

(3) In that subsection, for paragraphs (a) to (c) there shall be substituted—

"(a) in England and Wales, any body falling within subsection (4) below;

(b) in Scotland, any body falling within subsection (5) below;

(c) in Northern Ireland, any body falling within subsection (6) below; and".

(4) After subsection (3) there shall be inserted—

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"(4) A body falls within this subsection if it is—

(a) a local education authority;

(b) an educational institution maintained or otherwise supported by such an authority (including a grant-maintained school or a grant-maintained special school within the meaning of the [M38]Education Act 1996);

(c) an independent school, within the meaning of the Education Act 1996, whose registration under section 465 of that Act is final; or

(d) an institution within the further education sector, or the higher education sector, within the meaning of the [M39]Further and Higher Education Act 1992.

(5) A body falls within this subsection if it is—

(a) an education authority;

(b) an educational establishment managed by such an authority within the meaning of the [M40]Education (Scotland) Act 1980 ("the 1980 Act");

(c) a public or grant-aided school within the meaning of the 1980 Act;

(d) a self-governing school within the meaning of the [M41]Self-Governing Schools etc. (Scotland) Act 1989;

(e) an independent school within the meaning of the 1980 Act;

(f) a central institution within the meaning of the 1980 Act;

(g) an institution within the higher education sector within the meaning of section 56(2) of the [M42]Further and Higher Education (Scotland) Act 1992; or

(h) a college of further education within the meaning of section 36(1) of that Act.

(6) A body falls within this subsection if it is—

(a) an education or library board within the meaning of the [M43]Education and Libraries (Northern Ireland) Order 1986;

(b) a college of education or a controlled, maintained, grant-maintained integrated, controlled integrated, voluntary or independent school within the meaning of that Order; or

(c) an institution of further education within the meaning of the [M44]Further Education (Northern Ireland) Order 1997."

(5) The amendment made by subsection (2) above shall be deemed always to have had effect.

(6) The amendments made by subsections (3) and (4) above have effect for the year 1999-00 and subsequent years of assessment.

Marginal Citations

M38 1996 c.56.
M39 1992 c.13.
M40 1980 c.44.
M41 1989 c.39.
M42 1992 c.37.
M43 S.I. 1986/594 (N.I. 3.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
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M44 S.I. 1997/1772 (N.I. 15.

59 Phasing out of vocational training relief. U.K.

(1) For subsection (2) of section 32 of the [M45]Finance Act 1991 (vocational training relief) there shall be substituted—

"(2) The individual shall be entitled to relief under this subsection in respect of the payment for the year of assessment in which it is made; but relief under this subsection shall be given only on a claim made for the purpose, except where subsections (3) to (5) below apply.

(2A) Where an individual is entitled to relief under subsection (2) above in respect of any payment made in a year of assessment, the amount of his liability for that year to income tax on his total income shall be the amount to which he would be liable apart from this section less whichever is the smaller of—

(a) the amount which is equal to such percentage of the amount of the payment as is the basic rate for the year; and

(b) the amount which reduces his liability to nil.

(2B) In determining for the purposes of subsection (2A) above the amount of income tax to which a person would be liable apart from this section, no account shall be taken of—

(a) any income tax reduction under Chapter I of Part VII of the Taxes Act 1988 or under section 347B of that Act;

(b) any income tax reduction under section 353(1A) of the Taxes Act 1988;

(c) any relief by way of a reduction of liability to tax which is given in accordance with any arrangements having effect by virtue of section 788 of the Taxes Act 1988 or by way of a credit under section 790(1) of that Act;

(d) any tax at the basic rate on so much of that person's income as is income the income tax on which he is entitled to charge against any other person or to deduct, retain or satisfy out of any payment."

(2) That section and section 33 of that Act (provisions supplementary to section 32) shall cease to have effect.

(3) In this section—

(a) subsection (1) has effect in relation to payments made on or after 6th April 1999; and

(b) subsection (2) shall have effect in relation to payments made on or after such date after 6th April 2000 as the Treasury may by order appoint.

Subordinate Legislation Made

P2 S. 59(3)(b) power fully exercised: 1.9.2000 appointed by S.I. 2000/2004, **art. 2**

Marginal Citations

M45 1991 c.31

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
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60 Student loans: certain interest to be disregarded. U.K.

The following section shall be inserted after section 331 of the Taxes Act 1988—

"331A Student loans: certain interest to be disregarded.

(1) If—

(a) a loan is made to a person under any of the relevant student loan provisions,

(b) an amount is recovered from him in respect of the loan,

(c) an amount is repaid to him in respect of the amount recovered, and

(d) interest is paid to him in respect of the amount repaid,

the interest shall be disregarded for all purposes of income tax.

(2) For the purposes of subsection (1) above the relevant student loan provisions are—

(a) section 22 of the [M46]Teaching and Higher Education Act 1998;

(b) section 73(f) of the [M47]Education (Scotland) Act 1980;

(c) Article 3 of the [M48]Education (Student Support) (Northern Ireland) Order 1998."

Marginal Citations

M46 1998 c.30

M47 1980 c.44

M48 S.I. 1998/1760 (N.I. 14).

Various other reliefs etc.

61 Class 1B National Insurance contributions. U.K.

(1) In section 617 of the Taxes Act 1988 (social security benefits and contributions), in subsection (4), for "or Class 1A contribution" there shall be substituted " , a Class 1A contribution or a Class 1B contribution ".

(2) Subsection (1) above has effect in relation to contributions paid on or after 6th April 1999.

62 Expenditure on film production and acquisition. U.K.

In subsection (2)(a) of section 48 of [M49]the Finance (No. 2) Act 1997 (which provides for favourable tax treatment for certain expenditure on film production and acquisition incurred on or after 2nd July 1997 and before 2nd July 2000), for "2nd July 2000" there shall be substituted " 2nd July 2002 ".

Marginal Citations

M49 1997 c.58.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
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63 Treatment of transfer fees under existing contracts. U.K.

(1) Subject to subsection (2) below, where—

(a) a contract is or has been entered into by a football or other sports club to secure the services of a player; and

(b) the contract is or was entered into before the beginning of the first accounting period of the club in relation to which a relevant financial reporting standard has effect (whether by virtue of the adoption of the standard by the club or otherwise),

nothing in the standard shall be taken to affect the manner in which any fee required to be paid by the club under the contract may be taken into account in computing the club's profits to be charged under Case I of Schedule D.

(2) Subsection (1) above shall not apply if the club so elects by a notice given to an officer of the Board within the period of two years beginning immediately after the accounting period described in subsection (1)(b) above.

(3) The relevant financial reporting standards are—

(a) Financial Reporting Standard 10 issued by the Accounting Standards Board on 4th December 1997; and

(b) Financial Reporting Standard for Smaller Entities issued by that Board on 10th December 1998.

(4) All such adjustments shall be made (whether by way of assessment, amendment of an assessment, repayment of tax or otherwise) as may be necessary to give effect to the provisions of this section.

(5) Subsection (4) above has effect notwithstanding any time limits relating to the making or amendment of an assessment for any accounting period.

Settlements

64 Income of unmarried child of settlor. U.K.

(1) In section 660B(1) of the Taxes Act 1988 (circumstances in which income arising under settlement treated as that of settlor), before "is paid to or for the benefit of an unmarried minor child of the settlor" insert " (a) " and after those words insert—

", or

(b) would otherwise be treated (apart from this section) as income of an unmarried minor child of the settlor,".

(2) In subsection (3) of that section (meaning of available retained or accumulated income), for paragraphs (a) and (b) substitute—

"(a) treated as income of the settlor, or

(b) paid (whether as income or capital) to or for the benefit of, or otherwise treated as the income of, a beneficiary other than an unmarried minor child of the settlor, or

(bb) treated as the income of an unmarried minor child of the settlor, and subject to tax, in any of the years 1995-96, 1996-97 or 1997-98, or".

(3) After that subsection insert—

"(3A) For the purposes of subsection (3)(bb) above—

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(a) the amount of a child's income that is subject to tax in a year of assessment is the amount ("the taxable amount") by which the child's total income for income tax purposes exceeds the aggregate amount of allowances that may be set against it; and

(b) income arising under the settlement that is treated as income of the child is subject to tax to the extent that it does not exceed the taxable amount.

In this subsection "allowance" includes any deduction allowed against total income.".

(4) For subsection (5) of that section substitute—

"(5) If in any year of assessment the aggregate amount of a child's relevant settlement income does not exceed £100, subsection (1) does not apply in relation to that income.

A child's 'relevant settlement income' means income paid to or for the benefit of, or otherwise treated as income of, that child which apart from this subsection would be treated as income of the settlor under subsection (1).".

(5) The amendment in subsection (1) above has effect in relation to—

(a) income arising under a settlement made or entered into on or after 9th March 1999, and

(b) income arising under a settlement made or entered into before that date so far as it arises directly or indirectly from funds provided on or after that date;

and the amendment in subsection (4) above has effect accordingly.

Any apportionment required for the purposes of paragraph (b) shall be made on a just and reasonable basis.

(6) The amendments in subsections (2) and (3) above have effect in relation to any payment within subsection (2) of section 660B of the Taxes Act 1988 made on or after 9th March 1999.

In relation to such a payment those amendments apply whenever the facts mentioned in subsection (3) of that section occurred.

(7) In section 660E of the Taxes Act 1988 (application of provisions to settlements by two or more settlors), in subsection (3) (which refers to section 660B) for the words from "in relation to" to "child of the settlor" substitute " in relation to a child of the settlor ".

Securities and investments

65 Relevant discounted securities. **U.K.**

(1) In paragraph 3 of Schedule 13 to the [M50]Finance Act 1996 (meaning of "relevant discounted security"), for sub-paragraph (1) there shall be substituted the following sub-paragraphs—

"(1) Subject to the following provisions of this paragraph and paragraph 14(1) below, in this Schedule "relevant discounted security" means any security which (whenever issued) is such that, taking the security as at the time of its issue, the amount payable on redemption—

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(a) on maturity, or

(b) in the case of a security of which there may be a redemption before maturity, on at least one of the occasions on which it may be redeemed,

is or would be an amount involving a deep gain, or might be an amount which would involve a deep gain.

(1A) The occasions that are to be taken into account for the purpose of determining whether a security is a relevant discounted security by virtue of sub-paragraph (1)(b) above shall not include any of the following occasions on which it may be redeemed, that is to say—

(a) any occasion not falling within sub-paragraph (1C) below on which there may be a redemption otherwise than at the option of the person who holds the security;

(b) in a case where a redemption may occur as a result of the exercise of an option that is exercisable—

(i) only on the occurrence of an event adversely affecting the holder, or

(ii) only on the occurrence of a default by any person,

any occasion on which that option is unlikely (judged as at the time of the security's issue) to be exercisable;

but nothing in this sub-paragraph shall require an occasion on which a security may be redeemed to be disregarded by reason only that it is or may be an occasion that coincides with an occasion mentioned in this sub-paragraph.

(1B) In sub-paragraph (1A) above "event adversely affecting the holder", in relation to a security, means an event which (judged as at the time of the security's issue) is such that, if it occurred and there were no provision for redemption, the interests of the person holding the security at the time of the event would be likely to be adversely affected.

(1C) An occasion on which there may be a redemption of a security falls within this sub-paragraph if—

(a) the security is a security issued to a person connected with the issuer; or

(b) the obtaining of a tax advantage by any person is the main benefit, or one of the main benefits, that might have been expected to accrue from the provision in accordance with which it may be redeemed on that occasion.

(1D) In sub-paragraph (1C) above "tax advantage" has the meaning given by section 709(1) of the Taxes Act 1988.

(1E) Subject to sub-paragraph (1F) below, where a security which is not a relevant discounted security but which would have been such a security if it had been issued to a person connected with the issuer—

(a) is acquired by a person who is so connected, or

(b) is held by a person who becomes so connected,

this Schedule shall have effect, in relation to times falling at or after the time of the acquisition or, as the case may be, the time when that person became so connected, as if the security were a relevant discounted security.

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(1F) Where a security which—

(a) is a relevant discounted security, but

(b) would not be such a security but for sub-paragraph (1C)(a) or (1E) above,

is acquired by a person who is not connected with the issuer, this Schedule shall have effect, in relation to that person, as if the security ceased to be a relevant discounted security at the time of the acquisition."

(2) After sub-paragraph (2) of that paragraph there shall be inserted the following sub-paragraphs—

"(2A) Nothing in sub-paragraph (2)(c) above shall prevent a security that would have been a relevant discounted security if it had been issued to a person connected with the issuer from being treated as a relevant discounted security by virtue of sub-paragraph (1E) above.

(2B) Nothing in sub-paragraph (2)(f) above shall prevent a security from being treated as a relevant discounted security by virtue of sub-paragraph (1C)(a) or (1E) above."

(3) Sub-paragraph (5) of that paragraph shall cease to have effect.

(4) After sub-paragraph (6) of that paragraph there shall be inserted the following sub-paragraphs—

"(7) Section 839 of the Taxes Act 1988 (connected persons) applies for the purposes of this paragraph.

(8) In determining for the purposes of sub-paragraph (1C), (1E), (1F) or (2A) above whether a person is or becomes connected with the issuer, no account shall be taken of—

(a) the security mentioned in that sub-paragraph; or

(b) any security issued under the same prospectus as that security."

(5) In paragraph 10 of that Schedule (issue of securities in separate tranches), after sub-paragraph (3) there shall be inserted the following sub-paragraph—

"(4) For the purpose of determining whether a security held by a person who is not connected with the issuer is a relevant discounted security by virtue of this paragraph, a security which—

(a) is a relevant discounted security, but

(b) would not be such a security but for paragraph 3(1C)(a) or (1E) above,

shall be assumed not to be a security falling within sub-paragraph (1)(b) above."

(6) In paragraph 13 of that Schedule (excluded indexed securities), after sub-paragraph (8) there shall be inserted the following sub-paragraph—

"(9) In this paragraph references to redemption, in relation to a security, do not include references to redemption of the security on any such occasion as, by reason of sub-paragraph (1A) of paragraph 3 above, is not to be taken into account for the purpose of determining whether the security is a relevant discounted security by virtue of sub-paragraph (1)(b) of that paragraph."

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(7) In section 92 of that Act, after subsection (6) there shall be inserted the following subsections—

"(7) Where an asset representing a creditor relationship of a company—

(a) ceases at any time to be an asset to which this section applies, but

(b) does not cease at that time to represent a creditor relationship of that company,

the company shall be deemed for the purposes of the [M51]Taxation of Chargeable Gains Act 1992 and this Chapter to have disposed of the asset immediately before that time for the relevant consideration, and to have re-acquired it immediately after that time for the relevant consideration.

(8) Any deemed disposal and re-acquisition under subsection (7) above shall be treated for the purposes of that Act of 1992 as a transaction in the case of which—

(a) sections 127 to 130 of that Act would apply, apart from the provisions of section 116 of that Act, by virtue of any provision of Chapter II of Part IV of that Act;

(b) the asset in question represents both the original shares and the new holding for the purposes of those sections;

(c) the market value of the asset at the time of the transaction is an amount equal to the relevant consideration.

(9) Subject to subsection (10) below, in subsections (7) and (8) above "the relevant consideration", in relation to an asset, means the amount that would have been taken, in accordance with the relevant accounting method, to be the value of the asset at the time of its deemed disposal if that method had been applied to the asset for tax purposes at all times until then.

(10) Subsection (5) above shall not apply in the case of a deemed disposal and re-acquisition under subsection (7) above; but the amount of the relevant consideration in such a case shall be treated for the purposes of the Taxation of Chargeable Gains Act 1992 as reduced by so much (if any) of the amount mentioned in subsection (9) above as is referable to interest which—

(a) is not paid or payable to the company before the time of the deemed disposal; but

(b) is interest falling to be brought into account under subsections (2) and (3) above as having accrued before that time.

(11) In subsection (9) above "the relevant accounting method", in relation to an asset representing a creditor relationship of a company, means the accounting method which, for the accounting period of that company in which the deemed re-acquisition takes place, is used as respects that asset and the part of that accounting period beginning with the deemed re-acquisition."

(8) Subject to subsections (9) to (12) below, subsections (1) to (7) above have effect in relation to—

(a) any transfer of a security on or after 15th February 1999; or

(b) any occasion on or after that date on which a person holding a security becomes entitled to any payment on its redemption.

(9) For the purposes of section 92 of that Act, subsections (1) to (7) above—

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(a) have effect in relation to any accounting period of a company ending on or after 15th February 1999; but

(b) do not affect any amount falling to be brought into account in respect of any disposal (in whole or in part) of an asset representing a creditor relationship if the disposal was one completed before that day.

(10) For the purposes of paragraphs 17 and 18 of Schedule 9 to that Act, subsections (1) to (7) above—

(a) have effect in relation to any accounting period of a company ending on or after 15th February 1999; but

(b) do not affect any amount falling to be brought into account in respect of a security representing a debtor relationship of a company if, on that day, the company was no longer subject to any liability under the relationship.

(11) For the purposes of sections 117(2AA) and 251(8) of the [M52]Taxation of Chargeable Gains Act 1992, subsections (1) to (7) above have effect in relation to any disposal (in whole or in part) of an asset on or after 15th February 1999.

(12) For the purposes of subsection (1)(c) of section 254 of that Act (which, notwithstanding its repeal by the [M53]Finance Act 1998, continues to have effect in relation to loans made before 17th March 1998), subsections (1) to (7) above have effect in relation to any claim made on or after 15th February 1999.

Marginal Citations

M50 1996 c.8.
M51 1992 c.12.
M52 1992 c.12.
M53 1998 c.36.

66 Qualifying corporate bonds: provision consequential on s. 65. U.K.

(1) This section applies where—

(a) before 15th February 1999 there occurred a transaction ("the relevant transaction") to which sections 127 to 130 of the Taxation of Chargeable Gains Act 1992 applied; and

(b) the new holding (within the meaning given by section 126 of that Act) consisted of or included something ("the new asset") that—

(i) did not fall to be treated as a qualifying corporate bond in relation to the relevant transaction, but

(ii) by virtue of section 65 above, does fall to be so treated in relation to a disposal on or after 15th February 1999.

(2) Section 116 of the Taxation of Chargeable Gains Act 1992 (reorganisations etc. involving qualifying corporate bonds) shall have effect in relation to any disposal of the whole or part of the new asset on or after 15th February 1999 as if—

(a) there had been a transaction ("the subsequent transaction") by which the person holding the new asset had disposed of it and immediately re-acquired it;

(b) the subsequent transaction had occurred at the time mentioned in subsection (3) below;

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(c) the asset re-acquired had been a qualifying corporate bond; and

(d) the subsequent transaction had been a transaction to which section 127 of that Act would have applied but for section 116(5) of that Act.

(3) That time is—

(a) where the relevant transaction took place before 5th April 1996, that date;

(b) where the relevant transaction took place on or after that date, immediately after the relevant transaction.

67 Deep discount and deep gain securities. U.K.

(1) In paragraph 19 of Schedule 15 to the [M54]Finance Act 1996 (loan relationships: savings and transitional provisions), after sub-paragraph (3) there shall be inserted the following sub-paragraph—

"(3A) Any income that is treated as arising at the time mentioned in subsection (5) of that section, as it applies by virtue of sub-paragraph (3) above, shall be brought into account as a non-trading credit given for the purposes of this Chapter for the accounting period in which that time falls."

(2) In paragraph 20 of that Schedule, after sub-paragraph (2) there shall be inserted the following sub-paragraph—

"(2A) Any income that is treated as arising on the day mentioned in subsection (5) of that section, as it applies by virtue of sub-paragraph (2) above, shall be brought into account as a non-trading credit given for the purposes of this Chapter for the accounting period in which that day falls."

(3) In paragraph 19(7) of that Schedule, for paragraph (b) there shall be substituted the following paragraph—

"(b) the company did not make any disposal of that security on that date,".

(4) In subsection (5)(c) of sections 64 and 65 of the [M55]Finance Act 1993 (which have effect, notwithstanding their repeal by the Finance Act 1996, in relation to deep discount and deep gain securities held on and after 31st March 1996), for "it is transferred by the creditor company" there shall be substituted " the creditor company makes a disposal of the security ".

(5) After subsection (5) of section 65 of that Act there shall be inserted the following subsection—

"(5A) There is a disposal of a security for the purposes of subsection (5)(c) above if there would be such a disposal for the purposes of the [M56]Taxation of Chargeable Gains Act 1992."

(6) Subsections (1) and (2) above apply in relation to income treated as arising on or after 15th February 1999.

(7) Subsection (3) above applies in any case where the day mentioned in paragraph 19(9) of Schedule 15 to the Finance Act 1996 falls on or after 15th February 1999.

(8) Subsections (4) and (5) above apply for determining whether a time on or after 15th February 1999—

(a) is a time falling within section 64(5)(c) of the Finance Act 1993; or

(b) is on a day falling within section 65(5)(c) of that Act.

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Marginal Citations

M54 1996 c.8.
M55 1993 c.34.
M56 1992 c.12.

68 Court common investment funds. U.K.

(1) After section 469 of the Taxes Act 1988 there shall be inserted the following section—

"**469A Court common investment funds.**

(1) The Tax Acts shall have effect in relation to any common investment fund established under section 42 of the [M57]Administration of Justice Act 1982 (common investment funds for money paid into court) as if—
  (a) the fund were an authorised unit trust;
  (b) the person who is for the time being the investment manager of the fund were the trustee of that authorised unit trust; and
  (c) the persons whose interests entitle them, as against the Accountant General, to share in the fund's investments were the unit holders in that authorised unit trust.

(2) In this section "the Accountant General" means (subject to subsection (3) below) the Accountant General of the Supreme Court of Judicature in England and Wales or the Accountant General of the Supreme Court of Judicature of Northern Ireland.

(3) Where in the case of any common investment fund a person other than the Accountant General is authorised by the Lord Chancellor to hold shares in the fund, the reference in subsection (1)(c) above to the Accountant General shall include a reference to that other person."

(2) Section 328 of the Taxes Act 1988 (agreements with the Board about the taxation regime for common investment funds) shall cease to have effect.

(3) Subsections (1) and (2) above have effect in relation to—
  (a) any income arising to a common investment fund on or after 6th April 1999; and
  (b) any distribution made by such a fund for a distribution period beginning on or after that date.

(4) For the purposes of the Tax Acts where any common investment fund was in existence on 5th April 1999—
  (a) the distribution period of that fund which was current on that date for the purposes of section 469 of the Taxes Act 1988 shall be taken to have ended with that date; and
  (b) the fund's first accounting period for the purposes of corporation tax, and its first distribution period for the purposes of the enactments relating to authorised unit trusts, shall each be taken to have begun with 6th April 1999.

(5) In this section "common investment fund" means any common investment fund established under section 42 of the Administration of Justice Act 1982.

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Marginal Citations
M57 1982 c.53.

Venture capital trusts

69 Company restructuring and convertible securities. U.K.

(1) The Taxes Act 1988 shall be amended as follows.

(2) In Schedule 28B (requirements to be satisfied by qualifying investments of VCTs), after paragraph 10B there shall be inserted the following paragraphs—

Acquisitions for restructuring purposes

"10C (1) This paragraph applies where—

(a) arrangements are made for a company ("the new company") to acquire all the shares ("old shares") in another company ("the old company");

(b) the acquisition provided for by the arrangements falls within sub-paragraph (2) below; and

(c) the Board have, before any exchange of shares takes place under the arrangements, given an approval notification.

(2) An acquisition of shares falls within this sub-paragraph if—

(a) the consideration for the old shares consists wholly of the issue of shares ("new shares") in the new company;

(b) new shares are issued in consideration of old shares only at times when there are no issued shares in the new company other than subscriber shares and new shares previously issued in consideration of old shares;

(c) the consideration for new shares of each description consists wholly of old shares of the corresponding description; and

(d) new shares of each description are issued to the holders of old shares of the corresponding description in respect of, and in proportion to, their holdings.

(3) For the purposes of sub-paragraph (1)(c) above an approval notification is one which, on an application by either the old company or the new company, is given to the applicant company and states that the Board are satisfied that the exchange of shares under the arrangements—

(a) will be effected for bona fide commercial reasons; and

(b) will not form part of any such scheme or arrangements as are mentioned in section 137(1) of the 1992 Act.

(4) If the requirements of paragraph 3 above were satisfied in relation to the old company and any old shares immediately before the beginning of the period for giving effect to the arrangements, then (to the extent that it would not otherwise be the case) those requirements shall be deemed to be satisfied in relation to the new company and the matching new shares at all times which—

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(a) fall in that period; and

(b) do not fall after a time when (apart from the arrangements) those requirements would have ceased by virtue of—

(i) sub-paragraph (4) or (5) of that paragraph, or

(ii) any cessation of a trade by any company,

to be satisfied in relation to the old company and the matching old shares.

(5) For the purposes of paragraph 3 above the period of two years mentioned in sub-paragraph (4) of that paragraph shall be deemed, in the case of any new shares, to expire at the same time as it would have expired (or by virtue of this sub-paragraph would have been deemed to expire) in the case of the matching old shares.

(6) Subject to sub-paragraph (7) below, where—

(a) there is an exchange under the arrangements of any new shares for any old shares, and

(b) those old shares are shares in relation to which the requirements of paragraphs 6 and 8 above were (or were deemed to be) satisfied to any extent immediately before the exchange,

those requirements shall be deemed, at all times after that time, to be satisfied to the same extent in relation to the matching new shares.

(7) Where there is a time following any exchange under the arrangements of any new shares for any old shares when (apart from the arrangements) the requirements of paragraph 6 above would have ceased under—

(a) sub-paragraph (2) of that paragraph, or

(b) this sub-paragraph,

to be satisfied in relation to those old shares, those requirements shall cease at that time to be satisfied in relation to the matching new shares.

(8) For the purposes of paragraph 7 above any new shares acquired under the arrangements shall be deemed to represent an investment which—

(a) raised the same amount of money as was raised (or, by virtue of this sub-paragraph, is deemed to have been raised) by the issue of the matching old shares, and

(b) raised that amount by an issue of shares in the new company made at the time when the issue of the matching old shares took place (or, as the case may be, is deemed to have taken place).

(9) In determining whether the requirements of paragraph 9 above are satisfied in relation to the old company or the new company at a time in the period for giving effect to the arrangements, both—

(a) the arrangements themselves, and

(b) any exchange of new shares for old shares that has already taken place under the arrangements,

shall be disregarded.

(10) For the purposes of paragraph 10B above the value of the new shares, both immediately after the time of their acquisition and immediately after the time of any subsequent relevant event occurring by virtue of the arrangements, shall be taken to be the same as the value, when last valued

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in accordance with that paragraph, of the old shares for which they are exchanged.

(11) Nothing in this paragraph shall deem any of the requirements of this Schedule to be satisfied in relation to any new shares unless the matching old shares were first issued to the trust company and have been held by that company from the time when they were issued until they are acquired by the new company.

(12) References in this paragraph to the period for giving effect to the arrangements are references to the period which—
- (a) begins with the time when those arrangements first came into existence; and
- (b) ends with the time when the new company completes its acquisition under the arrangements of all the old shares.

(13) If, at any time after the arrangements first came into existence and before the new company has acquired all the old shares, the arrangements—
- (a) cease to be arrangements for the acquisition of all the old shares by the new company, or
- (b) cease to be arrangements for an acquisition falling within sub-paragraph (2) above,

this paragraph shall not deem any requirement of this Schedule to be satisfied, and sub-paragraph (10) above shall not apply, in the case of any new shares at any time after the arrangements have so ceased.

(14) Subject to sub-paragraph (15) below, references in this paragraph, except in the expression "subscriber shares", to shares in a company include references to any securities of that company.

(15) For the purposes of this paragraph, a relevant security of the old company shall not be treated as a security of that company if—
- (a) the arrangements do not provide for the acquisition of the security by the new company; or
- (b) such treatment prevents sub-paragraph (1)(b) above from being satisfied in connection with the arrangements.

(16) In sub-paragraph (15) above "relevant security" means an instrument which is a security for the purposes of this Schedule by reason only of section 842AA(12).

(17) For the purposes of this paragraph—
- (a) old shares and new shares are of a corresponding description if, were they shares in the same company, they would be of the same description; and
- (b) old shares and new shares are matching shares in relation to each other if the old shares are the shares for which those new shares are exchanged under the arrangements.

Conversion of convertible shares and securities

10D.—(1) This paragraph applies where—

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(a) shares have been issued to the trust company by virtue of the exercise by that company of any right of conversion attached to other shares, or securities, held by that company ("the convertibles");

(b) the shares so issued are in the same company as the convertibles to which the right was attached;

(c) the convertibles to which the right was attached were first issued to the trust company and were held by that company from the time they were issued until converted; and

(d) the right was attached to the convertibles when they were first so issued and was not varied before it was exercised.

(2) Sub-paragraphs (5) to (8) of paragraph 10C above shall apply in relation to the exchange of convertibles for shares by virtue of the exercise of the right of conversion as if—

(a) that exchange were an exchange under any such arrangements as are mentioned in that paragraph of new shares for old shares; and

(b) the references in those sub-paragraphs and sub-paragraph (17)(b) of that paragraph to the arrangements were references to the provision conferring the right of conversion.

(3) For the purposes of paragraph 10B above the value of the new shares immediately after the time of their acquisition by the trust company shall be taken to be the same as the value, when last valued in accordance with that paragraph, of the convertibles for which they are exchanged."

(3) In paragraph 13 of Schedule 28B, at the beginning of sub-paragraph (1) there shall be inserted " Subject to paragraph 10C(15) above, ".

(4) In section 842AA (venture capital trusts), after subsection (5) there shall be inserted the following subsections—

"(5AA) For the purposes of subsection (2)(b) to (d) above where—

(a) any shares ("new shares") are exchanged for other shares ("old shares") under arrangements in relation to which paragraph 10C of Schedule 28B applies, and

(b) those arrangements have not ceased by virtue of sub-paragraph (13) of that paragraph to be arrangements by reference to which requirements of that Schedule are deemed to be satisfied,

the value of the new shares, both at the time of their acquisition and immediately after any subsequent addition to a holding of the new shares that is made under those arrangements, shall be taken to be the same as the value, when last valued in accordance with subsection (5) above, of the old shares for which they are exchanged.

(5AB) References in subsection (5AA) above to shares in a company include references to any securities of that company.

(5AC) For the purposes of subsection (2)(b) to (d) above, where—

(a) shares ("new shares") are issued to a company by virtue of the exercise by that company of any right of conversion attached to other shares, or securities, held by that company ("convertibles"), and

(b) paragraph 10D of Schedule 28B applies in relation to the issue of the new shares,

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the value of the new shares at the time of their acquisition shall be taken to be the same as the value, when last valued in accordance with subsection (5) above, of the convertibles for which they are exchanged."

(5) This section—

(a) shall have effect in relation to any arrangements made, and rights of conversion exercised, on or after 16th June 1999; and

(b) shall be deemed to have come into force on that date.

70 Relief on distributions. U.K.

(1) In Schedule 15B to the Taxes Act 1988 (VCTs: relief from income tax), in paragraph 7 (relief on distributions), in sub-paragraph (3)(a), after "trust," there shall be inserted—

"(ia) were so acquired for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax,".

(2) This section applies in relation to shares acquired on or after 9th March 1999.

Enterprise investment scheme

71 Eligibility for EIS relief. U.K.

(1) In section 289 of the Taxes Act 1988 (eligibility for EIS relief), in subsection (1A)—

(a) for paragraph (a) there shall be substituted—

"(a) is a company which—

(i) is such a company as is mentioned in section 293(2)(a), and

(ii) if it is a subsidiary of the qualifying company, is a 90 per cent subsidiary of that company, or"; and

(b) in paragraph (b), for "such a company" there shall be substituted " a company falling within paragraph (a) above ".

(2) This section applies in relation to shares issued on or after 6th April 1999.

72 Deferred gains: application of taper relief. U.K.

(1) After section 150C of the [M58]Taxation of Chargeable Gains Act 1992 insert—

"**150D Enterprise investment scheme: application of taper relief**

Schedule 5BA to this Act (which provides for the application of taper relief in cases where relief under Schedule 5B, or Chapter III of Part VII of the Taxes Act, applies) shall have effect."

(2) Schedule 7 to this Act (which inserts Schedule 5BA into that Act) shall have effect.

(3) In consequence of the insertion of Schedule 5BA, in that Act—

(a) in section 2A(8) (qualifying holding period for taper relief), after "that Schedule" insert " and paragraph 3 of Schedule 5BA "; and

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(b) in paragraph 2(4) of Schedule A1 (effect of periods not counting for taper relief purposes), after "paragraphs 10 to 12 below" insert " or paragraph 4 of Schedule 5BA ".

Marginal Citations
M58 1992 c.12.

73 Deferred gains: gain accruing on part disposal, etc. U.K.

(1) Schedule 8 to this Act (which amends Schedule 5B to the [M59]Taxation of Chargeable Gains Act 1992 in relation to cases where there is a disposal of some, but not all, of the shares to which relief under that Schedule is attributable) shall have effect.

(2) The amendments made by Schedule 8 to this Act have effect in relation to shares issued on or after 6th April 1999.

Marginal Citations
M59 1992 c.12.

Chargeable gains

74 Value shifting: tax-free benefits. U.K.

Schedule 9 to this Act (which makes provision about tax-free benefits in relation to value shifting) shall have effect.

75 Allowable losses where beneficiary absolutely entitled. U.K.

(1) For subsection (2) of section 71 of the Taxation of Chargeable Gains Act 1992 (allowable losses of trustees treated as transferred to a person becoming absolutely entitled to settled property) there shall be substituted the following subsections—

"(2) Where, in any case in which a person ("the beneficiary") becomes absolutely entitled to any settled property as against the trustee, an allowable loss would (apart from this subsection) have accrued to the trustee on the deemed disposal under subsection (1) above of an asset comprised in that property—

(a) that loss shall be treated, to the extent only that it cannot be deducted from pre-entitlement gains of the trustee, as an allowable loss accruing to the beneficiary (instead of to the trustee); but

(b) any allowable loss treated as accruing to the beneficiary under this subsection shall be deductible under this Act from chargeable gains accruing to the beneficiary to the extent only that it can be deducted from gains accruing to the beneficiary on the disposal by him of—

(i) the asset on the deemed disposal of which the loss accrued; or

(ii) where that asset is an estate, interest or right in or over land, that asset or any asset deriving from that asset.

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(2A) In subsection (2) above "pre-entitlement gain", in relation to an allowable loss accruing to a trustee on the deemed disposal of any asset comprised in any settled property, means a chargeable gain accruing to that trustee on—

(a) a disposal which, on the occasion on which the beneficiary becomes absolutely entitled as against the trustee to that property, is deemed under subsection (1) above to have taken place; or

(b) any other disposal taking place before that occasion but in the same year of assessment.

(2B) For the purposes of subsection (2)(b)(ii) above an asset ("the relevant asset") derives from another if, in a case where—

(a) assets have merged,

(b) an asset has divided or otherwise changed its nature, or

(c) different rights or interests in or over any asset have been created or extinguished at different times,

the value of the relevant asset is wholly or partly derived (through one or more successive events falling within paragraphs (a) to (c) above but not otherwise) from the other asset.

(2C) The rules set out in subsection (2D) below shall apply (notwithstanding any other rules contained in this Act or in section 113(2) of the [M60]Finance Act 1995 (order of deduction))—

(a) for determining for the purposes of this section whether an allowable loss accruing to the trustee, or treated as accruing to the beneficiary, can be deducted from particular chargeable gains for any year of assessment; and

(b) for the making of deductions of allowable losses from chargeable gains in cases where it has been determined that such an allowable loss can be deducted from particular chargeable gains.

(2D) Those rules are as follows—

(a) allowable losses accruing to the trustee on a deemed disposal under subsection (1) above shall be deducted before any deduction is made in respect of any other allowable losses accruing to the trustee in that year;

(b) allowable losses treated as accruing to the beneficiary under this section, so far as they cannot be deducted in a year of assessment as mentioned in subsection (2)(b) above, may be carried forward from year to year until they can be so deducted; and

(c) allowable losses treated as accruing to the beneficiary for any year of assessment under this section, and allowable losses carried forward to any year of assessment under paragraph (b) above—

(i) shall be deducted before any deduction is made in respect of any allowable losses accruing to the beneficiary in that year otherwise than by virtue of this section; and

(ii) in the case of losses carried forward to any year, shall be deductible as if they were losses actually accruing in that year."

(2) This section applies in relation to any occasion on or after 16th June 1999 on which a person becomes absolutely entitled to settled property as against the trustee.

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Marginal Citations
M60 1995 c.4.

76 Concessions that defer a capital gains charge. U.K.

(1) In Part VIII of the [M61]Taxation of Chargeable Gains Act 1992 (supplemental), after section 284 there shall be inserted the following sections—

"284A Concessions that defer a charge.

(1) This section applies where—
- (a) a person ("the original taxpayer") has at any time obtained for any chargeable period ("the first chargeable period") the benefit of any capital gains relief to which he had no statutory entitlement;
- (b) the benefit of the relief was obtained in reliance on any concession;
- (c) the concession was first published by the Board before 9th March 1999 or (having been published on or after that date) replaced a concession satisfying the requirements of this paragraph with a concession to the same or substantially the same effect; and
- (d) the concession involved the application (with or without modifications), to a case to which they would not otherwise have applied, of the provisions of any enactment ("the relevant statutory provisions").

(2) This section applies only if, at the time when the original taxpayer obtained the benefit of the relief, the concession was one available generally to any person falling within its terms.

(3) If the benefit obtained for the first chargeable period by the original taxpayer is repudiated for any later chargeable period (whether by the original taxpayer or by another person), the enactments relating to the taxation of chargeable gains shall have effect as if a chargeable gain equal to the amount of that benefit accrued in the later chargeable period to the person repudiating the benefit.

(4) For the purposes of this section—
- (a) a capital gains relief for any chargeable period is a relief (of whatever description) the effect of which is that the amount of the chargeable gains taken to have accrued to that person in that period is less than it otherwise would have been; and
- (b) the amount of the benefit of any such relief is the amount by which, as a consequence of that relief, those gains are less than they otherwise would have been.

(5) Where, without applying a specific enactment, any concession has the effect that—
- (a) any asset is treated as the same as another asset and as acquired as the other asset was acquired,
- (b) any two or more assets are treated as a single asset, or
- (c) any disposal is treated as having been a disposal on which neither a gain nor a loss accrued,

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that concession shall be assumed for the purposes of this section to have involved the application, to a case to which it would not otherwise have applied, of the provisions of an enactment to the corresponding effect.

(6) For the purposes of this section the benefit of any relief obtained by the original taxpayer for the first chargeable period is repudiated by a person for a later chargeable period if—

(a) circumstances arise such that, had the equivalent circumstances arisen in the case of the corresponding relief under the relevant statutory provisions, the whole or a part of the benefit of that relief would have fallen to be recouped from that person in the later chargeable period;

(b) apart from this section, the recoupment in the actual circumstances of the whole or a part of the benefit obtained by the original taxpayer is prevented by the fact that the original taxpayer relied on a concession (rather than on the relevant statutory provisions) to obtain that benefit; and

(c) the person from whom, in the equivalent circumstances, the amount of the benefit or any part of it would have fallen to be recouped is not precluded by subsection (8) below from relying on that fact in relation to that amount or part.

(7) For the purposes of this section an amount of the benefit of a capital gains relief is recouped from any person in a chargeable period to the extent that an amount is so brought into account in his case for that period as to secure that—

(a) the amount of his chargeable gains for that period is taken to be more than it otherwise would have been by an amount directly or indirectly representing the whole or a part of the amount of the benefit; or

(b) the amount of his allowable losses for that period is taken to be less than it otherwise would have been by an amount directly or indirectly representing the whole or a part of the amount of the benefit.

(8) Where—

(a) any such circumstances as are mentioned in subsection (6)(a) above have arisen in relation to the relief the benefit of which has been obtained by the original taxpayer,

(b) the person from whom, in the equivalent circumstances, the whole or any part of the amount of the benefit would have fallen to be recouped has accepted that, in the actual circumstances, the whole or a part of the benefit obtained by the original taxpayer may be recouped from him, and

(c) that acceptance is indicated in writing to the Board (whether by the making or amendment of a self-assessment or otherwise),

that person's rights subsequently to amend, appeal against or otherwise challenge any assessment shall not be exercised in any manner inconsistent with his acceptance of that matter (which shall be irrevocable).

(9) In this section "concession" includes any practice, interpretation or other statement in the nature of a concession.

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284B Provisions supplementary to section 284A.

(1) Chargeable gains that are treated as accruing to any person under section 284A(3) shall not be eligible for taper relief.

(2) The total amount of chargeable gains that are treated as accruing to any person under subsection (3) of section 284A in respect of any such benefit as is referred to in that subsection shall not exceed the amount of that benefit.

(3) Where, after any assessment to tax has been made on the basis that any chargeable gain is treated as having accrued to any person under section 284A(3)—

(a) the person assessed, within any of the periods allowed by subsection (4) below, gives an indication for the purposes of section 284A(8), or

(b) a final determination of the original taxpayer's liability to tax for the first chargeable period is made on the basis that the original taxpayer did not, or was not entitled to, rely on the concession in question,

all such adjustments shall be made (whether by way of assessment, amendment of an assessment, repayment of tax or otherwise) as are necessary to secure that no person is subjected to any greater liability by virtue of section 284A(3) than he would have been had the indication been given, or the final determination made, before the making of the assessment.

(4) The periods allowed by this subsection are—

(a) the period of twelve months beginning with the making of the assessment;

(b) the period within which the person is entitled to amend his self-assessment or company tax return for the chargeable period in which the chargeable gain under section 284A(3) is treated as having accrued to him;

(c) where the person makes a claim for any further relief against the amount that may be recouped from him by virtue of his indication under section 284A(8), the period allowed for making that claim.

(5) Subsection (3) above has effect notwithstanding any time limits relating to the making or amendment of an assessment for any chargeable period."

(2) Sections 284A and 284B of the [M62]Taxation of Chargeable Gains Act 1992 have effect in relation to any case in which the circumstances arising as mentioned in subsection (6)(a) of section 284A are circumstances arising on or after 9th March 1999, whether the benefit mentioned in subsection (1) of that section was obtained as so mentioned before or after the passing of this Act.

Marginal Citations

M61 1992 c.12.

M62 1992 c.12.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
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Capital allowances

77 Extension of first-year allowances. U.K.

In section 22(3D) of the [M63]Capital Allowances Act 1990 (first year allowances: transitional relief), for "1st July 1999" there shall be substituted " 1st July 2000 ".

Marginal Citations
M63 1990 c.1.

78 First-year allowances for investment in Northern Ireland. U.K.

(1) In section 22 of the Capital Allowances Act 1990 ("the 1990 Act") (first-year allowances), in subsection (3CC) (which restricts the expenditure on machinery and plant for use in Northern Ireland which is eligible for 100 per cent. allowances), after paragraph (b) there shall be inserted "; or

(c) expenditure on the provision of a goods vehicle for the purposes of a trade which consists primarily of the conveyance of goods; or

(d) unauthorised expenditure on the provision of machinery or plant for use primarily in—

(i) agriculture, fishing or fish farming, or

(ii) any relevant activity carried out in relation to agricultural produce, fish or any fish product for the purpose of bringing it to market."

(2) After subsection (3CC) of that section there shall be inserted—

"(3CD) For the purposes of subsection (3CC) above—

(a) expenditure is unauthorised expenditure unless it is authorised, for the purposes of subsection (3CA) above, by the Department of Agriculture for Northern Ireland; and

(b) "relevant activity" means transportation, storage, preparation, processing or packaging.

(3CE) An authorisation given, for the purposes of subsection (3CA) above, by the Department of Agriculture for Northern Ireland—

(a) may be given either specially (that is to say, so as to apply only to a specified item of expenditure or a specified person) or generally (that is to say, so as not only so to apply);

(b) may, if given generally, be modified by that Department; and

(c) may in any case be absolute or conditional."

(3) In subsection (10) of that section, after "section" there shall be inserted—

""agriculture" and "agricultural produce" have the same meanings as in section 6 of the [M64]European Communities Act 1972;

"fish" includes shellfish;

"fish farming" means the intensive rearing, on a commercial basis, of fish intended for human consumption;

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"fishing" means a trade, or part of a trade, which consists of the catching or taking of fish;

"goods vehicle" has the same meaning as in the [M65]Road Traffic (Northern Ireland) Order 1995;".

(4) In section 22B of the 1990 Act (withdrawal of first-year allowance on change of use)—

(a) in subsection (2)(a), for "the period of two years beginning with the date of the incurring of that expenditure" there shall be substituted " the relevant period "; and

(b) after subsection (2) there shall be inserted—

"(2A) In subsection (2) above "the relevant period" means—

(a) where the expenditure concerned exceeds £3.5 million, the period of five years beginning with the date of the incurring of that expenditure, and

(b) in any other case, the period of two years beginning with that date."

(5) After section 22B of the 1990 Act there shall be inserted—

"**22C Disclosure of information in connection with first-year allowances.**

(1) No obligation as to secrecy or other restriction on the disclosure of information imposed by statute or otherwise shall prevent—

(a) the Board or an authorised officer of the Board from disclosing to the Department of Agriculture for Northern Ireland ("the Department") or an authorised officer of the Department, or

(b) the Department or an authorised officer of the Department from disclosing to the Board or an authorised officer of the Board,

information for the purpose of assisting the Board in the carrying out of their functions with respect to claims for capital allowances made under section 22 by virtue of subsection (3CA) of that section or, as the case may be, the Department in the carrying out of its functions under that section.

(2) Information obtained by virtue of a disclosure authorised by this section shall not be disclosed except—

(a) to the Board or the Department or to an authorised officer of the Board or of the Department; or

(b) for the purposes of any proceedings connected with a matter in relation to which the Board or the Department carry out the functions mentioned in subsection (1) above."

(6) The preceding provisions of this section have effect in relation to every chargeable period ending on or after 12th May 1998.

Marginal Citations

M64 1972 c.68.

M65 S.I. 1995/2994 (N.I. 18).

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

Pensions and insurance, etc.

79 Sharing of pensions on divorce, etc. U.K.

Schedule 10 to this Act (which, for purposes connected with the sharing of pensions between ex-spouses, makes provision with respect to pensions and annuities) shall have effect.

80 Purchased life annuities. U.K.

Section 657(2) of the Taxes Act 1988 (annuities not treated as purchased life annuities within section 656) shall have effect, and shall be deemed always to have had effect, with the substitution of the following paragraph for the "or" at the end of paragraph (d) —

"(da) to any annuity purchased under or for the purposes of a scheme approved by virtue of section 591 or in pursuance of any obligation imposed, or offer or invitation made, under or in connection with any such scheme;".

81 Acquisitions disregarded under insurance companies concession. U.K.

(1) This section applies for the purposes of corporation tax in relation to the disposal by a company ("the relevant company") of any asset where—

(a) the asset is one acquired by the relevant company from an insurance company at a time when the relevant company and that insurance company were both members of the same group of companies;

(b) there was an occasion before the disposal (whether the occasion of the transfer of the asset to the relevant company or the occasion of an earlier transfer of the asset) in relation to which the non-statutory arrangements for groups of insurance companies were applied in the case of the transferring company;

(c) the application of those arrangements in relation to that occasion had the effect of preventing the cost of the asset's acquisition by the transferring company ("the previous acquisition") from being brought into account for tax purposes; and

(d) there has not, between that occasion and the making of the disposal, been any relevant event by reference to which the cost of the previous acquisition has been brought into account in computing the profits or losses of any company for tax purposes.

(2) Subject to subsection (5) below, where the computation of the relevant company's profits or losses from any trade requires the cost of the acquisition of the asset by that company to be brought into account in the accounting period in which the disposal takes place, that cost shall be brought into account in that period as if it were an amount equal to the cost of the previous acquisition.

(3) Subject to subsections (4) and (5) below, where—

(a) the asset disposed of represents a creditor relationship,

(b) the disposal is such that paragraph 6 of Schedule 15 to the [M66]Finance Act 1996 (adjustment for pre-commencement trading relationships) would require an amount to be brought into account in the accounting period in which the disposal takes place in any case in which there is, for that relationship, a difference such as is mentioned in sub-paragraph (1) of that paragraph, and

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(c) the cost of the previous acquisition is less than the amount which for the purposes of paragraph 5(2) of that Schedule would (apart from this subsection) be the notional closing value of the relationship on 31st March 1996,

the question whether an amount falls to be brought into account in accordance with paragraph 6(2) or (3) of that Schedule, and the amount (if any) falling to be so brought into account, shall be determined as if the notional closing value of the relationship on 31st March 1996 had been equal to the cost of the previous acquisition.

(4) In any case where the asset represents a creditor relationship in relation to which an election under paragraph 6(4) of Schedule 15 to the [M67]Finance Act 1996 has effect—

(a) subsection (3) above and paragraphs (b) and (c) below shall be disregarded in determining the amounts falling to be brought into account under paragraph 6(4) to (7) of that Schedule;

(b) paragraph 6(1) and (2) of that Schedule shall be treated as applying, notwithstanding paragraph 6(4)(a), if, in the case of that relationship, the amount referred to in subsection (3)(c) above exceeds the cost of the previous acquisition; and

(c) the amount falling by virtue of paragraph (b) above to be brought into account in accordance with paragraph 6(2) of that Schedule shall be determined as if the excess referred to in paragraph 6(2)(a) were the excess mentioned in paragraph (b) above.

(5) Where—

(a) there are two or more occasions such as are mentioned in paragraph (b) of subsection (1) above, and

(b) paragraph (d) of that subsection is satisfied in relation to each of them,

subsections (2) to (4) above shall have effect as if the references to the previous acquisition were references to the acquisition which is the previous acquisition in relation to the earliest of those occasions.

(6) In subsection (1)(d) above "relevant event", in relation to any asset, means—

(a) a disposal of the asset; or

(b) any event by reference to which the conditions of the non-statutory arrangements for groups of insurance companies has required the cost of the previous acquisition to be brought into account in computing the profits or losses of any company for tax purposes.

(7) Section 170 of the [M68]Taxation of Chargeable Gains Act 1992 (meaning of groups etc.) shall apply for construing references in the preceding provisions of this section to a group of companies as it applies for the purposes of sections 171 to 181 of that Act.

(8) In the preceding provisions of this section—

"creditor relationship" has the same meaning as in Chapter II of Part IV of the Finance Act 1996; and

"insurance company" means an insurance company within the meaning of Chapter I of Part XII of the Taxes Act 1988.

(9) References in this section to an asset shall be construed as if section 473 of the Taxes Act 1988 (cases where different assets are treated as the same) applied for the purposes of this section as it applies for the purposes of that Act; and paragraph 12(2) of Schedule 9 to the [M69]Finance Act 1996 (cases where different companies are treated as the same) shall apply for the purposes of this section as it applies for the purposes of Chapter II of Part IV of that Act of 1996.

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(10) In this section any reference to the non-statutory arrangements for groups of insurance companies is a reference to so much of any arrangements made by the Board otherwise than by virtue of an enactment as—

(a) in relation to an accounting period beginning before 1st January 2000—

(i) provided for a single assessment of the trading profits of a group of insurance companies to be made on the principal company of the group; and

(ii) excluded trading profits on intra-group transfers of investments from the group assessment;

or

(b) contains transitional provision, in connection with the withdrawal of any arrangements falling within paragraph (a) above, for allowing trading profits on intra-group transfers to be excluded from assessments of members of groups of insurance companies that relate to accounting periods beginning on or after 1st January 1999 and before 1st January 2000.

(11) This section—

(a) shall not be construed as requiring any amount representing a gain on the disposal of the asset to be brought into account for tax purposes in so far as an amount representing that gain is or has already been brought into account, as an attributed gain, under any regulations made by virtue of Schedule 16 to the [M70]Finance Act 1993 (Forex transitional provisions); and

(b) shall be without prejudice to any power of the Board apart from this section to enforce any conditions subject to which any relief in accordance with the non-statutory arrangements for groups of insurance companies has been allowed.

(12) This section applies in relation to disposals by the relevant company made in accounting periods beginning on or after 1st January 1999.

Marginal Citations

M66 1996 c.8.
M67 1996 c.8.
M68 1992 c.12.
M69 1996 c.8.
M70 1993 c.34.

82 Lloyd's: members' agent pooling arrangements. U.K.

(1) This section applies where a member has entered into a members' agent pooling arrangement ("the arrangement").

(2) Subsections (3) to (9) below shall apply for the purpose of determining any liability of the member's to capital gains tax that may arise from transactions effected in pursuance of the arrangement.

(3) The syndicate rights held by the member under the arrangement shall be treated as a single asset acquired by him at the time when he entered into the arrangement; but, subject to subsection (9) below, he shall not be treated as disposing of the asset (in whole or in part) except as mentioned in subsection (6) below.

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(4) The member shall be treated as having given, wholly and exclusively for the acquisition of the asset, consideration equal to any amount paid by him on entering into the arrangement.

(5) Any other amount paid by the member under the arrangement shall, on a disposal of the asset, be treated as expenditure incurred wholly and exclusively on the asset for the purpose of enhancing its value and reflected in its state or nature at the time of the disposal.

(6) If an amount is paid to the member at any time under the arrangement, he shall be treated as disposing of the whole asset or, as the case may be, part of the asset at that time for a consideration equal to that amount.

(7) If syndicate rights held by the member otherwise than under the arrangement become at any time rights held by him under the arrangement, he shall be treated as disposing of those rights at that time for a consideration equal to their market value at that time.

(8) If syndicate rights held by the member under the arrangement become at any time rights held by him otherwise than under the arrangement, he shall be treated as acquiring those rights at that time for a consideration equal to their market value at that time.

(9) Nothing in subsection (3) above shall affect the operation of section 24(1) of the [M71]Taxation of Chargeable Gains Act 1992 (disposals where assets extinguished etc.) in relation to the asset.

(10) Subject to subsection (11) below this section applies to arrangements entered into on or after 6th April 1999 or subsisting on that date.

(11) In the case of arrangements subsisting on 6th April 1999, this section has effect—

(a) as if the time mentioned in subsection (3) above were the earliest time ("the notional time of acquisition") at which the member acquired any of the syndicate rights held by him under the arrangement immediately before 6th April 1999;

(b) as if the consideration referred to in subsection (4) above were the consideration, in money or money's worth, given by him wholly and exclusively for the acquisition of such of those rights as he acquired at the notional time of acquisition; and

(c) in relation to times before 6th April 1999, as if the amount mentioned in subsection (5) above were the amount of any consideration, in money or money's worth, given by him wholly and exclusively for the acquisition, after the notional time of acquisition, of rights such as are mentioned in paragraph (a) above;

and the incidental costs of any acquisition falling within paragraph (b) or (c) above shall be taken to be incidental costs of the acquisition of the asset.

Marginal Citations

M71 1992 c.12.

83 Provisions supplementary to s. 82. U.K.

(1) In section 82 above and this section, except where the context otherwise requires—

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"member" means an individual who is an underwriting member of Lloyd's;

"members' agent", in relation to a member, means a person registered as a members' agent at Lloyd's who is acting as such an agent for the member;

"members' agent pooling arrangement", in relation to a member, means an arrangement—

(i) under which a members' agent arranges for the member's participation in syndicates; and

(ii) which satisfies the conditions set out in subsection (2) below;

"syndicate" has the same meaning as in Chapter III of Part II of the [M72]Finance Act 1993; and

"syndicate rights", in relation to a member, means rights under a syndicate in which the member participates.

(2) The conditions mentioned in paragraph (ii) of the above definition of "members' agent pooling arrangement" are that under the arrangement—

(a) the member must participate in each of the syndicates to which the arrangement relates; and

(b) the extent to which the member participates in each such syndicate is determined—

(i) by the members' agent; or

(ii) according to a formula provided for in the arrangement.

(3) References in section 82 above to the payment of an amount are references to the payment of an amount in money or money's worth; and to the extent that an amount mentioned in subsection (4), (5) or (6) of that section is paid in money's worth, the amount of the consideration or expenditure there referred to shall be calculated by reference to the market value of the money's worth at the time of the payment mentioned in that subsection.

(4) Section 82 above and this section have effect in relation to a Scottish partnership which is an underwriting member of Lloyd's as they have effect in relation to a member, but as if the reference in section 82(2) to any liability of the member's to capital gains tax that may arise from transactions effected in pursuance of the arrangement were a reference to any such liability of members of the partnership that may so arise.

Marginal Citations

M72 1993 c.34.

84 Lloyd's: roll-over relief. U.K.

(1) In section 155 of the [M73]Taxation of Chargeable Gains Act 1992 (classes of assets for the purposes of roll-over relief), after Class 7 there shall be inserted—

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"CLASS 8 U.K.

ASSETS WITHIN HEADS A AND B BELOW.

HEAD A U.K.

RIGHTS OF A MEMBER OF LLOYD'S UNDER A SYNDICATE WITHIN THE MEANING OF CHAPTER III OF PART II OF THE [M74]FINANCE ACT 1993.

HEAD B U.K.

AN ASSET WHICH A MEMBER OF LLOYD'S IS TREATED AS HAVING ACQUIRED BY VIRTUE OF SECTION 82 OF THE FINANCE ACT 1999."

(2) This section applies to—

(a) assets (or interests in them) disposed of on or after 6th April 1999;

(b) assets (or interests in them) acquired on or after that date.

Marginal Citations

M73 1992 c.12.

M74 1993 c.34.

Advance pricing agreements and CFCs

85 Advance pricing agreements etc. U.K.

(1) This section applies in relation to any chargeable period where—

(a) the Board have made a written agreement with any person ("the taxpayer");

(b) the agreement relates to one or more of the matters mentioned in subsection (2) below and to that chargeable period;

(c) the agreement is one made as a consequence of an application by the taxpayer to the Board for the clarification by agreement of the effect in the taxpayer's case of provisions by reference to which questions relating to any one or more of those matters fall, or might fall, to be determined; and

(d) the agreement contains a declaration that it is an agreement made for the purposes of this section.

(2) Those matters are—

(a) the attribution of income to a branch or agency through which the taxpayer has been carrying on a trade in the United Kingdom, or is proposing so to carry on a trade;

(b) the attribution of income to any permanent establishment of the taxpayer (wherever situated) through which he has been carrying on, or is proposing to carry on, any business;

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(c) the extent to which income which has arisen or may arise to the taxpayer is to be taken for any purpose to be income arising in a country or territory outside the United Kingdom;

(d) the treatment for tax purposes of any provision made or imposed (whether before or after the date of the agreement) as between the taxpayer and any associate of his;

(e) the treatment for tax purposes of any provision made or imposed (whether before or after the date of the agreement) as between a ring fence trade carried on by the taxpayer and any other activities so carried on.

(3) Subject to the following provisions of this section and to section 86 below, the Tax Acts shall have effect in the taxpayer's case as if questions relating to the matters mentioned in subsection (2) above were, to the extent provided for in the agreement, to be determined in accordance with the agreement, and without reference to the provisions in accordance with which they would otherwise have fallen to be determined.

(4) In the case of so much of any question as—

(a) relates to any matter mentioned in paragraph (d) or (e) of subsection (2) above, and

(b) is not comprised in a question falling within another paragraph of that subsection,

the provisions reference to which is capable of being excluded under subsection (3) above by an agreement made for the purposes of this section shall be confined to those contained in Schedule 28AA to the Taxes Act 1988 (transfer pricing rules).

(5) Any such application to the Board as is mentioned in subsection (1)(c) above must set out—

(a) the taxpayer's understanding of what would, in his case, be the effect, in the absence of any agreement, of the provisions in relation to which clarification is sought;

(b) the respects in which it appears to the taxpayer that clarification is required in relation to those provisions; and

(c) how the taxpayer proposes that matters should be clarified in a manner consistent with the understanding mentioned in paragraph (a) above.

(6) For the purposes of this section two persons are associates, in relation to provision made or imposed as between them if, within the meaning of Schedule 28AA to the Taxes Act 1988—

(a) one of them is directly or indirectly participating, at the time of the making or imposition of the provision, in the management, control or capital of the other; or

(b) the same person or persons is or are, at that time, directly or indirectly participating in the management, control or capital of each of the two persons;

and, in the case of provision made or imposed by or in relation to the terms of any sale of oil (within the meaning of paragraph 9 of that Schedule), two persons shall also be treated as associates for the purposes of this section wherever sub-paragraph (2) of that paragraph would require them for the purposes of that Schedule to be treated in relation to that provision as falling within paragraph (b) above.

(7) In this section "ring fence trade", in relation to the taxpayer, means any activities which—

(a) are carried on by the taxpayer as, or as part of, a trade; and

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(b) in accordance with section 492(1) of the Taxes Act 1988 (tax treatment of oil extraction activities), either—

(i) fall to be treated for tax purposes as a separate trade, distinct from all other activities carried on by the taxpayer; or

(ii) would so fall if the taxpayer did carry on any other activities as part of that trade.

(8) This section applies in relation to any chargeable period ending on or after the day on which this Act is passed but only if the agreement is one made on or after that day and in relation to that period.

86 Provisions supplementary to s. 85. U.K.

(1) The chargeable periods in relation to which provision may be made by a section 85 agreement include periods ending before the making of the agreement.

(2) An agreement shall not have effect in accordance with section 85(3) above in relation to any determination of a question which—

(a) relates to a time after a time as from which an officer of the Board has revoked the agreement in accordance with its terms;

(b) relates to a time after or in relation to which there has been a failure by a party to the agreement to comply with any provision of the agreement compliance with which is, under the terms of the agreement, to be a condition of its having effect; or

(c) relates to any matter as respects which any other conditions which, by the terms of the agreement, are to be conditions of its having effect have not been, or are no longer, satisfied.

(3) Where—

(a) there is a section 85 agreement between the Board and any person, and

(b) there is a mutual agreement made under and for the purposes of any double taxation arrangements which is not consistent with the terms of the section 85 agreement,

it shall be the duty of the Board to ensure that all such modifications of the section 85 agreement are made (whether in exercise of powers conferred on the Board by that agreement or otherwise) as may be necessary for enabling effect to be given to the mutual agreement in relation to the subject-matter of the section 85 agreement.

(4) It shall be the duty of any person who is a party to a section 85 agreement to provide the Board from time to time with all such reports and other information as he may be required to provide under the agreement or by virtue of any request made by an officer of the Board in accordance with the terms of the agreement.

(5) Where—

(a) the Board and any person have purported to enter into a section 85 agreement at any time,

(b) before that time, that person fraudulently or negligently provided the Board with information which was false or misleading,

(c) that information was so provided for or in connection with the application to the Board for the making of the agreement or otherwise in connection with its preparation, and

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(d) the Board have notified that person that the agreement is nullified by reason of the misrepresentation,

the agreement shall be deemed never to have been made.

(6) Any provision of a section 85 agreement that provides for the modification or revocation of that agreement by the Board, or by an officer of the Board, may provide for the modification or revocation to take effect as from such time (including a time before the modification is made or the agreement revoked) as the Board or officer may determine.

(7) Where a section 85 agreement—

(a) relates to a chargeable period beginning or ending before the making of the agreement, and

(b) provides for the manner in which adjustments are to be made for tax purposes in consequence of that agreement,

the adjustments shall be made for those purposes in the manner provided for in the agreement.

(8) A person shall be liable to a penalty not exceeding £10,000 if he fraudulently or negligently makes any false or misleading statement to the Board or an officer of the Board either—

(a) for or in connection with any application to the Board for them to enter into a section 85 agreement; or

(b) otherwise in connection with the preparation of such an agreement.

(9) In section 98 of the [M75]Taxes Management Act 1970 (penalties in connection with returns etc.), in the second column of the table, after the final entry there shall be inserted the following entry—

	"Section 86(4) of the Finance Act 1999."

(10) In this section—

"double taxation arrangements" means any arrangements having effect under or by virtue of section 788 of the Taxes Act 1988 (double taxation agreements); and

"section 85 agreement" means an agreement made for the purposes of section 85 above.

Marginal Citations

M75 1970 c.9.

87 Effect of section 85 agreements on non-parties. U.K.

(1) This section applies where—

(a) any agreement made for the purposes of section 85 above has effect in relation to any provision ("the actual provision") made or imposed as between any person ("the taxpayer") and another ("the other party"); and

(b) section 85(3) above has the effect in the taxpayer's case of requiring a question relating to the actual provision to be determined in accordance with

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the agreement rather than by reference to rules which would otherwise be applicable by virtue of Schedule 28AA to the Taxes Act 1988.

(2) Paragraphs 6 and 7 of Schedule 28AA to the Taxes Act 1988 (relief from double counting in the case of disadvantaged persons) shall have effect in the other party's case on the assumption that any question falling within subsection (3) below is to be determined, to the same extent as in the taxpayer's case, by reference to the agreement.

(3) Those questions are—

(a) whether the taxpayer is a person on whom a potential advantage in relation to United Kingdom taxation is conferred by the actual provision; and

(b) what constitutes the arm's length provision in relation to the actual provision.

(4) Subsection (2) above shall have effect subject to any agreement made for the purposes of section 85 above between the Board and the other party.

(5) Section 111 of the [M76]Finance Act 1998 (notice to persons who may be entitled to claim as disadvantaged persons) shall have effect as if the assumptions referred to in subsection (1)(b) of that section included any assumptions falling to be made by virtue of the agreement.

Marginal Citations

M76 1998 c.36.

88 Controlled foreign companies. U.K.

(1) In Schedule 25 to the Taxes Act 1988 (cases where section 747(3) does not apply), after sub-paragraph (1A) of paragraph 2 (acceptable distribution policy) there shall be inserted the following sub-paragraph—

"(1B) A dividend paid by a company shall not fall within sub-paragraph (1)(d) above if, and to the extent that, the profits which are the relevant profits in relation to the dividend derive from dividends or other distributions paid to the company at any time which are dividends or other distributions—

(a) to which section 208 applied; or

(b) to which that section would have applied if the company had been resident in the United Kingdom at that time.

Subsections (3) and (4) of section 799 (double taxation relief: computation of underlying tax) apply for the purposes of this sub-paragraph as they apply for the purposes of subsection (1) of that section."

(2) Subsection (1) above applies for the purpose of determining whether dividends paid on or after 9th March 1999 for accounting periods ending on or after that date fall within sub-paragraph (1)(d) of paragraph 2 of that Schedule.

Management and enforcement

89 Corporation tax: due and payable date. U.K.

(1) In the Table in section 98 of the [M77]Taxes Management Act 1970 (penalties for failure to provide information, produce documents etc.), in the first column, after the entry

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for Part III of the Taxes Management Act 1970 insert " regulations under section 59E of this Act; ".

(2) In section 102(5)(a) of the [M78]Finance Act 1989 (surrender of company tax refund within group), for "section 10 of the Taxes Act 1988" substitute " section 59D or 59E of the Taxes Management Act 1970 ".

(3) This section has effect in relation to accounting periods ending on or after 1st July 1999.

Marginal Citations

M77 1970 c.9.

M78 1989 c.26.

90 Release or writing off of debt: interest on tax overpaid. U.K.

(1) In section 826(4) of the Taxes Act 1988 (interest on tax overpaid)—

(a) for "the repayment of, or of the part in question of, the loan or advance mentioned in section 419(4) was made" substitute " the event giving rise to entitlement to relief under section 419(4) occurred "; and

(b) in paragraph (a)(i) of that subsection, after "repayment" insert " , or the release or writing off, ".

(2) This section has effect in relation to the release or writing off of the whole or part of a debt on or after 6th April 1999.

91 Advance corporation tax: consequences of abolition. U.K.

(1) Schedule 16 to the Taxes Act 1988 (collection of income tax on company payments) is amended as follows.

(2) In paragraph 4 (payment of tax), omit—

(a) in sub-paragraph (1), the words "Subject to sub-paragraph (3) below,"; and

(b) sub-paragraph (3).

(3) In paragraph 8 (items included in return or claim in error)—

(a) for "should have been included in a return under Schedule 13" substitute " should not have been so included "; and

(b) for "been included in the right return" substitute " not been included in the return or claim in question ".

(4) In section 32(6) of the [M79]Finance Act 1998 (meaning of "unrelieved surplus advance corporation tax"), for "paragraph 11" substitute " paragraph 12 ".

(5) Subsections (1) to (3) above have effect—

(a) in relation to periods for which a return is required under paragraph 2 of Schedule 16 to the Taxes Act 1988 beginning on or after 6th April 1999; and

(b) in relation to accounting periods beginning on or after that date.

(6) The amendment made by subsection (4) above shall be deemed always to have had effect.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

Marginal Citations

M79 1998 c.36.

92 Group relief: consequences of reduction in surrenderable amount. U.K.

(1) Part VIII of Schedule 18 to the Finance Act 1998 (claims for group relief) is amended as follows.

(2) In paragraph 75 (reduction in amount available for surrender by way of group relief)—
  (a) in sub-paragraph (1), for "amount available for relief" substitute " total amount available for surrender "; and
  (b) in sub-paragraphs (2) and (4), before "amount available for surrender" insert " total ".

(3) After that paragraph insert—

"75A **Assessment on other claimant companies**

(1) This paragraph applies where, after the surrendering company has given notice of consent to surrender, a claimant company ("the chargeable company") has become liable to tax in consequence of receiving—
  (a) notice of the withdrawal of consent, or a copy of a new notice of consent, under paragraph 75(3), or
  (b) a copy of a notice containing directions by the Inland Revenue under paragraph 75(4).

(2) If any of the tax is unpaid six months after the chargeable company's time limit for claims, the Inland Revenue may make an assessment to tax in the name of the chargeable company on any other company that has obtained group relief as a result of the surrender.

(3) The assessment may not be made more than two years after that time limit.

(4) The amount of the assessment must not exceed—
  (a) the amount of the unpaid tax, or
  (b) if less, the amount of tax which the other company saves by virtue of the surrender.

(5) A company assessed to an amount of tax under sub-paragraph (2) is entitled to recover from the chargeable company—
  (a) a sum equal to that amount, and
  (b) any interest on that amount which it has paid under section 87A of the [M80]Taxes Management Act 1970 (interest on unpaid corporation tax).

(6) For the purposes of this paragraph the chargeable company's time limit for claims is the last of the dates mentioned in paragraph 74(1) on which the chargeable company could make or withdraw a claim for group relief for the accounting period for which the claim in question is made."

(4) In paragraph 76 (assessments to recover excessive group relief), after sub-paragraph (2) add—

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"(3) If an assessment under this paragraph is made because a claimant company fails, or is unable, to amend its company tax return under paragraph 75(6), the assessment is not out of time if it is made within one year from—

(a) the date on which the surrendering company gives notice of the withdrawal of consent, or (if later) sends a copy of a new notice of consent, to the claimant company under paragraph 75(3), or

(b) the date on which the Inland Revenue send the claimant company a copy of a notice containing their directions under paragraph 75(4)."

(5) In section 87A(3) of the Taxes Management Act 1970 (interest on unpaid corporation tax assessed on other persons), for "section 96(8) of the [M81]Finance Act 1990" substitute " paragraph 75A(2) of Schedule 18 to the [M82]Finance Act 1998 ".

(6) Section 96 of the Finance Act 1990 shall cease to have effect.

(7) This section has effect in relation to accounting periods ending on or after 1st July 1999.

Marginal Citations

M80 1970 c.9.
M81 1990 c.29.
M82 1998 c.36.

93 Company tax returns, etc. U.K.

(1) The enactments mentioned in Schedule 11 to this Act have effect with the amendments specified there, which are minor amendments and amendments consequential on Schedule 18 to the Finance Act 1998 (company tax returns, assessments and claims, etc.).

(2) The amendments made by Schedule 11 to this Act have effect in relation to accounting periods ending on or after 1st July 1999.

PART IV U.K.

OIL TAXATION

94 Excluded oil. U.K.

(1) This section applies where—

(a) a contract ("the old contract") provides for the sale by a person ("A") of oil consisting of gas to the British Gas Corporation or one of its successors ("the purchaser");

(b) the old contract is a contract made, or treated (by virtue of this section) as made, before the end of June 1975;

(c) the old contract is replaced by a contract ("the new contract") for the sale of oil consisting of gas to the purchaser made after the end of June 1975; and

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(d) any of the rights and liabilities which, under the old contract, were rights and liabilities of A are, under the new contract, rights and liabilities of another person ("B").

(2) The new contract shall be treated for the purposes of section 10(1)(a) of the [M83]Oil Taxation Act 1975 as the same contract as the old contract unless the rights and liabilities of B under the new contract are so different from those of A under the old contract that a contract conferring those rights and imposing those liabilities on A could not have been regarded as the same contract as the old contract.

(3) For the purposes of subsection (1) above the successors of the British Gas Corporation are—

(a) British Gas plc; and

(b) British Gas Trading Limited.

(4) This section shall be deemed always to have had effect.

Marginal Citations

M83 1975 c.22.

95 Sale and lease-back. U.K.

(1) This section applies to a lease ("the lease in question") of an asset ("the relevant asset") where—

(a) a person ("the seller") who is a participator in an oil field ("the seller's oil field") has made a disposal in a chargeable period of the relevant asset or an interest in it;

(b) the relevant asset was a qualifying asset in relation to the seller and the seller's oil field is the chargeable field in relation to it;

(c) the relevant asset is used in connection with an oil field ("the lessee's oil field") by a participator in that field ("the lessee") under the lease in question;

(d) the seller, or a person connected with him at any time in the relevant period, is the lessee; and

(e) the lessee uses the relevant asset before the end of the period of two years beginning with the disposal.

(2) Subject to subsection (8) below, to the extent that the expenditure falling within subsection (3) below exceeds the amount of the cap, that expenditure shall not be allowable under section 3 or 4 of the principal Act or section 3 of the [M84]Oil Taxation Act 1983 for the lessee's oil field.

(3) That expenditure is the aggregate of the following—

(a) the total expenditure, excluding operating expenditure, incurred by the lessee under the lease in question; and

(b) if at any time after the disposal he acquires the relevant asset or an interest in it, the total expenditure (not falling within paragraph (a) above) incurred by him in acquiring the asset or interest.

(4) Subject to subsections (5) to (7) below—

(a) if the period in which the disposal was made is one in which the seller has benefitted from safeguard relief, the amount of the cap is the smaller of—

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(i) the amount given by dividing the marginal tax on the disposal receipts by the applicable rate of tax; and

(ii) the amount of the disposal receipts; and

(b) in any other case the amount of the cap is the amount of the disposal receipts.

(5) Subject to subsection (7) below, where at the relevant time there are, in relation to the relevant asset, two or more leases to which this section applies, the amount of the cap for the lease in question shall be the appropriate proportion of the cap found by applying subsection (4) above.

(6) For the purposes of subsection (5) above the appropriate proportion is the proportion given by the formula—

$$\frac{A}{B}$$

where—

A is the proportion of the total use of the relevant asset during the term of the lease in question that is expected to be use under the lease; and

B is—

(a) in a case where the seller disposed of the whole of the relevant asset, one; and

(b) in any other case, the proportion that the value of the interest disposed of by him bore to the total value of the relevant asset.

(7) Where at the relevant time the relevant asset is used, or is expected to be used, by the lessee under the lease in question in connection with two or more oil fields, the amount of the cap for each of the fields shall be so much of the cap found by applying subsections (4) to (6) above as accords with the proportion of the use of the asset under the lease that is expected, at that time, to be—

(a) use in connection with that field; or

(b) use giving rise to tariff receipts of the lessee attributable to that field.

(8) Where—

(a) expenditure falling within subsection (3) above has been allowed for the lessee's oil field, on a claim under Schedule 5 or 6 to the principal Act, on the basis that the cap was of a particular amount;

(b) information later becomes available to the Board which establishes that the cap is not of that amount; and

(c) the amount that was allowed exceeds the amount (if any) of the expenditure falling within that subsection that would have been allowed on the claim if the information had been available when the expenditure was allowed,

the excess shall continue to be allowable.

(9) Subject to subsection (10) below, this section and sections 96 and 97 below apply to assets, or interests in assets, disposed of on or after 9th March 1999.

(10) This section and those sections do not apply to assets, or interests in assets, disposed of pursuant to an agreement made before that date if—

(a) the agreement is not conditional; or

(b) the agreement is conditional and the condition is satisfied before that date.

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Marginal Citations
M84 1983 c.56.

96 Transfer of field interest. U.K.

(1) This section applies where—
- (a) section 95 above has applied to a lease;
- (b) the lessee has transferred the whole or part of his interest in the lessee's oil field; and
- (c) pursuant to the transfer, the relevant asset is used in connection with that oil field under a lease ("the new participator's lease") by the person who is the new participator in relation to the transfer.

(2) Subject to subsection (4) below, section 95 above shall have effect as if the new participator were the lessee and the new participator's lease were the lease in question.

(3) The reference in subsection (1)(b) above to the lessee includes a reference to a successor of his; and subject to subsection (4) below, the expenditure that the new participator is treated by virtue of subsection (2) above as having incurred includes—
- (a) any expenditure, excluding operating expenditure, incurred by the lessee or a successor of his under the lease in question or a lease of the relevant asset; and
- (b) any expenditure (not falling within paragraph (a) above) incurred by the lessee or a successor of his after the disposal mentioned in section 95(1)(a) above in acquiring the relevant asset or an interest in it.

(4) Where the transfer mentioned in subsection (1)(b) above, or any antecedent transfer, was a transfer of part of the transferor's interest in the lessee's oil field—
- (a) the amount of the cap which is applicable by virtue of subsection (2) above shall be so much of the cap that would be applicable apart from this subsection as accords with the proportion of the lessee's interest in the field that is represented by the new participator's interest in the field; and
- (b) the expenditure incurred (as mentioned in subsection (3) above) by the lessee or any successor of his that is treated, by virtue of subsection (2) above, as expenditure incurred by the new participator shall be so much of the expenditure incurred (as so mentioned) by the person concerned as accords with the proportion of that person's interest in the field that is represented by the new participator's interest in the field.

(5) A person is a successor of the lessee for the purposes of this section if and only if—
- (a) this section has applied to an earlier transfer by the lessee or a successor of his of the whole or part of his interest in the lessee's oil field; and
- (b) that person was the new participator in relation to the earlier transfer and used the relevant asset under the lease in connection with that oil field.

(6) In this section "antecedent transfer" means a transfer (other than the transfer mentioned in subsection (1)(b) above) by the lessee or a successor of his of the whole or part of his interest in the lessee's oil field, pursuant to which the relevant asset was used as mentioned in subsection (1)(c) above.

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97 Provisions supplementary to ss. 95 and 96. U.K.

(1) For the purposes of section 95 above the marginal tax on the disposal receipts is the difference between—

(a) the amount of tax to which the seller is chargeable on the assessable profit accruing to him from the seller's oil field in the period in which the asset or interest was disposed of; and

(b) the amount of tax to which the seller would have been so chargeable if the amount or value of the consideration received or receivable by him in respect of the disposal in that period of the asset or interest had been nil.

(2) For the purposes of that section—

(a) any question whether a person is connected with the seller shall be determined in accordance with the provisions of section 839 of the Taxes Act 1988;

(b) the relevant period is the period beginning with the time of the disposal of the asset or interest and ending with the time when the first claim is made for the allowance, for the lessee's oil field, of expenditure incurred by the lessee or a successor of his under the lease in question or a lease of the relevant asset (and in this paragraph the reference to the lessee includes a reference to a person who is treated as the lessee by virtue of section 96 above);

(c) the applicable rate of tax is the rate at which tax is charged under section 1(2) of the principal Act at the time of the disposal of the asset or interest;

(d) the amount of the disposal receipts is the aggregate of the amount or value of any consideration received or receivable by the seller in respect of the disposal of the asset or interest;

(e) a chargeable period is a period in which the seller benefits from safeguard relief if and only if the tax payable by the seller for that period is less than it would have been if section 9 of the principal Act (safeguard relief) had not been enacted;

(f) the relevant time is the end of the earliest claim period for which a claim such as is mentioned in paragraph (b) above is made; and

(g) tariff receipts of the lessee shall be taken to be attributable to an oil field if and only if they are attributable to the field for any chargeable period for the purposes of the [M85]Oil Taxation Act 1983.

(3) In section 96 above references—

(a) to the transfer by a person of the whole or part of his interest in the lessee's oil field; or

(b) in relation to a transfer, to the new participator,

shall be construed in accordance with Schedule 17 to the [M86]Finance Act 1980.

(4) The expenditure which for the purposes of sections 95 and 96 above shall be taken to be operating expenditure shall be so much of the expenditure incurred by the lessee or, as the case may be, a successor of his under the lease concerned as appears, on a just and reasonable estimate, to be operating expenditure.

(5) References in this section to a successor of the lessee shall be construed in accordance with section 96(5) above.

(6) In this section and sections 95 and 96 above—

"the chargeable field" has the same meaning as in the Oil Taxation Act 1983;

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"lease", in relation to an asset, has the same meaning as in sections 781 to 784 of the Taxes Act 1988;

"the lease in question", "the lessee", "the lessee's oil field", "the relevant asset", "the seller" and "the seller's oil field" shall be construed in accordance with section 95(1) above;

"operating expenditure" means expenditure (for example, in respect of the provision of staff or crew or the maintenance or operation of the relevant asset) of such a nature that the lessee or, as the case may be, his successor would or might have incurred it, otherwise than under any arrangements to finance his ownership, if he had been the owner of the asset;

"the new participator's lease" shall be construed in accordance with section 96(1) above;

"the principal Act" means the [M87]Oil Taxation Act 1975;

"qualifying asset" has the same meaning as in the Oil Taxation Act 1983; and

"tariff receipts" has the same meaning as in that Act.

(7) This section and sections 95 and 96 above shall be construed as one with Part I of the principal Act.

Marginal Citations

M85 1983 c.56.
M86 1980 c.48.
M87 1975 c.22.

98 Qualifying assets. U.K.

(1) Subsection (2) below applies where—

(a) an asset which is not a mobile asset is a qualifying asset for the purposes of the [M88]Oil Taxation Act 1983 in relation to a person ("the taxpayer") who is a participator in an oil field ("the field");

(b) tariff receipts or disposal receipts of the taxpayer which are referable to the asset are attributable to the field for a chargeable period ("the earlier period");

(c) receipts of the taxpayer which are referable to the asset for a subsequent chargeable period ("the later period") would not, apart from this section, be tariff receipts or disposal receipts attributable to the field for that period as a result of—

(i) the taxpayer's ceasing to be a participator in the field; or

(ii) his becoming a participator in another oil field; and

(d) not more than two chargeable periods intervene between the earlier period and the later period.

(2) The Oil Taxation Acts shall have effect, in relation to the later period and any subsequent chargeable period, as if—

(a) receipts of the taxpayer which are referable to the asset for the period concerned were tariff receipts or disposal receipts attributable to the field for that period; and

(b) in a case falling within subsection (1)(c)(i) above, the taxpayer continued to be a participator in the field.

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(3) Subsection (4) below applies where—

(a) an asset which is not a mobile asset is a qualifying asset for the purposes of the Oil Taxation Act 1983 in relation to a person ("the taxpayer") who is a participator in an oil field ("the field");

(b) tariff receipts or disposal receipts of the taxpayer which are referable to the asset are attributable to the field for a chargeable period ("the earlier period");

(c) in a subsequent chargeable period ("the later period") the taxpayer disposes of—

(i) the asset; or

(ii) an interest in the asset,

to another person ("the transferee") in circumstances such that section 7 of the Oil Taxation Act 1983 does not apply to the disposal; and

(d) not more than two chargeable periods intervene between the earlier period and the later period.

(4) The Oil Taxation Acts shall have effect, in relation to the later period and any subsequent chargeable period, as if—

(a) receipts of the transferee which are referable to the asset for the period concerned were tariff receipts or disposal receipts attributable to the field for that period; and

(b) the transferee were a participator in the field.

(5) Subject to subsection (6) below, any reference in this section to receipts of any person which are referable to the asset for a period is a reference to any sums which—

(a) are received or receivable by that person in that period in respect of the use of the asset, or the provision of services or other business facilities of whatever kind in connection with its use; or

(b) are received or receivable by that person in respect of the disposal in that period of the asset, or an interest in the asset.

(6) In a case falling within subsection (3)(c)(ii) above—

(a) any sums which are received or receivable by the transferee otherwise than by virtue of his acquisition of the interest shall not be regarded for the purposes of subsection (4) above as receipts of his which are referable to the asset for any period; and

(b) for the purposes of paragraph (a) above, such apportionments shall be made as may be just and reasonable.

(7) This section shall be construed as one with Part I of the [M89]Oil Taxation Act 1975; and in this section "the Oil Taxation Acts" means—

(a) the enactments relating to petroleum revenue tax (including this section);

(b) Chapter V of Part XII of the Taxes Act 1988 (petroleum extraction activities); and

(c) sections 62 to 65 of the [M90]Finance Act 1991 (oil industry).

(8) Nothing in this section shall be taken to affect the meaning of "participator" in paragraph 4 of Schedule 2 to the principal Act.

(9) Subject to subsection (11) below, subsection (1) above applies where—

(a) the disposal by virtue of which the taxpayer ceased to be a participator in the field; or

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(b) the acquisition by virtue of which he became a participator in the other oil field,

was made on or after 1st July 1999.

(10) Subject to subsection (11) below, subsection (3) above applies where the asset, or the interest in the asset, was disposed of on or after that date.

(11) Neither subsection (1) nor subsection (3) above applies where the disposal or acquisition concerned was made pursuant to an agreement which was made before 1st July 1999 and either—

(a) the agreement was not conditional; or

(b) the agreement was conditional and the condition was satisfied before that date.

Marginal Citations

M88 1983 c.56.

M89 1975 c.22.

M90 1991 c.31.

99 PRT instalments. U.K.

(1) In paragraph 3 of Schedule 19 to the [M91]Finance Act 1982 (months in which instalments may be withheld)—

(a) in sub-paragraph (1), at the beginning there shall be inserted "Subject to sub-paragraph (1A) below," and after "month" there shall be inserted " (the relevant month) "; and

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

"(1A) Sub-paragraph (1) above does not apply if the relevant month is a month in which any consideration (whether in the nature of income or capital) is received or receivable by the participator in respect of any such matter as is mentioned in paragraph (a) or (b) of section 6(2) of the [M92]Oil Taxation Act 1983 (chargeable tariff receipts)."

(2) Subsection (1) above applies for the purpose of determining whether instalments are payable in respect of chargeable periods ending on or after 31st December 1999.

Marginal Citations

M91 1982 c.39.

M92 1983 c.56.

100 Sale and lease-back: ring fence profits. U.K.

(1) After section 494 of the Taxes Act 1988 there shall be inserted the following section—

"**494AA Sale and lease-back.**

(1) This section applies where—

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(a) a company ("the seller") carrying on a trade has disposed of an asset which was used for the purposes of that trade, or an interest in such an asset;

(b) the asset is used, under a lease, by the seller or a company associated with the seller ("the lessee") for the purposes of a ring fence trade carried on by the lessee; and

(c) the lessee uses the asset before the end of the period of two years beginning with the disposal.

(2) Subject to subsection (4) below, subsection (3) below applies to so much (if any) of the expenditure incurred by the lessee under the lease as—

(a) falls, in accordance with normal accountancy practice, to be treated in the accounts of the lessee as a finance charge; or

(b) would so fall if the lessee were a company incorporated in the United Kingdom.

(3) The expenditure shall not be allowable in computing for the purposes of Schedule D the profits of the ring fence trade.

(4) Expenditure shall not be disallowed by virtue of subsection (3) above to the extent that the disposal referred to in subsection (1) above is made for a consideration which—

(a) is used to meet expenditure incurred by the seller in carrying on oil extraction activities or in acquiring oil rights otherwise than from a company associated with the seller; or

(b) is appropriated to meeting expenditure to be so incurred by the seller.

(5) Where any expenditure—

(a) would apart from subsection (3) above be allowable in computing for the purposes of Schedule D the profits of the ring fence trade for an accounting period, but

(b) by virtue of that subsection is not so allowable,

that expenditure shall be brought into account for the purposes of Chapter II of Part IV of the [M93]Finance Act 1996 as if it were a non-trading debit in respect of a loan relationship of the lessee for that accounting period.

(6) In this section, "lease", in relation to an asset, has the same meaning as in sections 781 to 784."

(2) Subject to subsection (3) below, this section applies to assets, or interests in assets, disposed of on or after 9th March 1999.

(3) This section does not apply to assets, or interests in assets, disposed of pursuant to an agreement made before that date if—

(a) the agreement is not conditional; or

(b) the agreement is conditional and the condition is satisfied before that date.

Marginal Citations

M93 1996 c.8.

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101 Pipe-line elections. U.K.

(1) In subsection (1)(b) of section 233 of the [M94]Finance Act 1994 (relief for tariff receipts from participator in non-taxable field)—

(a) for "a participator in a non-taxable field" there shall be substituted " any person ", and

(b) for "in connection with that non-taxable field" there shall be substituted " otherwise than in connection with a taxable field ".

(2) Subsection (1) above applies to sums received or receivable in any chargeable period ending on or after 31st December 1999.

Marginal Citations

M94 1994 c.9.

102 PRT returns. U.K.

(1) In paragraph 2 of Schedule 2 to the [M95]Oil Taxation Act 1975 (returns by participators)—

(a) in sub-paragraph (1) (returns must be delivered within two months of the end of a chargeable period), after "the period" there shall be inserted " or within such longer period as the Board may allow "; and

(b) after sub-paragraph (4) there shall be inserted the following sub-paragraph—

"(5) The power of the Board to allow an extension of time under sub-paragraph (1) above shall include power—

(a) to allow an extension for an indefinite period; and

(b) to provide for the period of any extension to end at such time as may be stipulated in a notice given by the Board."

(2) In paragraph 5 of that Schedule (returns by the responsible person)—

(a) in sub-paragraph (1) (returns must be delivered within one month of the end of a chargeable period), after "the period" there shall be inserted " or within such longer period as the Board may allow "; and

(b) after sub-paragraph (3) there shall be inserted the following sub-paragraph—

"(4) The power of the Board to allow an extension of time under sub-paragraph (1) above shall include power—

(a) to allow an extension for an indefinite period; and

(b) to provide for the period of any extension to end at such time as may be stipulated in a notice given by the Board."

(3) After paragraph 12 of that Schedule there shall be inserted the following paragraph—

"12A (1) Where—

(a) the Board has extended the period for the delivery of any return that is required under paragraph 2 of this Schedule to be delivered for any chargeable period, and

(b) the relevant time falls more than one year after the end of the chargeable period,

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the period within which the Board may make an assessment under this Schedule for that chargeable period shall not expire before the end of the period of five years beginning with the relevant time.

(2) In this paragraph "the relevant time" means the earlier of—

(a) the time which, as a result of the extension, is the latest time for the delivery of the return; and

(b) the time when the return is delivered."

(4) In paragraph 2 of Schedule 5 to that Act, after sub-paragraph (6) there shall be inserted the following sub-paragraphs—

"(7) Where—

(a) the claim period in which any expenditure allowable under section 3 or 4 of this Act for an oil field is incurred coincides with or includes a chargeable period, and

(b) the Board has extended the period for the delivery of the return that is required under paragraph 5 of Schedule 2 to this Act to be delivered for that chargeable period by the responsible person, and

(c) the relevant time falls more than four years after the end of the claim period,

sub-paragraph (1) above shall have effect as if the reference to six years after the end of the claim period in which the expenditure is incurred were a reference to two years after the relevant time.

(8) In sub-paragraph (7) above "the relevant time" means the earlier of—

(a) the time which, as a result of the extension mentioned in that sub-paragraph, is the latest time for the delivery of the return there mentioned; and

(b) the time when that return is delivered."

(5) In the Table in paragraph 2 of Schedule 6 to that Act (application of provisions of Schedule 5 to claims under Schedule 6), after the entry relating to paragraph 2(6) of Schedule 5 there shall be inserted the following entries—

"2(7)	For the reference to paragraph 5 of Schedule 2 to this Act substitute a reference to paragraph 2 of that Schedule; for the reference to paragraph 2(1) of Schedule 5 to this Act substitute a reference to paragraph 1(2) of this Schedule.
2(8)"	

(6) In subsection (4) of section 62 of the [M96]Finance Act 1987 (returns relating to sales of oil), for the words from the beginning to "additional return" there shall be substituted—

"(4) In any case where paragraph 2 of Schedule 2 to the principal Act requires a participator in any oil field to make a return for any chargeable period (including cases where the latest time for the delivery of that return is

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deferred), that participator shall also be required, not later than the end of the second month after the end of that chargeable period, to deliver to the Board a return".

(7) In subsection (6) of that section, for paragraph (b) (return under subsection (4) not to include details included in return under paragraph 2 of Schedule 2 to the principal Act) there shall be substituted the following paragraph—

"(b) details of which are not included in a return for the period under paragraph 2 of Schedule 2 to the principal Act which is delivered to the Board at the same time as the return required by subsection (4) above or which was delivered to them previously; and".

(8) The preceding provisions of this section apply in relation to chargeable periods ending on or after 30th June 1999.

Marginal Citations
M95 1975 c.22.
M96 1987 c.16.

103 Business assets: roll-over relief. U.K.

(1) Section 193 of the [M97]Taxation of Chargeable Gains Act 1992 (roll-over relief not available for gains on oil licences) shall cease to have effect.

(2) This section has effect in relation to—

(a) a disposal of a licence or an interest in a licence which occurs on or after 1st July 1999;

(b) an acquisition of a licence or an interest in a licence which occurs on or after 1st July 1999.

Marginal Citations
M97 1992 c.12.

PART V U.K.

INHERITANCE TAX

104 Gifts. U.K.

The following shall be inserted after section 102 of the [M98]Finance Act 1986 (inheritance tax: gifts with reservation)—

"**102A Gifts with reservation: interest in land.**

(1) This section applies where an individual disposes of an interest in land by way of gift on or after 9th March 1999.

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(2) At any time in the relevant period when the donor or his spouse enjoys a significant right or interest, or is party to a significant arrangement, in relation to the land—
  (a) the interest disposed of is referred to (in relation to the gift and the donor) as property subject to a reservation; and
  (b) section 102(3) and (4) above shall apply.

(3) Subject to subsections (4) and (5) below, a right, interest or arrangement in relation to land is significant for the purposes of subsection (2) above if (and only if) it entitles or enables the donor to occupy all or part of the land, or to enjoy some right in relation to all or part of the land, otherwise than for full consideration in money or money's worth.

(4) A right, interest or arrangement is not significant for the purposes of subsection (2) above if—
  (a) it does not and cannot prevent the enjoyment of the land to the entire exclusion, or virtually to the entire exclusion, of the donor; or
  (b) it does not entitle or enable the donor to occupy all or part of the land immediately after the disposal, but would do so were it not for the interest disposed of.

(5) A right or interest is not significant for the purposes of subsection (2) above if it was granted or acquired before the period of seven years ending with the date of the gift.

(6) Where an individual disposes of more than one interest in land by way of gift, whether or not at the same time or to the same donee, this section shall apply separately in relation to each interest.

102B Gifts with reservation: share of interest in land.

(1) This section applies where an individual disposes, by way of gift on or after 9th March 1999, of an undivided share of an interest in land.

(2) At any time in the relevant period, except when subsection (3) or (4) below applies—
  (a) the share disposed of is referred to (in relation to the gift and the donor) as property subject to a reservation; and
  (b) section 102(3) and (4) above shall apply.

(3) This subsection applies when the donor—
  (a) does not occupy the land; or
  (b) occupies the land to the exclusion of the donee for full consideration in money or money's worth.

(4) This subsection applies when—
  (a) the donor and the donee occupy the land; and
  (b) the donor does not receive any benefit, other than a negligible one, which is provided by or at the expense of the donee for some reason connected with the gift.

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102C Sections 102A and 102B: supplemental.

(1) In sections 102A and 102B above "the relevant period" has the same meaning as in section 102 above.

(2) An interest or share disposed of is not property subject to a reservation under section 102A(2) or 102B(2) above if or, as the case may be, to the extent that the disposal is an exempt transfer by virtue of any of the provisions listed in section 102(5) above.

(3) In applying sections 102A and 102B above no account shall be taken of—

(a) occupation of land by a donor, or

(b) an arrangement which enables land to be occupied by a donor,

in circumstances where the occupation, or occupation pursuant to the arrangement, would be disregarded in accordance with paragraph 6(1)(b) of Schedule 20 to this Act.

(4) The provisions of Schedule 20 to this Act, apart from paragraph 6, shall have effect for the purposes of sections 102A and 102B above as they have effect for the purposes of section 102 above; and any question which falls to be answered under section 102A or 102B above in relation to an interest in land shall be determined by reference to the interest which is at that time treated as property comprised in the gift.

(5) Where property other than an interest in land is treated by virtue of paragraph 2 of that Schedule as property comprised in a gift, the provisions of section 102 above shall apply to determine whether or not that property is property subject to a reservation.

(6) Sections 102 and 102A above shall not apply to a case to which section 102B above applies.

(7) Section 102A above shall not apply to a case to which section 102 above applies."

Marginal Citations

M98 1986 c.41.

105 Delivery of accounts. U.K.

(1) For subsection (3) of section 216 of the [M99]Inheritance Tax Act 1984 (delivery of accounts) there shall be substituted the following subsections—

"(3) Subject to subsections (3A) and (3B) below, where an account is to be delivered by personal representatives (but not where it is to be delivered by a person who is an executor of the deceased only in respect of settled land in England and Wales), the appropriate property is—

(a) all property which formed part of the deceased's estate immediately before his death, other than property which would not, apart from section 102(3) of the [M100]Finance Act 1986, form part of his estate; and

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(b) all property to which was attributable the value transferred by any chargeable transfers made by the deceased within seven years of his death.

(3A) If the personal representatives, after making the fullest enquiries that are reasonably practicable in the circumstances, are unable to ascertain the exact value of any particular property, their account shall in the first instance be sufficient as regards that property if it contains—

(a) a statement to that effect;

(b) a provisional estimate of the value of the property; and

(c) an undertaking to deliver a further account of it as soon as its value is ascertained.

(3B) The Board may from time to time give such general or special directions as they think fit for restricting the property to be specified in pursuance of subsection (3) above by any class of personal representatives."

(2) This section has effect in relation to deaths occurring on or after 9th March 1999.

Marginal Citations

M99 1984 c.51.

M100 1986 c.41.

106 Power to call for documents etc. U.K.

After section 219 of the [M101]Inheritance Tax Act 1984 there shall be inserted the following sections—

"**219A Power to call for documents etc.**

(1) An officer of the Board may by notice in writing require any person who has delivered, or is liable to deliver, an account under section 216 or 217 above, within such time as may be specified in the notice—

(a) to produce to the officer such documents as are in the person's possession or power and as the officer may reasonably require for any of the purposes mentioned in subsection (2) below; and

(b) to furnish the officer with such accounts or particulars as he may reasonably require for any of those purposes.

(2) The purposes are—

(a) enquiring into an account under section 216 or 217 above (including any claim or election included in the account);

(b) determining whether and, if so, the extent to which such an account is incorrect or incomplete; and

(c) making a determination for the purposes of a notice under section 221 below.

(3) To comply with a notice under subsection (1) above, copies of documents may be produced instead of originals; but the copies must be photographic or otherwise by way of facsimile.

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(4) If so required by a notice in writing given by the officer, in the case of any document specified in the notice, the original of any copy produced under subsection (3) above must be produced for inspection by him within such time as may be specified in the notice.

(5) The time specified in a notice under subsection (1) or (4) above shall not be less than thirty days.

(6) The officer may take copies of, or make extracts from, any document produced to him under subsection (1) or (4) above.

(7) A notice under subsection (1) above does not oblige a person to produce documents or furnish accounts or particulars relating to the conduct of any pending appeal by him.

219B Appeal against requirement to produce documents etc.

(1) An appeal may be brought against any requirement imposed by a notice under section 219A(1) above to produce any document or to furnish any accounts or particulars.

(2) Subject to the following provisions of this section, the provisions of this Act relating to appeals shall have effect in relation to an appeal under this section as they have effect in relation to an appeal against a determination specified in a notice under section 221 below.

(3) An appeal under this section must be brought within the period of thirty days beginning with the date on which the notice under section 219A(1) above is given.

(4) On an appeal under this section the Special Commissioners may—
   (a) if it appears to them that the production of the document or the furnishing of the accounts or particulars was reasonably required by the officer of the Board for any of the purposes mentioned in section 219A(2) above, confirm the notice under section 219A(1) above so far as relating to the requirement; or
   (b) if it does not so appear to them, set aside that notice so far as so relating.

(5) Where, on an appeal under this section, the Special Commissioners confirm the notice under section 219A(1) above so far as relating to any requirement, the notice shall have effect in relation to that requirement as if it had specified thirty days beginning with the determination of the appeal.

(6) Neither the person required to produce documents or furnish accounts or particulars nor the officer of the Board shall be entitled to appeal under section 225 below against the determination of an appeal under this section."

Marginal Citations
M101 1984 c.51.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
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107 Inland revenue charge. U.K.

(1) In subsection (3) of section 237 of the [M102]Inheritance Tax Act 1984 (imposition of Inland Revenue charge), for " "personal property" includes leaseholds" there shall be substituted "personal property" does not include leaseholds ".

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

"(3B) Subsection (3C) below applies to any tax charged—

(a) under section 32, 32A or 79(3) above in respect of any property,

(b) under paragraph 8 of Schedule 4 to this Act in respect of any property, or

(c) under paragraph 1 or 3 of Schedule 5 to this Act with respect to any object or property.

(3C) Where any tax to which this subsection applies, or any interest on it, is for the time being unpaid, a charge for the amount unpaid is also by virtue of this section imposed in favour of the Board—

(a) except where the event giving rise to the charge was a disposal to a purchaser of the property or object in question, on that property or object; and

(b) in the excepted case, on any property for the time being representing that property or object."

(3) Subsection (1) above has effect in relation to deaths occurring on or after 9th March 1999; and subsection (2) above has effect in relation to tax charged on or after that day.

Marginal Citations

M102 1984 c.51.

108 Penalties. U.K.

(1) For section 245 of the [M103]Inheritance Tax Act 1984 (failure to provide information) there shall be substituted the following sections—

"**245 Failure to deliver accounts.**

(1) This section applies where a person ("the taxpayer") fails to deliver an account under section 216 or 217 above.

(2) The taxpayer shall be liable—

(a) to a penalty not exceeding £100; and

(b) to a further penalty not exceeding £60 for every day after the day on which the failure has been declared by a court or the Special Commissioners and before the day on which the account is delivered.

(3) If—

(a) proceedings in which the failure could be declared are not commenced before the end of the relevant period, and

(b) the taxpayer has not delivered the account by the end of that period,

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he shall be liable to a further penalty not exceeding £100.

(4) In subsection (3) above "the relevant period" means the period of six months beginning immediately after the end of the period given by section 216(6) or (7) or section 217 above (whichever is applicable).

(5) If the taxpayer proves that his liability to tax does not exceed a particular amount, the penalty under subsection (2)(a) above, together with any penalty under subsection (3) above, shall not exceed that amount.

(6) A person shall not be liable to a penalty under subsection (2)(b) above if he delivers the account required by section 216 or 217 before proceedings in which the failure could be declared are commenced.

(7) A person who has a reasonable excuse for failing to deliver an account shall not be liable by reason of that failure to a penalty under this section, unless he fails to deliver the account without unreasonable delay after the excuse has ceased.

245A Failure to provide information etc.

(1) A person who fails to make a return under section 218 above shall be liable—
  (a) to a penalty not exceeding £300; and
  (b) to a further penalty not exceeding £60 for every day after the day on which the failure has been declared by a court or the Special Commissioners and before the day on which the return is made.

(2) A person who fails to comply with a notice under section 219 above shall be liable—
  (a) to a penalty not exceeding £300; and
  (b) to a further penalty not exceeding £60 for every day after the day on which the failure has been declared by a court or the Special Commissioners and before the day on which the notice is complied with.

(3) A person who fails to comply with a notice under section 219A(1) or (4) above shall be liable—
  (a) to a penalty not exceeding £50; and
  (b) to a further penalty not exceeding £30 for every day after the day on which the failure has been declared by a court or the Special Commissioners and before the day on which the notice is complied with.

(4) A person shall not be liable to a penalty under subsection (1)(b), (2)(b) or (3)(b) above if—
  (a) he makes the return required by section 218 above,
  (b) he complies with the notice under section 219 above, or
  (c) he complies with the notice under section 219A(1) or (4) above,

  before proceedings in which the failure could be declared are commenced.

(5) A person who has a reasonable excuse for failing to make a return or to comply with a notice shall not be liable by reason of that failure to a penalty under

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this section, unless he fails to make the return or to comply with the notice without unreasonable delay after the excuse has ceased."

(2) In section 247 of that Act (provision of incorrect information)—

(a) in subsection (1)—

(i) for "£50 and twice the difference" there shall be substituted " £3,000 and the difference "; and

(ii) for "£50", in the other place where it occurs, there shall be substituted " £1,500 ";

(b) in subsection (3), for "£500" and "£250" there shall be substituted " £3,000 " and " £1,500 " respectively; and

(c) in subsection (4), for "£500" there shall be substituted " £3,000 ".

(3) Subsection (1) above does not have effect in relation to a failure by any person—

(a) to deliver an account under section 216 or 217 of the [M104]Inheritance Tax Act 1984,

(b) to make a return under section 218 of that Act, or

(c) to comply with a notice under section 219 of that Act,

where the period within which the person is required to perform the obligation in question expires before the day on which this Act is passed.

(4) Subsection (2) above has effect in relation to incorrect accounts, information or documents delivered, furnished or produced on or after the day on which this Act is passed.

Marginal Citations

M103 1984 c.51.

M104 1984 c.51.

PART VI U.K.

STAMP DUTY AND STAMP DUTY RESERVE TAX

Stamp duty

109 Interest and penalties on late stamping. U.K.

(1) For section 15 of the [M105]Stamp Act 1891 (penalty upon stamping instruments after execution) substitute—

"**15 Stamping after execution.**

(1) An unstamped or insufficiently stamped instrument may be stamped after being executed on payment of the unpaid duty and any interest or penalty payable.

(2) Any interest or penalty payable on stamping shall be denoted on the instrument by a particular stamp.

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15A Late stamping: interest.

(1) Interest is payable on the stamping of an instrument which—
  (a) is chargeable with*ad valorem* duty, and
  (b) is not duly stamped within 30 days after the day on which the instrument was executed (whether in the United Kingdom or elsewhere).

(2) Interest is payable on the amount of the unpaid duty from the end of the period of 30 days mentioned in subsection (1)(b) until the duty is paid.

If an amount is lodged with the Commissioners in respect of the duty, the amount on which interest is payable is reduced by that amount.

(3) Interest shall be calculated at the rate applicable under section 178 of the [M106]Finance Act 1989 (power of Treasury to prescribe rates of interest).

(4) The amount of interest shall be rounded down (if necessary) to the nearest multiple of £5.

No interest is payable if that amount is less than £25.

(5) Interest under this section shall be paid without any deduction of income tax and shall not be taken into account in computing income or profits for any tax purposes.

15B Late stamping: penalties.

(1) A penalty is payable on the stamping of an instrument which is not presented for stamping within 30 days after—
  (a) if the instrument is executed in the United Kingdom, the day on which it is so executed;
  (b) if the instrument is executed outside the United Kingdom, the day on which it is first received in the United Kingdom.

(2) If the instrument is presented for stamping within one year after the end of the 30-day period mentioned in subsection (1), the maximum penalty is £300 or the amount of the unpaid duty, whichever is less.

(3) If the instrument is not presented for stamping until after the end of the one-year period mentioned in subsection (2), the maximum penalty is £300 or the amount of the unpaid duty, whichever is greater.

(4) The Commissioners may, if they think fit, mitigate or remit any penalty payable on stamping.

(5) No penalty is payable if there is a reasonable excuse for the delay in presenting the instrument for stamping.".

(2) In section 178(2) of the [M107]Finance Act 1989 (enactments for purposes of which Treasury may prescribe rates of interest), before paragraph (a) insert—
  "(aa) section 15A of the Stamp Act 1891;".

(3) The consequential amendments in Schedule 12 to this Act have effect.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
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(4) This section applies to instruments executed on or after 1st October 1999.

Marginal Citations

M105 1891 c.39.
M106 1989 c.26.
M107 1989 c.26.

110 Interest on repayment of duty overpaid etc. U.K.

(1) A payment by the Commissioners to which this section applies shall be paid with interest at the rate applicable under section 178 of the Finance Act 1989 for the period between the relevant time (as defined below) and the date on which the order for the payment is issued.

(2) This section applies to any repayment by the Commissioners of duty, or any penalty on late stamping, under the enactments relating to stamp duty.

In that case the relevant time is 30 days after the day on which the instrument in question was executed or, if later, the date on which the payment of duty or penalty was made.

(3) This section applies to a repayment by the Commissioners of an amount lodged with them in respect of the duty payable on stamping an instrument if—

(a) the instrument is presented for stamping,
(b) the instrument is duly stamped, and
(c) the repayment is of an amount then repayable.

In that case the relevant time is 30 days after the day on which the instrument was executed or, if later, the date on which the amount was lodged with the Commissioners.

(4) This section also applies to a money payment made by the Commissioners under section 11 of the [M108]Stamp Duties Management Act 1891 (allowances for spoiled or misused stamps).

In that case the relevant time is the date on which the duty was paid for the stamp in respect of which the allowance is made.

(5) A payment by the Commissioners under section 12A(2)(b) of that Act (allowances for lost or spoiled instruments) is treated for the purposes of this section as a repayment of the duty or penalty by reference to which it is made.

In that case the relevant time is the date on which the payment of duty or penalty was made.

(6) No interest is payable under this section if the amount of the payment to which this section applies is less than £25.

(7) No interest is payable under this section in respect of a payment made in consequence of an order or judgment of a court having power to allow interest on the payment.

(8) Interest paid to any person under this section is not income of that person for any tax purposes.

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(9) In section 178(2) of the [M109]Finance Act 1989 (enactments for purposes of which Treasury may prescribe rates of interest), after paragraph (o) add—

", and

(p) section 110 of the Finance Act 1999.".

(10) This section applies in relation to instruments executed on or after 1st October 1999.

Modifications etc. (not altering text)

C2 S. 110 applied (28.7.2000) by 2000 c. 17, s. 117, **Sch. 33 para. 5(2)** (with Sch. 33 para. 9(2))

Marginal Citations

M108 1891 c.38.

M109 1989 c.26.

111 Stamp duty on conveyance or transfer on sale. U.K.

(1) Section 55 of the [M110]Finance Act 1963 and section 4 of the [M111]Finance Act (Northern Ireland) 1963 (rates of stamp duty on conveyance or transfer on sale) are each amended as follows.

(2) In subsection (1)(d) (rate of £2 for every £100 etc. where consideration does not exceed £500,000 and the instrument is certified at that amount) for "£2" substitute " £2.50p ".

(3) In subsection (1)(e) (rate of £3 for every £100 etc. in cases not otherwise provided for) for "£3" substitute " £3.50p ".

(4) This section applies to instruments executed on or after 16th March 1999, except where the instrument in question is executed in pursuance of a contract made on or before 9th March 1999.

(5) This section shall be deemed to have come into force on 16th March 1999.

Marginal Citations

M110 1963 c.25.

M111 1963 c.22(N.I.).

112 General amendment of charging provisions. U.K.

(1) The amount of any stamp duty chargeable ad valorem—

(a) shall be a percentage of the amount specified in the relevant charging provision, and

(b) shall be rounded up (if necessary) to the nearest multiple of £5.

(2) The amount of every fixed stamp duty shall be £5.

(3) The provisions of Schedule 13 to this Act have effect in place of Schedule 1 to the [M112]Stamp Act 1891, and certain related enactments, so far as they relate to the instruments (other than bearer instruments) chargeable to duty and the method of calculation and rates of duty.

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(4) The consequential amendments in Schedule 14 to this Act have effect.

(5) The percentage rates specified in Schedule 13 and the enactments amended by Schedule 14 correspond to the rates of duty generally in force at the passing of this Act.

In the case of an instrument in relation to which there was then in force transitional provision in connection with an earlier change in the rate of duty having the effect that a different rate applied, the new or amended provisions have effect as if a reference to a percentage corresponding to that different rate were substituted.

(6) This section has effect in relation to instruments executed on or after 1st October 1999.

Marginal Citations

M112 1891 c.39(N.I.).

113 Bearer instruments. U.K.

(1) The provisions of Schedule 15 to this Act have effect in place of the heading "Bearer Instruments" in Schedule 1 to the Stamp Act 1891, and certain related enactments, and incorporate amendments in relation to bearer instruments corresponding to those made by—

section 109 (interest and penalties on late stamping),

section 112 (general amendment of charging provisions), and

Part I of Schedule 17 to this Act (amendments of penalties other than on late stamping).

(2) The percentage rates specified in Schedule 15 correspond to the rates of duty generally in force at the passing of this Act.

In the case of an instrument in relation to which there was then in force transitional provision in connection with an earlier change in the rate of duty having the effect that a different rate applied, the new provisions have effect as if a reference to a percentage corresponding to that different rate were substituted.

(3) The consequential amendments specified in Schedule 16 to this Act have effect.

(4) This section applies in relation to bearer instruments issued on or after 1st October 1999.

114 Penalties other than on late stamping. U.K.

(1) The provisions of Schedule 17 to this Act (stamp duty: penalties other than on late stamping) have effect.

(2) The provisions of that Schedule have effect in relation to penalties in respect of things done or omitted on or after 1st October 1999.

115 Minor amendments and repeal of obsolete provisions. U.K.

Schedule 18 to this Act (stamp duty: minor amendments and repeal of obsolete provisions) has effect.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

Stamp duty reserve tax

116 Non-sterling bearer instruments issued in connection with merger or takeover. U.K.

(1) In section 95 of the [M113]Finance Act 1986 (exceptions from charge on entry into depositary receipt system), for subsection (2) (bearer instruments) substitute—

"(2) There shall be no charge to tax under section 93 above in respect of a transfer, issue or appropriation of an inland bearer instrument, within the meaning of the heading "Bearer Instrument" in Schedule 1 to the Stamp Act 1891, except in the case of—

(a) an instrument within exemption 3 in that heading (renounceable letters of allotment etc. where rights are renounceable not later than six months after issue); or

(b) an instrument within the stamp duty exemption for non-sterling instruments which is issued in connection with a company merger or takeover (whether or not involving the company issuing the instrument).

In paragraph (b) "the stamp duty exemption for non-sterling instruments" means the exemption from stamp duty provided for by section 30 of the Finance Act 1967 or section 7 of the Finance Act (Northern Ireland) 1967.".

(2) In section 97 of the Finance Act 1986 (exceptions from charge on entry into clearance system), for subsection (3) (bearer instruments) substitute—

"(3) There shall be no charge to tax under section 96 above in respect of a transfer or issue of an inland bearer instrument, within the meaning of the heading "Bearer Instrument" in Schedule 1 to the Stamp Act 1891, except in the case of—

(a) an instrument within exemption 3 in that heading (renounceable letters of allotment etc. where rights are renounceable not later than six months after issue); or

(b) an instrument within the stamp duty exemption for non-sterling instruments which is issued in connection with a company merger or takeover (whether or not involving the company issuing the instrument).

In paragraph (b) "the stamp duty exemption for non-sterling instruments" means the exemption from stamp duty provided for by section 30 of the Finance Act 1967 or section 7 of the Finance Act (Northern Ireland) 1967.".

(3) This section applies to any instrument issued on or after 30th January 1999, except one giving effect to an agreement for a company merger or takeover entered into in writing by the companies involved before that date.

Marginal Citations

M113 1986 c.41.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

117 Scope of exceptions for certain bearer instruments. U.K.

(1) In section 95(2) of the Finance Act 1986 (bearer instruments excepted from charge on entry into depositary receipt system), for paragraph (b) (one of the categories of instrument to which the exception does not apply) substitute—

"(b) an instrument within the stamp duty exemption for non-sterling instruments which—

(i) does not raise new capital, and

(ii) is not issued in exchange for an instrument raising new capital.".

(2) After that subsection insert—

"(2A) For the purpose of subsection (2)(b)—

(a) an instrument is regarded as raising new capital only if the condition in subsection (2B) is met, and

(b) an instrument is regarded as issued in exchange for an instrument raising new capital only if the conditions in subsection (2C) are met.

(2B) The condition mentioned in subsection (2A)(a) is that the instrument—

(a) is issued in conjunction with—

(i) the issue of relevant securities for which only cash is subscribed, or

(ii) the granting of rights to subscribe for relevant securities which are granted for a cash consideration only and exercisable only by means of a cash subscription; or

(b) is issued to give effect to the exercise of such rights as are mentioned in paragraph (a)(ii).

(2C) The conditions mentioned in subsection (2A)(b) are that—

(a) the instrument is issued in conjunction with the issue of relevant securities by a company in exchange for relevant securities issued by another company, and

(b) immediately before the exchange an instrument relating to those other securities—

(i) was regarded for the purposes of subsection (2)(b) as raising new capital or as issued in exchange for an instrument raising new capital, or

(ii) would have been so regarded if the amendments made to this section by section 117 of the Finance Act 1999 had been in force at the time of its issue,

and accordingly was or would have been within the exception conferred by subsection (2).

(2D) For the purposes of subsections (2B) and (2C) "relevant securities" means chargeable securities which are either—

(a) shares the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the company, or

(b) loan capital within the meaning of section 78 above,

and which, in either case, do not carry any rights (of conversion or otherwise) by the exercise of which chargeable securities other than relevant securities may be obtained.".

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(3) For subsection (6) of that section substitute—

"(6) Where an arrangement is entered into under which—

(a) a company issues securities to persons in respect of their holdings of securities issued by another company, and

(b) the securities issued by the other company are cancelled,

the issue shall be treated for the purposes of this section as an issue of securities in exchange for securities issued by the other company.".

(4) In section 97(3) of that Act (bearer instruments excepted from charge on entry into clearance system), for paragraph (b) (one of the categories of instrument to which the exception does not apply) substitute—

"(b) an instrument within the stamp duty exemption for non-sterling instruments which—

(i) does not raise new capital, and

(ii) is not issued in exchange for an instrument raising new capital.".

(5) After that subsection insert—

"(3A) For the purpose of subsection (3)(b)—

(a) an instrument is regarded as raising new capital only if the condition in subsection (3B) is met, and

(b) an instrument is regarded as issued in exchange for an instrument raising new capital only if the conditions in subsection (3C) are met.

(3B) The condition mentioned in subsection (3A)(a) is that the instrument—

(a) is issued in conjunction with—

(i) the issue of relevant securities for which only cash is subscribed, or

(ii) the granting of rights to subscribe for relevant securities which are granted for a cash consideration only and exercisable only by means of a cash subscription; or

(b) is issued to give effect to the exercise of such rights as are mentioned in paragraph (a)(ii).

(3C) The conditions mentioned in subsection (3A)(b) are that—

(a) the instrument is issued in conjunction with the issue of relevant securities by a company in exchange for relevant securities issued by another company, and

(b) immediately before the exchange an instrument relating to those other securities—

(i) was regarded for the purposes of subsection (3)(b) as raising new capital or as issued in exchange for an instrument raising new capital, or

(ii) would have been so regarded if the amendments made to this section by section 117 of the Finance Act 1999 had been in force at the time of its issue,

and accordingly was or would have been within the exception conferred by subsection (3).

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(3D) For the purposes of subsections (3B) and (3C) "relevant securities" means chargeable securities which are either—

(a) shares the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the company, or

(b) loan capital within the meaning of section 78 above,

and which, in either case, do not carry any rights (of conversion or otherwise) by the exercise of which chargeable securities other than relevant securities may be obtained.".

(6) For subsection (7) of that section substitute—

"(7) Where an arrangement is entered into under which—

(a) a company issues securities to persons in respect of their holdings of securities issued by another company, and

(b) the securities issued by the other company are cancelled,

the issue shall be treated for the purposes of this section as an issue of securities in exchange for securities issued by the other company.".

(7) Subsections (1) to (6) above apply in relation to any instrument issued on or after 9th March 1999, except one giving effect to an agreement for a company merger or takeover entered into in writing by the companies involved before 30th January 1999.

118 Relief in case of certain replacement securities. U.K.

(1) After section 95 of the [M114]Finance Act 1986 (depositary receipts: exceptions) insert—

"**95A Depositary receipts: exception for replacement securities.**

(1) There shall be no charge to tax under section 93 above in respect of the transfer, issue or appropriation of chargeable securities ("the new securities") issued by a company in place of existing securities of the same company ("the old securities") if the following conditions are met.

(2) The first condition is that the old securities are held under a depositary receipt scheme.

(3) The second condition is that—

(a) there was a charge to tax under section 93 above in respect of the transfer, issue or appropriation—

(i) of the old securities, or

(ii) of earlier securities in relation to which on a previous application of this section those securities were the new securities,

or there would have been such a charge if that section had been in force; or

(b) there would have been such a charge but for section 95(2) or (3) above.

(4) The third condition is that there is an arrangement under which—

(a) the new securities are transferred, issued or appropriated as mentioned in section 93(1)(b), and

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(b) the old securities are cancelled.

(5) For the purposes of subsection (2) above the cases in which securities are held under a depositary receipt scheme are those specified (in relation to shares) in section 95(5) above.

(6) The exception provided by this section applies only to the extent that the value of the new securities immediately after their issue does not exceed the value of the old securities immediately before the issue of the new securities.".

(2) In section 99(10) of that Act (meaning of "chargeable securities"), after "95," insert " 95A, ".

(3) After section 97 of that Act (clearance services: exceptions) insert—

"**97AA Clearance services: further exception.**

(1) There shall be no charge to tax under section 96 above in respect of the transfer or issue of chargeable securities ("the new securities") issued by a company in place of existing securities of the same company ("the old securities") if the following conditions are met.

(2) The first condition is that the old securities are held under a clearance services scheme.

(3) The second condition is that—

(a) there was a charge to tax under section 96 above in respect of the transfer or issue—

(i) of the old securities, or

(ii) of earlier securities in relation to which on a previous application of this section those securities were the new securities,

or there would have been such a charge if that section had been in force; or

(b) there would have been such a charge but for section 97(3) or (4) above.

(4) The third condition is that there is an arrangement under which—

(a) the new securities are transferred or issued as mentioned in section 96(1)(b), and

(b) the old securities are cancelled.

(5) For the purposes of subsection (2) above the cases in which securities are held under a clearance services scheme are those specified (in relation to shares) in section 97(6) above.

(6) The exception provided by this section applies only to the extent that the value of the new securities immediately after their issue does not exceed the value of the old securities immediately before the issue of the new securities.".

(4) In section 99(10) of that Act (meaning of "chargeable securities"), after "97" insert " , 97AA ".

(5) This section applies in relation to securities issued on or after 1st May 1998.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
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Marginal Citations
M114 1986 c.41.

119 Power to exempt UK depositary interests in foreign securities. U.K.

(1) The Treasury may by regulations make provision excluding from the definition of "chargeable securities" in Part IV of the [M115]Finance Act 1986 such rights in or in relation to securities as, in accordance with the regulations, are to be treated as exempt UK depositary interests in foreign securities.

(2) Subject to subsection (3), the regulations may—
  (a) define "depositary interest", "UK depositary interest" and "foreign securities" for this purpose; and
  (b) exempt such descriptions of UK depositary interests in foreign securities (as so defined) as may from time to time be specified in the regulations.

(3) The regulations shall not make provision for the exemption of a depositary interest unless the terms of issue of the interest are such that it can only be transferred in accordance with regulations under section 207 of the [M116]Companies Act 1989 (transfer of securities without written instrument) or by means of a transfer within section 186(1) of the [M117]Finance Act 1996 (transfer of securities to member of electronic transfer system).

(4) The regulations may contain such incidental, supplementary, consequential and transitional provision as appears to the Treasury to be appropriate.

This may include provision modifying the enactments relating to stamp duty reserve tax for the purpose of giving effect to the exemption conferred by regulations under this section (or, where earlier regulations are varied or revoked, withdrawing an exemption formerly conferred).

(5) Regulations under this section may make different provision for different cases.

(6) Regulations under this section shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the House of Commons.

Marginal Citations
M115 1986 c.41.
M116 1989 c.40.
M117 1996 c.8.

120 Minor amendments of exceptions to general charge. U.K.

(1) Section 90 of the Finance Act 1986 (exceptions from the general charge to stamp duty reserve tax) is amended as follows.

(2) In subsection (3F)(c) (conditions of exception under subsection (3E)) for "securities which are not listed" substitute " chargeable securities which are not listed ".

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(3) In subsection (5) for "by a person" substitute " for the purposes of a business "; and in subsection (6) for "A person is within this subsection if his business is exclusively" substitute " A business is within this subsection if, or so far as, it consists of ".

(4) Subsection (2) above applies to instruments issued on or after 9th March 1999.

(5) Subsection (3) above applies to agreements to transfer securities made on or after 9th March 1999.

121 Power to make regulations with respect to administration, etc. U.K.

(1) The following provisions have effect with respect to the power conferred on the Treasury by section 98(1) of the Finance Act 1986 (stamp duty reserve tax: regulations with respect to administration, etc.).

(2) That power includes power to make provision—
- (a) applying the provisions of the [M118]Taxes Management Act 1970 relating to penalties and the payment of interest on overdue tax, and
- (b) requiring information to be provided, or books, documents or other records to be made available for inspection, and imposing a penalty for failure to do so.

(3) That power includes, and shall be deemed always to have included, power to make provision requiring specified descriptions of persons to account for and pay tax, and any interest on it, on behalf of the person liable to pay it.

Marginal Citations
M118 1970 c.9.

Units in unit trusts

122 Stamp duty and stamp duty reserve tax: unit trusts. U.K.

(1) The following provisions of this Act (which apply generally to instruments executed on or after 1st October 1999)—
- (a) section 109 and Schedule 12 (interest and penalties on late stamping),
- (b) section 110 (interest on duty overpaid, etc.), and
- (c) section 112 and Schedules 13 and 14 (general amendment of charging provisions),

do not apply to transfers or other instruments relating to units under a unit trust scheme.

(2) Subsection (1) does not affect the operation of those provisions in relation to stamp duty—
- (a) on a conveyance or transfer on sale of property other than units under a unit trust scheme in relation to which such units form the whole or part of the consideration, or
- (b) under Schedule 15 to this Act (bearer instruments).

(3) In subsections (1) and (2) "unit" and "unit trust scheme" have the same meaning as in Part VII of the [M119]Finance Act 1946 or Part III of the [M120]Finance (No.2) Act (Northern Ireland) 1946.

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(4) Schedule 19 to this Act (stamp duty and stamp duty reserve tax: unit trusts) has effect.

This subsection and that Schedule come into force on 6th February 2000.

Modifications etc. (not altering text)

C3 S. 122 modified (6.2.2000) by S.I. 1997/1156, **reg. 4(1)-(5)** (as inserted (6.2.2000) by S.I. 1999/3261, **reg. 5**)

Marginal Citations

M119 1946 c.64.

M120 1946 c.17(N.I.).

Supplementary provisions

123 Construction of this Part and other supplementary provisions. U.K.

(1) This Part—

(a) so far as it relates to stamp duty shall be construed as one with the [M121]Stamp Act 1891, and

(b) so far as it relates to stamp duty reserve tax shall be construed as one with Part IV of the [M122]Finance Act 1986.

(2) In this Part—

(a) "the enactments relating to stamp duty" means the Stamp Act 1891 and any enactment amending or which is to be construed as one with that Act; and

(b) "the enactments relating to stamp duty reserve tax" means Part IV of the [M123]Finance Act 1986 and any enactment amending or which is to be construed as one with that Part.

(3) The following provisions of this Part shall cease to have effect on the day appointed under section 111(1) of the [M124]Finance Act 1990 (abolition of stamp duty for securities etc.)—

section 113;

sections 116 to 121;

subsections (1)(b) and (2)(b) of this section;

in Schedule 13—

paragraph 3,

in paragraph 4 the words "in the case of any other conveyance or transfer on sale",

paragraph 7(1)(b)(ii) to (iv),

paragraph 24(a), (b) and (d);

in Schedule 14, paragraphs 5, 8, 12, 13, 16 to 21 and 23;

Schedule 15;

in Schedule 16, paragraphs 2 to 11;

in Schedule 17, paragraphs 6 to 8;

Parts I to III of Schedule 19;

in Part IV of that Schedule, the words "and the enactments relating to stamp duty reserve tax" in paragraphs 14(1), 15, 16, 17(1) and 18(1).

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(4) The amendment by this Part, or the repeal in consequence of this Part, of any enactment relating to stamp duty does not affect that enactment as applied for any purpose other than stamp duty.

Marginal Citations
M121 1891 c.39.
M122 1986 c.41.
M123 1986 c.41.
M124 1990 c.29.

PART VII U.K.

OTHER TAXES

Landfill tax

124 Rate of landfill tax. U.K.

(1) In section 42 of the [M125]Finance Act 1996 (amount of landfill tax), in subsections (1)(a) and (2), for "£7", in each place where it occurs, there shall be substituted " £10 ".

(2) This section has effect in relation to taxable disposals made, or treated as made, on or after 1st April 1999.

Marginal Citations
M125 1996 c.8.

Insurance premium tax

125 Rate of insurance premium tax. U.K.

(1) In section 51(2)(b) of the [M126]Finance Act 1994 (4 per cent. standard rate of insurance premium tax), for "4 per cent." there shall be substituted " 5 per cent. "

(2) Subsection (1) above has effect in relation to a premium which falls to be regarded for the purposes of Part III of the Finance Act 1994 (insurance premium tax) as received under a taxable insurance contract by an insurer on or after 1st July 1999.

(3) Subsection (1) above does not have effect in relation to a premium which—
- (a) is in respect of a contract made before 1st July 1999, and
- (b) falls to be regarded for the purposes of Part III of that Act as received under the contract by the insurer on a date before 1st January 2000, by virtue of regulations under section 68 of that Act (special accounting schemes).

(4) Subsection (3) above does not apply in relation to a premium which—
- (a) is an additional premium under a contract,

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(b) falls to be regarded for the purposes of Part III of that Act as received under the contract by the insurer on or after 1st July 1999, by virtue of regulations under section 68 of that Act, and

(c) is in respect of a risk which was not covered by the contract before 1st July 1999.

(5) In the application of sections 67A to 67C of that Act (announced increase in rate of insurance premium tax) in relation to the increase under subsection (1) above and the exception under subsection (3) above—

(a) the announcement for the purpose of sections 67A(1) and 67B(1) shall be taken to have been made on 9th March 1999,

(b) the date of the change is 1st July 1999, and

(c) the concessionary date is 1st January 2000.

Marginal Citations

M126 1994 c.9.

Customs duties

126 Interest on unpaid customs debts. U.K.

(1) This section applies for the determination and recovery of the amount of any interest charged in accordance with Article 232 of the Community Customs Code (interest on duty not paid within the prescribed period) on arrears of customs duty payable to the Commissioners.

(2) Subject to subsection (3) below, the interest shall be charged on the amount in arrears at the rate applicable under section 197 of the [M127]Finance Act 1996 (power to fix rates of interest applicable in the case of indirect taxes) for the period which—

(a) begins with the latest time for payment of that amount; and

(b) ends with the day before that on which payment of that amount is actually made.

(3) Regulations made for the purposes of this section under section 197 of the Finance Act 1996 may provide that, where the amount of interest computed in any case in accordance with subsection (2) above is less than such minimum amount as may be specified in or determined in accordance with the regulations, the amount of interest charged in that case is (instead of being the amount so computed) to be taken to be equal to that minimum amount.

(4) Subsections (2) and (3) above have effect subject to Article 232(2) of the Community Customs Code (power to waive interest in certain cases).

(5) Any interest the amount of which falls to be determined in accordance with this section shall be recoverable by the Commissioners as if it were customs duty; but nothing in this subsection shall be taken to impose any liability to interest on an amount so determined.

(6) Interest on an amount of customs duty shall not be recoverable from any person at any time more than three years after the latest time for payment of that amount unless a

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written notice that arrears of customs duty attract interest was given to that person by the Commissioners at a time falling—

(a) at or after the time when that amount first became payable; and

(b) before the end of that three years.

(7) In this section—

"the Commissioners" means the Commissioners of Customs and Excise;

"the Community Customs Code" means Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code;

"customs duty" includes any agricultural levy of the European Community; and

"the latest time for payment", in relation to an amount of customs duty, means the end of the period prescribed by the Community Customs Code for the payment of that amount.

(8) The preceding provisions of this section—

(a) shall have effect for periods beginning on or after such day as the Treasury may by order made by statutory instrument appoint; and

(b) shall so have effect in relation to interest running from before that day, as well as in relation to interest running from, or from after, that day;

and different days may be appointed under this subsection for different purposes.

Subordinate Legislation Made

P3 S. 126(8)(a) power fully exercised: 1.4.2000 appointed by S.I. 2000/632, **art. 2**

Modifications etc. (not altering text)

C4 S. 126 excluded (1.4.2000) by S.I. 1995/2518, **reg. 118(g)** (as inserted (1.4.2000) by S.I. 2000/634, **reg. 3(2)**)

Marginal Citations

M127 1996 c.8.

127 Interest on repayments. U.K.

(1) Subject to the following provisions of this section, where the Commissioners are liable to repay an amount to any person in consequence of—

(a) the payment to them by way of customs duty of an amount that was not due from that person, or

(b) any requirement to repay an amount of customs duty in accordance with the Community Customs Code or **[**[F1]Commission Regulation No. 2454/93**]**,

then, if and to the extent that they would not be liable to do so apart from this section, the Commissioners shall pay interest to him on that amount for the applicable period.

(2) The amounts that carry interest under subsection (1) above—

(a) include only so much of any amount mentioned in that subsection as is the subject of a claim that the Commissioners are required to satisfy or have satisfied; and

(b) do not include any amount of interest under this section.

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(3) Subject to section 128 below, in relation to any amount that carries interest under subsection (1) above, the applicable period for the purposes of this section is the period which—

(a) begins with the sixty-first day after the making of the claim for repayment of that amount; and

(b) ends with the date on which the Commissioners issue the repayment of that amount.

(4) The Commissioners shall not be liable to pay interest under this section except on the making of a claim for that purpose.

(5) A claim under this section must be in writing and must be made not more than three years after the end of the applicable period to which it relates.

(6) Any reference in this section to the issue by the Commissioners of any repayment of any amount includes a reference to the discharge by way of set-off of the Commissioners' liability to repay that amount.

(7) Interest under this section shall be payable at the rate applicable under section 197 of the [M128]Finance Act 1996.

(8) In this section and section 128 below—

"the Commissioners" means the Commissioners of Customs and Excise;

"the Community Customs Code" means Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code; and

"customs duty" includes any agricultural levy of the European Community.

(9) The Commissioners may by order modify subsection (3) above so as to provide for interest under this section to begin to run from a time before the sixty-first day after the making of the claim for repayment.

(10) The power of the Commissioners to make an order under subsection (9) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

(11) This section has effect in relation only to a repayment the claim for which is made on or after such day as the Treasury may by order made by statutory instrument appoint; and different days may be appointed under this subsection for different purposes.

Textual Amendments

F1 Words in s. 127(1)(b) substituted (*retrospectively*) by 2000 c. 17, **s. 29**

Marginal Citations

M128 1996 c.8.

127 Interest on repayments. U.K.

(1) Subject to the following provisions of this section, where the Commissioners are liable to repay an amount to any person in consequence of—

(a) the payment to them by way of customs duty of an amount that was not due from that person, or

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(b) any requirement to repay an amount of customs duty in accordance with the Community Customs Code or Council Regulation (EEC) No. 2454/93,

then, if and to the extent that they would not be liable to do so apart from this section, the Commissioners shall pay interest to him on that amount for the applicable period.

(2) The amounts that carry interest under subsection (1) above—

(a) include only so much of any amount mentioned in that subsection as is the subject of a claim that the Commissioners are required to satisfy or have satisfied; and

(b) do not include any amount of interest under this section.

(3) Subject to section 128 below, in relation to any amount that carries interest under subsection (1) above, the applicable period for the purposes of this section is the period which—

(a) begins with the sixty-first day after the making of the claim for repayment of that amount; and

(b) ends with the date on which the Commissioners issue the repayment of that amount.

(4) The Commissioners shall not be liable to pay interest under this section except on the making of a claim for that purpose.

(5) A claim under this section must be in writing and must be made not more than three years after the end of the applicable period to which it relates.

(6) Any reference in this section to the issue by the Commissioners of any repayment of any amount includes a reference to the discharge by way of set-off of the Commissioners' liability to repay that amount.

(7) Interest under this section shall be payable at the rate applicable under section 197 of the [M206]Finance Act 1996.

(8) In this section and section 128 below—

"the Commissioners" means the Commissioners of Customs and Excise;

"the Community Customs Code" means Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code; and

"customs duty" includes any agricultural levy of the European Community.

(9) The Commissioners may by order modify subsection (3) above so as to provide for interest under this section to begin to run from a time before the sixty-first day after the making of the claim for repayment.

(10) The power of the Commissioners to make an order under subsection (9) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

(11) This section has effect in relation only to a repayment the claim for which is made on or after such day as the Treasury may by order made by statutory instrument appoint; and different days may be appointed under this subsection for different purposes.

Marginal Citations

M206 1996 c.8.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

128 Periods to be disregarded in determining interest under s. 127. U.K.

(1) In determining the applicable period for the purposes of section 127 above in the case of interest on the amount of any repayment there shall be left out of account any period by which the Commissioners' issue of the repayment is delayed as a result of circumstances beyond their control.

(2) The reference in subsection (1) above to a period by which the Commissioners' issue of a repayment is delayed as a result of circumstances beyond their control includes, in particular, any period which is referable to any one or more of the matters mentioned in subsections (3) to (5) below.

(3) The first of those matters is any unreasonable delay in the making of any claim for the repayment of the amount on which interest is claimed.

(4) The second of those matters is any failure by any person to provide the Commissioners—

(a) at or before the time of the making of any such claim, or

(b) subsequently in response to a request for information by the Commissioners,

with all the information required by them to enable the existence and amount of the claimant's entitlement to a repayment to be determined.

(5) The third of those matters is the making, as part of or in association with such a claim, of a claim to anything to which the person making the claim has no entitlement.

(6) In determining for the purposes of subsection (4) above whether any period of delay is referable to a failure by any person to provide information in response to a request by the Commissioners, there shall be taken to be so referable any period which—

(a) begins with the date on which the Commissioners request that person to provide information which they reasonably consider relevant to the matter to be determined; and

(b) ends with the earliest date on which it would be reasonable for the Commissioners to conclude—

(i) that they have received a complete answer to their request for information;

(ii) that they have received all that they need in answer to that request; or

(iii) that it is unnecessary for them to be provided with any information in answer to that request.

129 Repayment of overpaid interest etc. U.K.

(1) Where—

(a) the Commissioners have issued an amount to any person by way of—

(i) a payment of interest under section 127 above, or

(ii) a repayment of customs duty or of interest on arrears of customs duty,

(b) that person was not entitled to that amount, and

(c) the Commissioners are entitled to recover it,

the amount shall be recoverable by the Commissioners as if it were customs duty.

(2) An amount shall not be recoverable from any person in accordance with subsection (1) above at any time more than three years after the payment or repayment was issued

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unless a written notice that the amount is recoverable was given to that person by the Commissioners before the end of those three years.

(3) Any reference in this section to the issue by the Commissioners of any payment or repayment of any amount includes a reference to the discharge by way of set-off of the Commissioners' liability to pay or, as the case may be, to repay that amount.

(4) Nothing in this section shall be taken to impose any liability to interest on an amount to which subsection (1) above applies.

(5) In this section—

"the Commissioners" means the Commissioners of Customs and Excise; and

"customs duty" includes any agricultural levy of the European Community.

(6) This section shall have effect in relation to amounts issued on or after such day as the Treasury may by order made by statutory instrument appoint; and different days may be appointed under this subsection for different purposes.

Subordinate Legislation Made

P4 S. 129(6) power fully exercised: 1.4.2000 appointed by S.I. 2000/632, **art. 2**

Modifications etc. (not altering text)

C5 S. 129 modified (1.4.2000) by S.I. 1995/2518, **reg. 121(3)** (as substituted (1.4.2000) by S.I. 2000/634, **reg. 6**)

130 Consequential amendments relating to interest. U.K.

(1) In section 14(1) of the [M129]Finance Act 1994 (reviewable and appealable decisions), for the "and" at the end of paragraph (c) there shall be substituted—

"(ca) any decision as to whether or not—

(i) an amount due in respect of customs duty or agricultural levy, or

(ii) any repayment by the Commissioners of an amount paid by way of customs duty or agricultural levy,

is to carry interest, or as to the rate at which, or period for which, any such amount is to carry interest;".

(2) For sub-paragraph (k) of paragraph 1 of Schedule 5 to that Act (under which decisions as to interest under the Community Customs Code are reviewable and appealable) there shall be substituted the following sub-paragraph—

"(k) any decision as to whether or not collection of interest on arrears of customs duty or agricultural levy is to be waived;".

(3) In section 197(2) of the [M130]Finance Act 1996 (setting of rates of interest for indirect taxes), after paragraph (e) there shall be inserted the following paragraph—

"(f) sections 126 and 127 of the Finance Act 1999 (interest on overdue customs duty and on repayments of amounts paid by way of customs duty)."

(4) Subsections (1) and (2) above have effect in relation to decisions made on or after the day on which this Act is passed.

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Marginal Citations

M129 1994 c.9.

M130 1996 c.8.

PART VIII U.K.

MISCELLANEOUS AND SUPPLEMENTAL

General administration of tax

131 Economic and monetary union: taxes and duties. U.K.

The Commissioners of Inland Revenue and the Commissioners of Customs and Excise may incur expenditure in order to secure that, if the United Kingdom were to move to the third stage of economic and monetary union, they would be able to exercise their functions relating to taxes and duties (including agricultural levies of the European Community).

132 Power to provide for use of electronic communications. U.K.

(1) Regulations may be made, in accordance with this section, for facilitating the use of electronic communications for—

(a) the delivery of information the delivery of which is authorised or required by or under any legislation relating to a taxation matter;

(b) the making of payments under any such legislation.

(2) The power to make regulations under this section is conferred—

(a) on the Commissioners of Inland Revenue in relation to matters which are under their care and management; and

(b) on the Commissioners of Customs and Excise in relation to matters which are under their care and management.

(3) For the purposes of this section provision for facilitating the use of electronic communications includes any of the following—

(a) provision authorising persons to use electronic communications for the delivery of information to tax authorities, or for the making of payments to tax authorities;

(b) provision requiring electronic communications to be used for the making to tax authorities of payments due from persons using such communications for the delivery of information to those authorities;

(c) provision authorising tax authorities to use electronic communications for the delivery of information to other persons or for the making of any payments;

(d) provision as to the electronic form to be taken by any information that is delivered to any tax authorities using electronic communications;

(e) provision requiring persons to prepare and keep records of information delivered to tax authorities by means of electronic communications, and of payments made to any such authorities by any such means;

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(f) provision for the production of the contents of records kept in accordance with any regulations under this section;

(g) provision imposing conditions that must be complied with in connection with any use of electronic communications for the delivery of information or the making of any payment;

(h) provision, in relation to cases where use is made of electronic communications, for treating information as not having been delivered, or a payment as not having been made, unless conditions imposed by any such regulations are satisfied;

(i) provision, in relation to such cases, for determining the time when information is delivered or a payment is made;

(j) provision, in relation to such cases, for determining the person by whom information is to be taken to have been delivered or by whom a payment is to be taken to have been made;

(k) provision, in relation to cases where information is delivered by means of electronic communications, for authenticating whatever is delivered.

(4) The power to make provision under this section for facilitating the use of electronic communications shall also include power to make such provision as the persons exercising the power think fit (including provision for the application of conclusive or other presumptions) as to the manner of proving for any purpose—

(a) whether any use of electronic communications is to be taken as having resulted in the delivery of information or the making of a payment;

(b) the time of delivery of any information for the delivery of which electronic communications have been used;

(c) the time of the making of any payment for the making of which electronic communications have been used;

(d) the person by whom information delivered by means of electronic communications was delivered;

(e) the contents of anything so delivered;

(f) the contents of any records;

(g) any other matter for which provision may be made by regulations under this section.

(5) Regulations under this section may—

(a) allow any authorisation or requirement for which such regulations may provide to be given or imposed by means of a specific or general direction given by the Commissioners of Inland Revenue or the Commissioners of Customs and Excise;

(b) provide that the conditions of any such authorisation or requirement are to be taken to be satisfied only where such tax authorities as may be determined under the regulations are satisfied as to specified matters;

(c) allow a person to refuse to accept delivery of information in an electronic form or by means of electronic communications except in such circumstances as may be specified in or determined under the regulations;

(d) allow or require use to be made of intermediaries in connection with—

(i) the delivery of information, or the making of payments, by means of electronic communications; or

(ii) the authentication or security of anything transmitted by any such means.

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(6) Power to make provision by regulations under this section shall include power—

(a) to provide for a contravention of, or any failure to comply with, a specified provision of any such regulations to attract a penalty of a specified amount not exceeding £1,000;

(b) to provide that specified enactments relating to penalties imposed for the purposes of any taxation matter (including enactments relating to assessments, review and appeal) are to apply, with or without modifications, in relation to penalties under such regulations;

(c) to make different provision for different cases;

(d) to make such incidental, supplemental, consequential and transitional provision in connection with any provision contained in any such regulations as the persons exercising the power think fit.

(7) The power to make regulations under this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

(8) References in this section to the delivery of information include references to any of the following (however referred to)—

(a) the production or furnishing to a person of any information, account, record or document;

(b) the giving, making, issue or surrender to, or service on, any person of any notice, notification, statement, declaration, certificate or direction;

(c) the imposition on any person of any requirement or the issue to any person of any request;

(d) the making of any return, claim, election or application;

(e) the amendment or withdrawal of anything mentioned in paragraphs (a) to (d) above.

(9) References in this section to a taxation matter are references to any of the matters which are under the care and management of the Commissioners of Inland Revenue or of the Commissioners of Customs and Excise.

(10) In this section—

"electronic communications" includes any communications by means of a telecommunication system (within the meaning of the [M131]Telecommunications Act 1984);

"legislation" means any enactment, Community legislation or subordinate legislation;

"payment" includes a repayment;

"records" includes records in electronic form;

"subordinate legislation" has the same meaning as in the [M132]Interpretation Act 1978;

"tax authorities" means—

(a) the Commissioners of Inland Revenue or the Commissioners of Customs and Excise,

(b) any officer of either body of Commissioners; or

(c) any other person who for the purposes of electronic communications is acting under the authority of either body of Commissioners.

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Modifications etc. (not altering text)

C6 S. 132 modified (24.11.2002) by 2002 c. 22, s. 53, **Sch. 7 para 53**; S.I. 2002/2866, art. 2(1), **Sch. 1 Pt. 1**

Marginal Citations

M131 1984 c.12.

M132 1978 c.30.

133 Use of electronic communications under other provisions. U.K.

(1) Without prejudice to section 132 above, where any power to make subordinate legislation for or in connection with the delivery of information or the making of payments is conferred in relation to any taxation matter on—

(a) the Commissioners of Inland Revenue,

(b) the Commissioners of Customs and Excise, or

(c) the Treasury,

that power shall be taken (to the extent that it would not otherwise be so taken) to include power to make any such provision in relation to the delivery of that information or the making of those payments as could be made by any person by regulations in exercise of a power conferred by that section.

(2) Provision made in exercise of the powers conferred by section 132 above or subsection (1) above shall have effect notwithstanding so much of any enactment or subordinate legislation as (apart from the provision so made) would require—

(a) any information to be delivered, or

(b) any amount to be paid,

in a form or manner that would preclude the use of electronic communications for its delivery or payment, or the use in connection with its delivery or payment of an intermediary.

(3) Schedule 3A to the [M133]Taxes Management Act 1970 (electronic lodgment of tax returns etc.) shall cease to have effect.

(4) Subsection (3) above shall come into force on such day as the Treasury may by order made by statutory instrument appoint; and different days may be appointed under this subsection for different purposes.

(5) Expressions used in this section and section 132 above have the same meanings in this section as in that section.

Modifications etc. (not altering text)

C7 S. 133 modified (24.11.2002) by 2002 c. 22, s. 53, **Sch. 7 para. 53**; S.I. 2002/2866, art. 2(1), **Sch. 1 Pt. 1**

Commencement Information

I2 S. 133 partly in force: s. 133(1)(2)(4)(5) in force at Royal Assent, s. 133(3) not in force, see s. 133(4)

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Marginal Citations
M133 1970 c.9.

Government borrowing etc.

134 The Debt Management Account. U.K.

(1) Schedule 5A to the [M134]National Loans Act 1968 (the Debt Management Account) shall be amended in accordance with subsections (2) to (6) below.

(2) In paragraph 1(2) (objects of the Treasury's operation of the Debt Management Account), after paragraph (b) there shall be inserted—

"(ba) meeting any request to borrow money from the Treasury, made by the Bank of England;".

(3) After paragraph 5 there shall be inserted—

"5A

(1) Where the Treasury raise money by virtue of paragraph 4 above, they shall exercise their powers under this Schedule so as to secure that the principal amount is repaid within the period of one year beginning with the day on which the money was raised.

(2) Nothing in sub-paragraph (1) above shall require the Treasury to repay any amount at any time when—

(a) they are unable to obtain a good discharge for the repayment or they consider that there is a material risk that they would be unable to do so; or

(b) it is impracticable to repay the amount.

(3) Where—

(a) by virtue of sub-paragraph (2) above, an amount is not repaid within the period mentioned in sub-paragraph (1) above, and

(b) the case ceases to be one in relation to which sub-paragraph (2)(a) or (b) applies,

the Treasury shall exercise their powers under this Schedule so as to secure that the amount is repaid as soon as is reasonably practicable.

(4) Any reference in this paragraph to the repayment of any amount includes a reference to the discharge by way of set-off of the Treasury's liability to repay that amount."

(4) In paragraph 9(1) (payments from Debt Management Account into National Loans Fund in respect of securities or Treasury bills), after "Treasury bills" there shall be inserted " (other than bills issued by virtue of paragraph 4 above) ".

(5) In paragraph 13(1) (payment into Debt Management Account of sums in respect of payments of interest made from that Account), after "respect of" there shall be inserted " (a) " and after "the Account" there shall be inserted ", and

(b) any discount on any Treasury bills issued by virtue of paragraph 4 above."

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(6) In paragraph 13(3) (payment into National Loans Fund in respect of payments of interest received or earned by the Debt Management Account), after "respect of" there shall be inserted " (a) " and after "the Account" there shall be inserted ", and

(b) any benefit accruing to the Account which, in the opinion of the Treasury, ought to be treated in the same way as such interest."

(7) In section 18 of the [M135]National Savings Bank Act 1971 (securities in which ordinary deposits may be invested), in paragraph (a), for the words "or on the National" to the end there shall be substituted " , on the National Loans Fund with recourse to the Consolidated Fund or on the Debt Management Account with recourse to the National Loans Fund and then to the Consolidated Fund, or ".

(8) Subsection (6) above has effect in relation to any benefit accruing to the Debt Management Account on or after 1st April 1999.

Marginal Citations

M134 1968 c.13.

M135 1971 c.29.

135 Lending by Revenue Accounts to National Loans Fund. U.K.

(1) Where, at the close of business on any day, a sum stands to the credit of—

(a) the General Account of the Commissioners of Customs and Excise, or

(b) the General Account of the Commissioners of Inland Revenue,

that sum may be lent to the National Loans Fund on that day.

(2) Subsection (1) above does not apply to any sum to the extent that it is required to be paid, on the day in question, in accordance with section 10 of the [M136]Exchequer and Audit Departments Act 1866.

(3) A loan made by virtue of subsection (1) above shall be repaid before the close of business on the day after the loan is made or, where that day is not a business day, before the close of business on the next business day.

(4) Subject to subsection (3) above, a loan made by virtue of subsection (1) above shall be made in such circumstances, and on such terms and conditions, as the Treasury may from time to time direct.

(5) In this section "business day" means any day other than—

(a) a Saturday or Sunday;

(b) Good Friday or Christmas Day;

(c) a day which, in England and Wales, is a bank holiday under the [M137]Banking and Financial Dealings Act 1971;

(d) a day specified in an order under section 2(1) of that Act (days on which financial dealings are suspended) and declared by that order to be a non-business day for the purposes of this paragraph; or

(e) a day appointed by Royal proclamation as a public fast or thanksgiving day.

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Marginal Citations
M136 1866 c.39.
M137 1971 c.80.

136 Definition of Government Stock. U.K.

(1) The descriptions of stock and bonds specified in Part I of Schedule 11 to the [M138]Finance Act 1942 (description of Government stock and bonds to which the provisions of that Act regarding transfer and registration apply, and which by virtue of section 16(3) of the [M139]National Loans Act 1968 include descriptions of certain securities issued under that Act) do not include—

(a) any securities (of whatever series) of any of the descriptions specified in subsection (2) below issued before 20th July 1998, or

(b) any securities issued on or after 20th July 1998 under the auspices of the Director of Savings.

(2) The descriptions referred to in subsection (1) are—

Defence Bonds;
National Development Bonds;
British Savings Bonds;
National Savings Indexed Income Bonds;
National Savings Income Bonds;
National Savings Deposit Bonds;
National Savings Capital Bonds;
Children's Bonus Bonds;
National Savings FIRST Option Bonds;
National Savings Pensioners Guaranteed Income Bonds.

(3) The modifications made by this section shall be deemed always to have had effect.

Marginal Citations
M138 1942 c.21.
M139 1968 c.13.

137 National Savings Bank: disclosure of information. U.K.

The following shall be inserted after section 12(2) of the [M140]National Savings Bank Act 1971 (secrecy)—

"(2A) Subsection (1) above shall not prevent the disclosure, by a person authorised by the Director of Savings, of information to any person for a permitted purpose.

(2B) A permitted purpose is a purpose connected with the provision of information about—

(a) the business of the National Savings Bank;

(b) any other means by which money is raised under the auspices of, by or through the Director of Savings.

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(2C) A person to whom information is disclosed in pursuance of subsection (2A) above shall not—

(a) use the information for a purpose other than a permitted purpose;

(b) disclose the information to any other person."

Marginal Citations

M140 1971 c.29.

Supplemental

138 Interpretation. U.K.

In this Act "theTaxes Act 1988" means the Income and Corporation Taxes Act 1988.

139 Repeals. U.K.

(1) The enactments mentioned in Schedule 20 to this Act (which include provisions that are spent or of no practical utility) are hereby repealed to the extent specified in the third column of that Schedule.

(2) The repeals specified in that Schedule have effect subject to the commencement provisions and savings contained or referred to in the notes set out in that Schedule.

140 Short title. U.K.

This Act may be cited as the Finance Act 1999.

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SCHEDULES

SCHEDULE 1 U.K.

Section 9.

RATES OF VEHICLE EXCISE DUTY FOR GOODS VEHICLES ETC

1 Schedule 1 to the [M141]Vehicle Excise and Registration Act 1994 (annual rates of vehicle excise duty) shall be amended as follows.

Marginal Citations
M141 1994 c.22.

2 (1) In sub-paragraph (2A)(b) of paragraph 6 (vehicles which are used for exceptional loads and satisfy the reduced pollution requirements), for "£4,670" there shall be substituted " £4,170 ".

(2) In sub-paragraph (3) of that paragraph (weight by reference to which vehicles classified as vehicles used for exceptional loads), for "38,000 kilograms" there shall be substituted " 41,000 kilograms ".

3 For the Table in paragraph 9(1) (rigid goods vehicles not satisfying reduced pollution requirements and with a revenue weight exceeding 3,500 kilograms but not exceeding 44,000 kilograms) there shall be substituted—

Revenue weight of vehicle		**Rate**		
(1) Exceeding	**(2) Not Exceeding**	**(3) Two axle vehicle**	**(4) Three axle vehicle**	**(5) Four or more axle vehicle**
kgs	kgs	£	£	£
3,500	7,500	160	160	160
7,500	12,000	300	300	300
12,000	13,000	470	490	350
13,000	14,000	650	490	350
14,000	15,000	840	490	350
15,000	17,000	1,320	490	350
17,000	19,000	1,600	850	350
19,000	21,000	1,600	1,020	350
21,000	23,000	1,600	1,470	510
23,000	25,000	1,600	2,230	830
25,000	27,000	1,600	2,340	1,470

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27,000	29,000	1,600	2,340	2,320
29,000	31,000	1,600	2,340	3,360
31,000	44,000	1,600	2,340	4,400

4 In paragraph 9A(3) (rigid goods vehicles satisfying reduced pollution requirements and with a revenue weight exceeding 44,000 kilograms), for "£4,670" there shall be substituted " £4,170 ".

5 For the Table in paragraph 9B (rigid goods vehicles satisfying reduced pollution requirements and with a revenue weight exceeding 3,500 kilograms but not exceeding 44,000 kilograms) there shall be substituted—

"**Revenue weight of vehicle**		**Rate**		
(1) Exceeding	(2) Not Exceeding	(3) Two axle vehicle	(4) Three axle vehicle	(5) Four or more axle vehicle
kgs	kgs	£	£	£
3,500	7,500	155	155	155
7,500	12,000	155	155	155
12,000	13,000	155	155	155
13,000	14,000	155	155	155
14,000	15,000	155	155	155
15,000	17,000	320	155	155
17,000	19,000	600	155	155
19,000	21,000	600	155	155
21,000	23,000	600	470	155
23,000	25,000	600	1,230	155
25,000	27,000	600	1,340	470
27,000	29,000	600	1,340	1,320
29,000	31,000	600	1,340	2,360
31,000	44,000	600	1,340	3,400"

6 For the Table in paragraph 11(1) (tractive units not satisfying reduced pollution requirements and with a revenue weight exceeding 3,500 kilograms but not exceeding 44,000 kilograms) there shall be substituted—

"**Revenue weight of tractive unit**		**Rate for tractive unit with two axles**			**Rate for tractive unit with three or more axles**		
(1) Exceeding	**(2) Not exceeding**	**(3) Any no. of semi-**	**(4) 2 or more semi-**	**(5) 3 or more semi-**	**(6) Any no. of semi-**	**(7) 2 or more semi-**	**(8) 3 or more semi-**

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		trailer axles	**trailer axles**	**trailer axles**	**trailer axles**	**trailer axles**	**trailer axles**
kgs	kgs	£	£	£	£	£	£
3,500	7,500	160	160	160	160	160	160
7,500	12,000	300	300	300	300	300	300
12,000	16,000	460	460	460	460	460	460
16,000	20,000	520	460	460	460	460	460
20,000	23,000	810	460	460	460	460	460
23,000	26,000	1,190	590	460	590	460	460
26,000	28,000	1,190	1,130	460	1,130	460	460
28,000	31,000	1,740	1,740	1,090	1,740	660	460
31,000	33,000	2,530	2,530	1,740	2,530	1,000	460
33,000	34,000	5,170	5,170	1,740	2,530	1,470	570
34,000	35,000	5,170	5,170	2,840	2,530	2,100	860
35,000	36,000	6,750	6,750	2,840	2,530	2,100	860
36,000	38,000	9,250	9,250	3,210	2,820	2,820	1,280
38,000	41,000	9,250	9,250	5,750	4,250	4,250	2,500
41,000	44,000	9,250	9,250	5,750	7,250	7,250	1,280”

7 In paragraph 11A(3) (tractive units satisfying reduced pollution requirements and with a revenue weight exceeding 44,000 kilograms), for “£4,670” there shall be substituted “ £4,170 ”.

8 For the Table in paragraph 11B (tractive units satisfying reduced pollution requirements and with a revenue weight exceeding 3,500 kilograms but not exceeding 44,000 kilograms) there shall be substituted—

“**Revenue weight of tractive unit**		**Rate for tractive unit with two axles**			**Rate for tractive unit with three or more axles**		
(1) Exceeding	**(2) Not exceeding**	**(3) Any no. of semi-trailer axles**	**(4) 2 or more semi-trailer axles**	**(5) 3 or more semi-trailer axles**	**(6) Any no. of semi-trailer axles**	**(7) 2 or more semi-trailer axles**	**(8) 3 or more semi-trailer axles**
kgs	kgs	£	£	£	£	£	£
3,500	7,500	155	155	155	155	155	155
7,500	12,000	155	155	155	155	155	155
12,000	16,000	155	155	155	155	155	155
16,000	20,000	155	155	155	155	155	155
20,000	23,000	155	155	155	155	155	155

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23,000	26,000	190	155	155	155	155	155
26,000	28,000	190	155	155	155	155	155
28,000	31,000	740	740	155	740	155	155
31,000	33,000	1,530	1,530	740	1,530	155	155
33,000	34,000	4,170	4,170	740	1,530	470	155
34,000	35,000	4,170	4,170	1,840	1,530	1,100	155
35,000	36,000	5,750	5,750	1,840	1,530	1,100	155
36,000	38,000	8,250	8,250	2,210	1,820	1,820	280
38,000	41,000	8,250	8,250	4,750	3,250	3,250	1,500
41,000	44,000	8,250	8,250	4,750	6,250	6,250	280”

9 (1) Subject to the following provisions of this paragraph, the preceding provisions of this Schedule apply in relation to licences taken out after 9th March 1999.

(2) Sub-paragraph (3) below applies where—

(a) a pre-commencement licence was taken out for a goods vehicle at a rate applicable to a vehicle with a revenue weight falling within a specified range of weights; and

(b) the revenue weight of the vehicle at any time on or after 17th April 1999 (though still within the specified range of weights mentioned in paragraph (a) above) is or has been one which, for the purposes of taking out a licence for that vehicle after 9th March 1999, would fall in a range of weights attracting a rate of duty higher than that attracted by the vehicle’s licensed weight.

(3) For the purposes of section 15 of the [M142]Vehicle Excise and Registration Act 1994 (vehicles becoming chargeable at a higher rate) any use of the vehicle on a public road at a time on or after 17th April 1999 when its revenue weight is or was within sub-paragraph (2)(b) above shall be treated as a use of the vehicle so as to subject it to a rate of duty higher than that at which the pre-commencement licence was taken out.

(4) Sub-paragraph (5) below applies where—

(a) a pre-commencement licence was taken out for a goods vehicle at a rate applicable to a vehicle with a revenue weight falling within a specified range of weights;

(b) the revenue weight of the vehicle is or has been increased at a time after 9th March 1999; and

(c) the revenue weight of the vehicle immediately after the increase (though still within the specified range of weights mentioned in paragraph (a) above) is or was one which, for the purposes of taking out a licence for that vehicle after 9th March 1999, would fall in a range of weights attracting a rate of duty higher than that attracted by the vehicle’s licensed weight.

(5) For the purposes of section 15 of the [M143]Vehicle Excise and Registration Act 1994 (vehicles becoming chargeable at a higher rate) any use of the vehicle on a public road after the increase in its revenue weight shall be treated (if it would not otherwise be so treated by virtue of sub-paragraph (3) above) as a use of the vehicle so as to subject it to a rate of duty higher than that at which the pre-commencement licence was taken out.

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(6) In this paragraph—

"licensed weight", in relation to a vehicle, means the revenue weight of the vehicle at the time when the pre-commencement licence for that vehicle was taken out; and

"pre-commencement licence" means a licence taken out on or before 9th March 1999 and in force after that date.

Marginal Citations
M142 1994 c.22.
M143 1994 c.22.

SCHEDULE 2 U.K.

Section 16.

VAT: GROUPS OF COMPANIES

Amendment of Value Added Tax Act 1994

1 (1) Section 43 of the [M144]Value Added Tax Act 1994 (groups of companies) shall be amended as follows.

(2) In subsection (1), for the words "the following provisions of this section" there shall be substituted the words " sections 43A to 43C ".

(3) Subsections (3) to (8) shall cease to have effect.

Marginal Citations
M144 1994 c.23.

2 The following shall be inserted after section 43 of the Value Added Tax Act 1994—

"**43A Groups: eligibility.**

(1) Two or more bodies corporate are eligible to be treated as members of a group if each is established or has a fixed establishment in the United Kingdom and—

(a) one of them controls each of the others,

(b) one person (whether a body corporate or an individual) controls all of them, or

(c) two or more individuals carrying on a business in partnership control all of them.

(2) For the purposes of this section a body corporate shall be taken to control another body corporate if it is empowered by statute to control that body's activities or if it is that body's holding company within the meaning of section 736 of the [M145]Companies Act 1985.

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(3) For the purposes of this section an individual or individuals shall be taken to control a body corporate if he or they, were he or they a company, would be that body's holding company within the meaning of that section.

43B Groups: applications.

(1) This section applies where an application is made to the Commissioners for two or more bodies corporate, which are eligible under section 43A(1), to be treated as members of a group.

(2) This section also applies where two or more bodies corporate are treated as members of a group and an application is made to the Commissioners—
- (a) for another body corporate, which is eligible under section 43A(1) to be treated as a member of the group, to be treated as a member of the group,
- (b) for a body corporate to cease to be treated as a member of the group,
- (c) for a member to be substituted as the group's representative member, or
- (d) for the bodies corporate no longer to be treated as members of a group.

(3) An application with respect to any bodies corporate—
- (a) must be made by one of them or by the person controlling them, and
- (b) in the case of an application for the bodies to be treated as a group, must appoint one of them as the representative member.

(4) Where this section applies in relation to an application it shall, subject to subsection (6) below, be taken to be granted with effect from—
- (a) the day on which the application is received by the Commissioners, or
- (b) such earlier or later time as the Commissioners may allow.

(5) The Commissioners may refuse an application, within the period of 90 days starting with the day on which it was received by them, if it appears to them—
- (a) in the case of an application such as is mentioned in subsection (1) above, that the bodies corporate are not eligible under section 43A(1) to be treated as members of a group,
- (b) in the case of an application such as is mentioned in subsection (2)(a) above, that the body corporate is not eligible under section 43A(1) to be treated as a member of the group, or
- (c) in any case, that refusal of the application is necessary for the protection of the revenue.

(6) If the Commissioners refuse an application it shall be taken never to have been granted.

43C Groups: termination of membership.

(1) The Commissioners may, by notice given to a body corporate, terminate its treatment as a member of a group from a date—
- (a) which is specified in the notice, and
- (b) which is, or falls after, the date on which the notice is given.

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(2) The Commissioners may give a notice under subsection (1) above only if it appears to them to be necessary for the protection of the revenue.

(3) Where—

(a) a body is treated as a member of a group, and

(b) it appears to the Commissioners that the body is not, or is no longer, eligible under section 43A(1) to be treated as a member of the group,

the Commissioners shall, by notice given to the body, terminate its treatment as a member of the group from a date specified in the notice.

(4) The date specified in a notice under subsection (3) above may be earlier than the date on which the notice is given but shall not be earlier than—

(a) the first date on which, in the opinion of the Commissioners, the body was not eligible to be treated as a member of the group, or

(b) the date on which, in the opinion of the Commissioners, the body ceased to be eligible to be treated as a member of the group."

Marginal Citations

M145 1985 c.6.

3 For section 83(k) of the [M146]Value Added Tax Act 1994 (appeals) there shall be substituted—

"(k) the refusal of an application such as is mentioned in section 43B(1) or (2);

(ka) the giving of a notice under section 43C(1) or (3);".

Marginal Citations

M146 1994 c.23.

4 After section 84(4) of the Value Added Tax Act 1994 (appeals: supplementary) there shall be inserted—

"(4A) Where an appeal is brought against the refusal of an application such as is mentioned in section 43B(1) or (2) on the grounds stated in section 43B(5)(c)—

(a) the tribunal shall not allow the appeal unless it considers that the Commissioners could not reasonably have been satisfied that there were grounds for refusing the application,

(b) the refusal shall have effect pending the determination of the appeal, and

(c) if the appeal is allowed, the refusal shall be deemed not to have occurred.

(4B) Where an appeal is brought against the giving of a notice under section 43C(1) or (3)—

(a) the notice shall have effect pending the determination of the appeal, and

(b) if the appeal is allowed, the notice shall be deemed never to have had effect.

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(4C) Where an appeal is brought against the giving of a notice under section 43C(1), the tribunal shall not allow the appeal unless it considers that the Commissioners could not reasonably have been satisfied that there were grounds for giving the notice.

(4D) Where—

(a) an appeal is brought against the giving of a notice under section 43C(3), and

(b) the grounds of appeal relate wholly or partly to the date specified in the notice,

the tribunal shall not allow the appeal in respect of the date unless it considers that the Commissioners could not reasonably have been satisfied that it was appropriate."

5 (1) Schedule 9A to the Value Added Tax Act 1994 (groups: anti-avoidance) shall be amended as follows.

(2) At the end of paragraph 2 (which becomes sub-paragraph (1) of that paragraph) there shall be inserted—

"(2) This paragraph shall not apply where the relevant event is the termination of a body corporate's treatment as a member of a group by a notice under section 43C(1) or (3)."

(3) In paragraph 3(8), for the words "under section 43" there shall be substituted " such as is mentioned in section 43B ".

(4) In paragraph 7(1), for the words "section 43" there shall be substituted " sections 43 to 43C ".

Transitional provisions

6 (1) In this paragraph—

"the old law" means sections 43, 83 and 84 of, and Schedule 9A to, the [M147]Value Added Tax Act 1994 as they have effect without the amendments in paragraphs 1 to 5 of this Schedule, and

"the new law" means sections 43 to 43C, 83 and 84 of, and Schedule 9A to, that Act as they have effect by virtue of paragraphs 1 to 5 of this Schedule.

(2) Where, immediately before this Schedule comes into force, two or more bodies corporate are treated as members of a group by virtue of the old law—

(a) they shall continue to be treated as members of a group, and

(b) in their treatment as members of a group after this Schedule comes into force, they shall be treated as if any application under the old law by virtue of which they are treated as members of a group had been an equivalent application under the new law.

(3) Where an application under section 43 of the Value Added Tax Act 1994 is received by the Commissioners, and has neither taken effect nor been refused before the day on which this Act is passed, the old law shall apply to determine whether the application is to take effect; but where it is determined under this sub-paragraph that an application is to take effect—

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(a) it shall be treated as if it were an equivalent application under the new law, and

(b) it shall be taken to have been granted under the new law at the time when it would have taken effect in accordance with the old law.

(4) In a case to which sub-paragraph (2) or (3) above applies, the power under section 43C(3) shall not be used to terminate the treatment of a body corporate as a member of a group—

(a) on the ground that the body corporate is not established, and does not have a fixed establishment, in the United Kingdom, and

(b) from a date before 1st January 2000.

(5) Where an application which purports to be an application under the old law is received by the Commissioners after the day on which this Act is passed—

(a) it shall be treated as if it were an application under the new law, and

(b) section 43B of the new law shall apply notwithstanding any provision in the application for a date from which it is to take effect.

Marginal Citations

M147 1994 c.23.

SCHEDULE 3 U.K.

Section 30.

NEW SCHEDULE 13B TO THE TAXES ACT 1988

The Schedule inserted after Schedule 13A to the Taxes Act 1988 is as follows—

"SCHEDULE 13B U.K.

CHILDREN'S TAX CREDIT

Child living with more than one adult: married and unmarried couples

1 (1) Paragraphs 2 to 5 below apply where at any time in a year of assessment—

(a) a husband and wife are living together or a man and a woman are living together as husband and wife, and

(b) a relevant child is resident with them.

(2) In those paragraphs—

(a) the husband and wife, or the man and the woman, are referred to as the partners,

(b) "the higher-earning partner" means the partner who has the higher total income for the year of assessment,

(c) "the lower-earning partner" means the partner who has the lower total income for the year of assessment, and

(d) "relevant child" means a child who is a qualifying child in relation to both partners.

(3) If the partners have the same total income for the year—

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(a) they may elect that one of them be treated for the purposes of paragraphs 2 to 5 below as the lower-earning partner, and

(b) if they do not make an election, neither shall be entitled to a children's tax credit for the year in respect of a relevant child.

2 Subject to paragraph 3 below, the lower-earning partner shall not be entitled to a children's tax credit for the year in respect of a relevant child.

3 (1) This paragraph applies if no part of either partner's income for the year falls within section 1(2)(b).

(2) If the lower-earning partner makes a claim for a children's tax credit for the year in respect of a relevant child—

(a) paragraph 2 above shall not apply, and

(b) in calculating the credit for each partner, the amount mentioned in section 257AA(2) shall be halved.

(3) If the partners make an election under this sub-paragraph—

(a) paragraph 2 above shall not apply, and

(b) the higher-earning partner shall not be entitled to a children's tax credit for the year in respect of a relevant child.

4 (1) This paragraph applies where—

(a) a partner is entitled to a children's tax credit for a year of assessment,

(b) the amount by reference to which his credit falls to be calculated (Amount A) exceeds the amount which would be necessary, in accordance with section 256(2), to reduce his liability for the year to income tax on his total income to nil (Amount B), and

(c) he gives notice to an officer of the Board under this paragraph.

(2) Where the other partner would not, by virtue of paragraph 2 or 3 above, be entitled to a children's tax credit for the year in respect of a relevant child—

(a) he shall be entitled to a children's tax credit in respect of a relevant child notwithstanding that paragraph, and

(b) the amount by reference to which his credit shall be calculated shall be the amount of the difference between Amount A and Amount B.

(3) In any other case, the difference between Amount A and Amount B shall be added to the amount by reference to which children's tax credit would otherwise be calculated for the other partner in respect of a relevant child.

(4) A notice under this paragraph—

(a) must be given on or before the fifth anniversary of the 31st January next following the end of the year of assessment to which it relates,

(b) shall be in such form as the Board may determine, and

(c) shall be irrevocable.

5 (1) This paragraph applies to elections under paragraph 3 above.

(2) An election—

(a) shall be made by giving notice to an officer of the Board in such form as the Board may determine, and

(b) may be made so as to have effect for a single year of assessment or for two or more consecutive years.

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(3) Subject to sub-paragraph (4) below, an election must be made before the first year of assessment for which it is to have effect and on the basis of assumptions about the partners' incomes for that year.

(4) An election may be made, on the basis of such assumptions, at a time during the first year for which it is to have effect if—
- (a) the election is made within the first 30 days of that year and an officer of the Board has been given written notification before that year that the election will be made, or
- (b) the partners marry in that year, or
- (c) the partners start to live together as man and wife in that year, or
- (d) a relevant child becomes resident with the partners in that year and no relevant child has previously in that year been resident with the partners, or
- (e) it is assumed that the partner who was the higher-earning partner in the previous year will be the lower-earning partner in that year.

(5) An election may be withdrawn—
- (a) by the making of another election which supersedes the first, or
- (b) by notice given to an officer of the Board, in such form as the Board may determine, by either partner.

(6) A withdrawal shall have effect for the year of assessment in which it is given and subsequent years.

(7) If the higher-earning partner for one year of assessment (Year 1) is the lower-earning partner for the next year (Year 2), an election having effect for Year 1 shall not have effect for Year 2 or subsequent years.

Child living with more than one adult: other cases

6 (1) This paragraph applies to a child for a year of assessment if—
- (a) he is resident with two or more persons at the same time or at different times during the year,
- (b) he is a qualifying child in relation to two or more of those persons, and
- (c) paragraphs 2 to 5 above do not apply in relation to him in that year.

(2) The persons in relation to whom the child is a qualifying child are referred to in this paragraph as the taxpayers.

(3) None of the taxpayers shall be entitled to a children's tax credit for the year of assessment by virtue of the residence of any child to whom this paragraph applies except in accordance with the following provisions of this paragraph.

(4) If a taxpayer claims a children's tax credit for the year of assessment by virtue of the residence of any child to whom this paragraph applies, for the amount mentioned in section 257AA(2) (before any reduction) there shall be substituted his allotted proportion of that amount.

(5) A taxpayer's allotted proportion is—
- (a) such proportion as may be agreed between him and the other taxpayers, or
- (b) in default of agreement, a proportion which is assigned to him by the Commissioners.

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(6) For the purposes of sub-paragraph (5) above—

(a) a proportion may be 100 per cent.,

(b) the sum of the proportions shall not exceed 100 per cent., and

(c) "the Commissioners" means such body of General Commissioners, being the General Commissioners for a division in which one of the taxpayers resides, as the Board may direct or, if none of the taxpayers resides in the United Kingdom, the Special Commissioners.

(7) Where a person—

(a) is a member of more than one set of taxpayers in relation to whom this paragraph applies for a year of assessment,

(b) has more than one allotted proportion under this paragraph for the year, and

(c) claims a children's tax credit for the year,

for the amount mentioned in section 257AA(2) (before any reduction) there shall be substituted the aggregate of his allotted proportions of that amount (not exceeding 100 per cent.).

(8) Where—

(a) a taxpayer makes a claim under section 257AA, and

(b) it appears that an allotted proportion will need to be assigned to him under sub-paragraph (5)(b) above for that purpose,

the Board may direct that the claim shall be dealt with, and the assignment shall be made, by a specified body of Commissioners which could be directed under sub-paragraph (6)(c) above to make the assignment; and where a direction is given no other body of Commissioners shall have jurisdiction to determine the claim.

(9) For the purposes of any assignment to a taxpayer under sub-paragraph (5)(b) above—

(a) the Commissioners shall hear and determine the case in the same manner as an appeal, and

(b) any of the taxpayers shall be entitled to appear and be heard by the Commissioners or to make representations to them in writing.

Combined cases

7 (1) This paragraph applies where a child is a relevant child for the purposes of paragraphs 2 to 5 above in a year of assessment and—

(a) he is a relevant child for the year in relation to more than one pair of partners, or

(b) paragraph 6 above would apply to him for the year but for the fact that he is a relevant child for the purposes of paragraphs 2 to 5 above.

(2) Where this paragraph applies—

(a) paragraph 6 above shall apply, but with each pair of partners for the purposes of paragraphs 2 to 5 above being treated as a single taxpayer, and

(b) paragraphs 2 to 5 above shall apply in relation to each pair of partners, taking for the amount mentioned in section 257AA(2) (before any reduction) the amount substituted by virtue of paragraph 6 above.

Change of circumstances

8 (1) For the purposes of this paragraph a change of circumstances occurs in relation to a child in a year of assessment if a relevant event takes place in that year and—

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(a) as a result of the event the child becomes a qualifying child in relation to any person or stops being a qualifying child in relation to any person, or

(b) the child is, immediately before the event, a qualifying child in relation to both parties to the event.

(2) The following are relevant events—

(a) a marriage or a man and a woman starting to live together as husband and wife;

(b) a separation.

(3) A separation occurs when—

(a) a husband and wife cease to live together, or

(b) a man and a woman cease to live together as husband and wife, having been living together as husband and wife without being married.

(4) In a year of assessment in which a change of circumstances (or more than one) occurs in relation to a child, section 257AA and paragraphs 2 to 7 above shall apply in relation to the child's residence as if each of the following were a separate year of assessment—

(a) the period ending with the day before the first (or only) change of circumstances,

(b) the period starting with the day of the last (or only) change of circumstances, and

(c) any period starting with the day of one change of circumstances and ending with the day before the next.

(5) For the purposes of sub-paragraph (4) above the amount specified in section 257AA(2) (before any reduction or substitution) shall be taken to be the result of the following formula—

$$\frac{\text{Days during the period}}{365} \times \text{Amount in s.257AA(2)}$$

(6) In applying sub-paragraph (4) above a reference in section 257AA or this Schedule to a person's income for the year shall be taken as a reference to his income for the year and not his income for the period."

SCHEDULE 4 U.K.

Section 38.

WITHDRAWAL OF RELIEF FOR INTEREST ON LOANS TO BUY LAND ETC.

Amendments of Part IX of the Taxes Act 1988

1 (1) Section 353 of the Taxes Act 1988 (general provision for relief for interest payments) is amended as follows.

(2) In subsection (1), for "sections 354", in each place, substitute " sections 359 ".

(3) In subsections (1A) and (1B), omit the words "354 or".

(4) For subsection (1G) substitute—

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"(1G) In subsection (1F) above "the applicable percentage" means the percentage which is the basic rate for the year of assessment in question."

2 Sections 354 to 358 of the Taxes Act 1988 (loans to buy land etc.) shall cease to have effect.

3 (1) Section 367 of the Taxes Act 1988 (supplementary provisions) is amended as follows.

(2) Omit subsection (1) and, in subsection (2), the words "354(1) and".

(3) In subsections (3) and (4), for "sections 354", in each place, substitute " sections 359 ".

(4) In subsection (5), for "sections 356A to 357 and" substitute " section ".

4 In section 369 of the Taxes Act 1988 (mortgage interest payable under deduction of tax), for subsection (1A) substitute—

"(1A) In subsection (1) above "the applicable percentage" means the percentage which is the basic rate for the year of assessment in which the payment has become or becomes due."

5 (1) Section 370 of the Taxes Act 1988 (meaning of "relevant loan interest") is amended as follows.

(2) In subsection (1)—

(a) for "sections 372" substitute " sections 373 "; and

(b) omit the words "or (3)".

(3) In subsection (2), omit the words "354(1) or", "356A, 357 or", and paragraph (c) and the word "and" immediately before it.

(4) Omit subsections (3), (4), (6) and (7).

(5) In subsection (5), for the words from "sections" to "each" substitute " section 365 shall ".

6 Section 372 of the Taxes Act 1988 (home improvement loans) shall cease to have effect.

7 (1) Section 373 of the Taxes Act 1988 (loans in excess of the qualifying maximum, and joint borrowers) is amended as follows.

(2) Omit—

(a) in subsection (1), the words "section 356A, section 357(1) or";

(b) subsections (3) and (4);

(c) in subsection (5), the words from "and" to "also fulfilled"; and

(d) in subsection (7), the words from "and" to the end.

(3) In subsection (6), for "sections 370 to 372" substitute " section 370 ".

8 In section 374 of the Taxes Act 1988 (conditions for application of section 369), omit subsection (1)(c) and, in subsection (2), the words "(c) or".

9 (1) In section 375 of the Taxes Act 1988 (interest ceasing to be relevant loan interest, etc.), after subsection (8A) insert—

"(8B) Subsections (1), (5) and (6) above shall not apply where interest ceases to be relevant loan interest by virtue of section 38 of the Finance Act 1999."

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(2) Omit subsections (9) and (10) of that section.

10 Section 375A of the Taxes Act 1988 (option to deduct interest for Schedule A purposes) shall cease to have effect.

11 In section 376 of the Taxes Act 1988 (meaning of qualifying borrowers and qualifying lenders), omit—

(a) in subsection (3), the words from "and" to the end; and

(b) subsection (6).

12 Section 377 of the Taxes Act 1988 (variation of repayment terms of certain loans) shall cease to have effect.

13 In section 378 of the Taxes Act 1988 (supplementary regulations)—

(a) omit subsections (1), (2) and (4); and

(b) in subsection (3), for "377", wherever occurring, substitute " 376A ".

14 In section 379 of the Taxes Act 1988 (interpretation of sections 369 to 378)—

(a) in the definition of "qualifying lender", omit the words "to (6)";

(b) in the definition of "regulations", omit the words "except in sections 378(1) and (2)"; and

(c) after the definition of "relevant loan interest" insert the following definition—

""separated" means separated under an order of a court of competent jurisdiction or by deed of separation or in such circumstances that the separation is likely to be permanent."

Other amendments

15 (1) Section 488 of the Taxes Act 1988 (tax liability of co-operative housing associations) is amended as follows.

(2) In subsection (1)—

(a) in paragraph (b), for the words from "as payable not" to "relates; and" substitute " in relation to the association as if there were no interest so payable "; and

(b) omit paragraph (c).

(3) In subsection (2), omit paragraph (b) and the word "and" immediately preceding it.

(4) In subsection (4), omit the words "a member or of".

(5) In subsection (11A), for "all persons concerned" substitute " the association ".

(6) Omit subsection (12).

16 In section 548(3) of the Taxes Act 1988 (cases where deemed surrender and payment in relation to certain loans does not apply), for paragraph (a) substitute—

"(a) to a policy if it is a qualifying policy and interest at a commercial rate is payable on the sum lent;".

17 (1) Section 222 of the [M148]Taxation of Chargeable Gains Act 1992 (relief on disposal of private residence) is amended as follows.

(2) In subsection (8), in paragraph (a), omit the words from "within" to "Act".

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(3) After subsection (8) insert—

"(8A) Subject to subsections (8B), (8C) and (9) below, for the purposes of subsection (8) above living accommodation is job-related for a person if—

(a) it is provided for him by reason of his employment, or for his spouse by reason of her employment, in any of the following cases—

(i) where it is necessary for the proper performance of the duties of the employment that the employee should reside in that accommodation;

(ii) where the accommodation is provided for the better performance of the duties of the employment, and it is one of the kinds of employment in the case of which it is customary for employers to provide living accommodation for employees;

(iii) where, there being a special threat to the employee's security, special security arrangements are in force and the employee resides in the accommodation as part of those arrangements;

or

(b) under a contract entered into at arm's length and requiring him or his spouse to carry on a particular trade, profession or vocation, he or his spouse is bound—

(i) to carry on that trade, profession or vocation on premises or other land provided by another person (whether under a tenancy or otherwise); and

(ii) to live either on those premises or on other premises provided by that other person.

(8B) If the living accommodation is provided by a company and the employee is a director of that or an associated company, subsection (8A)(a)(i) or (ii) above shall not apply unless—

(a) the company of which the employee is a director is one in which he or she has no material interest; and

(b) either—

(i) the employment is as a full-time working director, or

(ii) the company is non-profit making, that is to say, it does not carry on a trade nor do its functions consist wholly or mainly in the holding of investments or other property, or

(iii) the company is established for charitable purposes only.

(8C) Subsection (8A)(b) above does not apply if the living accommodation concerned is in whole or in part provided by—

(a) a company in which the borrower or his spouse has a material interest; or

(b) any person or persons together with whom the borrower or his spouse carries on a trade or business in partnership.

(8D) For the purposes of this section—

(a) a company is an associated company of another if one of them has control of the other or both are under the control of the same person; and

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(b) "employment", "director", "full-time working director", "material interest" and "control", in relation to a body corporate, have the same meanings as they have for the purposes of Chapter II of Part V of the Taxes Act."

(4) In subsection (9)—

(a) for "Section 356(3)(b) and (5) of the Taxes Act" substitute " Subsections (8A)(b) and (8C) above "; and

(b) for "within the meaning of that section" substitute " for the purposes of that subsection ".

Marginal Citations

M148 1992 c.12.

Commencement

18 (1) Paragraph 9(2) above has effect in relation to any loan the only payments under which are payments falling within subsection (3) or (4) of section 38 of this Act.

(2) Paragraph 15 above has effect in relation to any claim for (or for part of) the year 2000-01 or any subsequent year of assessment.

(3) Paragraph 16 above has effect in relation to loans made on or after 6th April 2000.

(4) Paragraph 17 above has effect for the year 2000-01 and subsequent years of assessment.

(5) The other provisions of this Schedule have effect in relation to any payment of interest falling within subsection (3) or (4) of section 38 of this Act.

SCHEDULE 5 U.K.

Section 52.

SCOTTISH PARLIAMENT AND DEVOLVED ASSEMBLIES: EXEMPTIONS AND RELIEFS

Payments on dissolution, etc., or loss of office

1 For section 190 of the Taxes Act 1988 (exemption from charge as emoluments of certain payments made to members of Parliament and others) substitute—

"**190 Payments to MPs and others.**

(1) Grants and payments to which this section applies shall be exempt from income tax under Schedule E as emoluments, but without prejudice to any charge to tax under section 148 (payments in connection with termination of employment, etc.).

(2) This section applies to grants and payments if they are made—

(a) in pursuance of a resolution of the House of Commons to a person ceasing to be a member of that House on a dissolution of Parliament;

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(b) under section 13 of the [M149]Parliamentary Pensions etc. Act 1984 or section 4 of the [M150]Ministerial and other Pensions and Salaries Act 1991 (grants to persons ceasing to hold certain Ministerial and other offices); or

(c) under section 3 of the [M151]European Parliament (Pay and Pensions) Act 1979 (resettlement grants for persons ceasing to be Representatives).

(3) This section also applies to grants and payments if they are not pension payments and they are made—

(a) under section 81(3) of the [M152]Scotland Act 1998—

(i) to a person ceasing to be a member of the Scottish Parliament on the dissolution of the Scottish Parliament, or

(ii) to a person ceasing to hold an office corresponding to a relevant office;

(b) under section 18(1) of the [M153]Government of Wales Act 1998 to a person ceasing to be a member of the National Assembly for Wales on the expiry of his term of office; or

(c) under section 48(1) of the [M154]Northern Ireland Act 1998—

(i) to a person ceasing to be a member of the Northern Ireland Assembly on the dissolution of the Assembly, or

(ii) to a person ceasing to hold an office corresponding to a relevant office.

(4) In subsection (3) above "a relevant office" has the same meaning as in section 4 of the [M155]Ministerial and other Pensions and Salaries Act 1991."

Marginal Citations

M149 1984 c.52.
M150 1991 c.5.
M151 1979 c.50.
M152 1998 c.46.
M153 1998 c.38.
M154 1998 c.47.
M155 1991 c.5.

Payments in respect of overnight expenses or EU travel

2 (1) After section 200 of the Taxes Act 1988 insert—

"**200ZA Expenses of members of Scottish Parliament, National Assembly for Wales or Northern Ireland Assembly.**

(1) This section applies to payments made—

(a) to members of the Scottish Parliament under section 81(2) of the [M156]Scotland Act 1998,

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(b) to members of the National Assembly for Wales under section 16(2) of the [M157]Government of Wales Act 1998, or

(c) to members of the Northern Ireland Assembly under section 47(2) of the [M158]Northern Ireland Act 1998.

(2) If a payment to which this section applies is expressed to be made in respect of necessary overnight expenses or EU travel expenses, the payment shall not be regarded as income for any purpose of the Income Tax Acts.

(3) For the purposes of subsection (2) above—

"necessary overnight expenses" are additional expenses necessarily incurred by the member for the purpose of performing duties as a member in staying overnight away from the member's only or main residence, either in the area in which the body of which he is a member sits or in the constituency or region for which he has been returned, and

"EU travel expenses" are the cost of, and any additional expenses incurred in, travelling between the United Kingdom and—

(a) any European Union institution in Brussels, Luxembourg or Strasbourg, or

(b) the national parliament of another member State."

(2) For section 198(4) of that Act (exclusion of deduction in respect of expenditure for which parliamentary allowance may be given) substitute—

"(4) No deduction shall be made under this section in respect of expenditure incurred by—

(a) a member of the House of Commons, or

(b) a member of the Scottish Parliament, or

(c) a member of the National Assembly for Wales, or

(d) a member of the Northern Ireland Assembly,

in, or in connection with, the provision or use of residential or overnight accommodation to enable him to perform his duties as such a member in or about the place where the body of which he is a member sits or the constituency or region for which he has been returned."

(3) For section 74 of the [M159]Capital Allowances Act 1990 (exclusion of capital allowances in respect of expenditure for which parliamentary allowance may be given) substitute—

"**74 Allowances not available: expenses of MPs and others.**

No allowance shall be made under this Part in respect of expenditure incurred by—

(a) a member of the House of Commons, or

(b) a member of the Scottish Parliament, or

(c) a member of the National Assembly for Wales, or

(d) a member of the Northern Ireland Assembly,

in, or in connection with, the provision or use of residential or overnight accommodation to enable him to perform his duties as such a member in or about the place where the body of which he is a member sits or the constituency or region for which he has been returned."

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Marginal Citations
M156 1998 c.46.
M157 1998 c.38.
M158 1998 c.47.
M159 1990 c.1.

Office-holders' transport and subsistence

3 In section 200AA of the Taxes Act 1988 (exemption from Schedule E charge of expenses payments to holders of ministerial offices, etc.), in subsection (2) after paragraph (b) insert—

", and

(c) any office under the [M160]Scotland Act 1998, the [M161]Government of Wales Act 1998 or the [M162]Northern Ireland Act 1998 that corresponds to any of the offices mentioned in paragraph (a) or (b) above."

Marginal Citations
M160 1998 c.46.
M161 1998 c.38.
M162 1998 c.47.

Trustees' income from parliamentary pension funds

4 In section 613(4) of the Taxes Act 1988 (Parliamentary pension funds: exemption from tax on income derived from funds), after paragraph (b) insert—

"(bb) any fund maintained for the purposes of a pension scheme—

(i) established for members of the Scottish Parliament under section 81(4) of the Scotland Act 1998,

(ii) established for members of the Welsh Assembly under section 18(2) of the Government of Wales Act 1998, or

(iii) established for members of the Northern Ireland Assembly under section 48(2) of the Northern Ireland Act 1998;";

and in the closing words for "Funds" (twice) substitute " funds ".

Relevant statutory schemes

5 (1) In section 611A of the Taxes Act 1988 (definition of relevant statutory scheme), for subsection (1) substitute—

"(1) In this Chapter any reference to a relevant statutory scheme is to—

(a) a statutory scheme established before 14th March 1989, or

(b) a statutory scheme established on or after that date and entered in the register maintained by the Board for the purposes of this section, or

(c) a parliamentary pension scheme."

(2) At the end of that section add—

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"(5) In subsection (1)(c) "parliamentary pension scheme" means—

(a) the Parliamentary pension scheme within the meaning of the [M163]Parliamentary and other Pensions Act 1987;

(b) any pension scheme established for members of the Scottish Parliament under section 81(4) of the Scotland Act 1998;

(c) any pension scheme established for members of the Welsh Assembly under section 18(2) of the Government of Wales Act 1998;

(d) any pension scheme established for members of the Northern Ireland Assembly under section 48(2) of the Northern Ireland Act 1998;

(e) the pension scheme established for members of the European Parliament under section 4 of the [M164]European Parliament (Pay and Pensions) Act 1979;

(f) the pension scheme established under section 3 of the [M165]Ministerial Salaries and Members' Pensions Act (Northern Ireland) 1965;

(g) the pension scheme established under the [M166]Assembly Pensions (Northern Ireland) Order 1976."

Marginal Citations

M163 1987 c.45.
M164 1979 c.50.
M165 1965 c.18(N.I.).
M166 S.I. 1976/1779.

Pensions of members of the Scottish Executive

6 (1) Sub-paragraph (2) below applies if provision under the [M167]Scotland Act 1998 is made for the salary paid to members of the Scottish Parliament who are also members of the Scottish Executive to be lower than that of other members of the Scottish Parliament.

(2) In that case, sections 629 and 654 of the Taxes Act 1988 (under which part of the salary of the holder of certain offices is treated as remuneration as a member of the House of Commons) apply in relation to the salary of a member of the Scottish Executive who is also a member of the Scottish Parliament as they apply in relation to the salary of the holder of a qualifying office within the meaning of those sections who is also a member of the House of Commons, with such modifications as the Treasury may specify by order.

(3) In this paragraph references to a member of the Scottish Executive include a junior Scottish Minister.

Marginal Citations

M167 1998 c.46.

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SCHEDULE 6 U.K.

Section 54.

TAX TREATMENT OF RECEIPTS BY WAY OF REVERSE PREMIUM

Application of this Schedule

1 (1) This Schedule applies where—

(a) a person receives a payment or other benefit by way of inducement in connection with a transaction being entered into by him or a person connected with him;

(b) that transaction (the "relevant transaction") is one under which the person receiving the payment or other benefit, or as the case may be the person connected with him, becomes entitled to an estate or interest in, or a right in or over, land; and

(c) the payment or other benefit is paid or provided by—

(i) the person ("the grantor") by whom that estate, interest or right is granted or was granted at an earlier time, or

(ii) a person connected with the grantor, or

(iii) a nominee of, or a person acting on the directions of, the grantor or a person connected with the grantor.

(2) The payment or other benefit is referred to in this Schedule as a "reverse premium".

Tax treatment of receipts by way of reverse premium

2 (1) A reverse premium shall be regarded for the purposes of the Tax Acts as a receipt of a revenue nature.

(2) Where the relevant transaction is entered into—

(a) by the person receiving the reverse premium, and

(b) for the purposes of a trade, profession or vocation carried on or to be carried on by that person,

the reverse premium shall be taken into account in computing the profits of that trade, profession or vocation under Case I or II of Schedule D.

(3) If sub-paragraph (2) does not apply, the person receiving the reverse premium is chargeable to tax as if it were a receipt of a transaction entered into by him for the exploitation, as a source of rents or other receipts, of an estate, interest or right in or over the land in question.

Arrangements not at arm's length

3 (1) Where—

(a) two or more of the parties to the relevant arrangements are connected persons, and

(b) the terms of those arrangements are not such as would reasonably have been expected if those persons had been dealing at arm's length,

the whole amount or value of the reverse premium shall be brought into account under paragraph 2(2) or (3) in the first relevant period of account.

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(2) The "first relevant period of account" means the period of account in which the relevant transaction is entered into, subject to sub-paragraph (3).

(3) If the relevant transaction is entered into—
  (a) by the person receiving the reverse premium, and
  (b) for the purposes of a trade, profession or vocation which is not then carried on by him but which he subsequently begins to carry on,

the first relevant period of account is the first period of account in which he carries on the trade, profession or vocation.

(4) The condition in sub-paragraph (1)(b) is met if the terms differ to a significant extent from the terms which at the time the arrangements were entered into would be regarded as normal and reasonable in the market conditions then prevailing between persons dealing with each other at arm's length in the open market.

(5) In this paragraph "period of account" means a period for which accounts of the trade, profession, vocation or business in question are drawn up.

Special rules for insurance companies carrying on life assurance business

4 (1) Paragraphs 2 and 3 have effect subject to the provisions of this paragraph.

(2) Nothing in paragraph 2 or 3 shall prevent any amount from being brought into account in accordance with section 83 of the [M168]Finance Act 1989 (receipts to be brought into account in Case I computation of profits in respect of life assurance).

(3) Where a reverse premium is received by an insurance company carrying on life assurance business in respect of which it is chargeable to tax otherwise than in accordance with the rules applicable to Case I of Schedule D, there shall be deducted from the amount treated as the company's expenses of management for the accounting period in which the reverse premium is received such part of the reverse premium as is attributable—
  (a) to its life assurance business, and
  (b) to its basic life assurance and general annuity business.

(4) In this paragraph "insurance company", "life assurance business" and "basic life assurance and general annuity business" have the same meaning as in Chapter I of Part XII of the Taxes Act 1988.

Modifications etc. (not altering text)

C8 Sch. 6 para. 4 modified (13.10.1999) by 1997/473, reg. 53B (as inserted (13.10.1999) by S.I. 1999/2636, **reg. 7**)

Marginal Citations

M168 1989 c.26.

Exclusion of receipts taken into account for capital allowances

5 This Schedule does not apply to a payment or benefit if or to the extent that it is taken into account under section 153 of [M169]the Capital Allowances Act 1990

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(subsidies, contributions, etc.) to reduce the recipient's expenditure qualifying for capital allowances.

Marginal Citations
M169 1990 c.1.

Exclusion of transaction relating to individual's only or main residence

6 This Schedule does not apply to a payment or benefit received in connection with a relevant transaction where the person entering into the transaction is an individual and the transaction relates to premises occupied or to be occupied by him as his only or main residence.

Exclusion of consideration under sale and lease-back arrangement

7 This Schedule does not apply to a payment or benefit to the extent that it is consideration for the transfer of an estate or interest in land which constitutes the sale in a sale and lease-back arrangement.

A "sale and lease-back arrangement" means any such arrangement as is described in section 779(1) or (2) or section 780(1) of the Taxes Act 1988.

Connected persons and relevant arrangements

8 (1) For the purposes of this Schedule persons are connected with each other if they are connected within the meaning of section 839 of the Taxes Act 1988 at any time during the period when the relevant arrangements are entered into.

(2) In this Schedule "the relevant arrangements" means the relevant transaction and any arrangements entered into in connection with it, whether before, at the same time or after it.

SCHEDULE 7 U.K.

Section 72.

APPLICATION OF TAPER RELIEF TO EIS DEFERRED GAINS

After Schedule 5B to the [M170]Taxation of Chargeable Gains Act 1992 (EIS re-investment) insert—

"SCHEDULE 5BA U.K.

ENTERPRISE INVESTMENT SCHEME: APPLICATION OF TAPER RELIEF

Application of Schedule

1 (1) This Schedule applies where—

(a) a chargeable gain ("the original gain") accrues on the disposal of shares ("the original shares") to which deferral relief or relief under Chapter III of Part VII of the Taxes Act (EIS income tax relief), or both, is attributable;

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(b) the whole or part of the original gain is treated as not having accrued at the time of that disposal because of expenditure on shares being set against it under paragraph 2 of Schedule 5B; and

(c) a chargeable gain ("the revived gain") is subsequently treated as accruing in accordance with paragraph 4 of Schedule 5B as a result of the disposal ("the relevant disposal") of shares expenditure on which has been set under paragraph 2 of Schedule 5B against the whole or part of the original gain or the whole or part of a gain derived from the original gain.

(2) This Schedule applies only if the original shares were issued on or after 6th April 1998 and disposed of on or after 6th April 1999.

Taper relief on revived gains

2 (1) Where this Schedule applies, the provisions of paragraphs 3 to 5 below have effect for applying taper relief under section 2A in relation to the revived gain.

(2) Those provisions do not apply to the extent that the revived gain is treated as not having accrued at the time of the relevant disposal because of expenditure being set against it under paragraph 2 of Schedule 5B.

Qualifying holding period

3 (1) The qualifying holding period of the original shares for the purposes of taper relief is the period beginning with the date of issue of the original shares and ending with the date of the relevant disposal.

(2) Sub-paragraph (1) is subject to paragraph 2(4) of Schedule A1 (periods that do not count for taper relief purposes).

Periods that do not count

4 A period—

(a) which falls within the period beginning with the date of issue of the original shares and ending with the date of the relevant disposal, and

(b) during which neither the original shares nor any relevant re-investment shares were held,

does not count for the purposes of taper relief.

Gains on disposal of business or non-business assets

5 (1) The following rules apply to determine whether, or to what extent, the revived gain is for taper relief purposes a gain on the disposal of a business asset or a gain on the disposal of a non-business asset.

(2) The revived gain is treated as a gain on the disposal of an asset which was acquired on the issue of the original shares and disposed of on the date of the relevant disposal.

(3) That asset is treated as being the original shares during the period for which they were held.

(4) That asset is treated as being any relevant re-investment shares during the period for which those shares were held, or so much of that period as is not an overlap period in relation to those shares.

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Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

(5) For the purposes of sub-paragraph (4) an "overlap period", in relation to any relevant re-investment shares, means a period during which those shares and also—

(a) any of the original shares, or

(b) any relevant re-investment shares issued before the relevant re-investment shares in question,

are held.

Savings

6 The application of paragraphs 3 to 5 above in relation to the revived gain does not affect the treatment for the purposes of taper relief under section 2A of—

(a) any gain which is treated as accruing in accordance with paragraph 4 of Schedule 5B at the same time as the revived gain, or

(b) any part of a gain where no expenditure was set under paragraph 2 of Schedule 5B against that part of the gain.

Relevant re-investment shares

7 For the purposes of this Schedule—

(a) shares are "re-investment shares" if expenditure on them is set under paragraph 2 of Schedule 5B against all or part of a gain; and

(b) re-investment shares are "relevant re-investment shares", in relation to a revived gain, if—

(i) their disposal results in a gain being treated as accruing under paragraph 4 of Schedule 5B, and

(ii) that gain is the revived gain or a gain from which the revived gain is derived.

Derivation of gains

8 For the purposes of this Schedule a gain ("the later gain") is derived from another gain ("the earlier gain") if—

(a) the later gain is treated as accruing in accordance with paragraph 4 of Schedule 5B on the disposal of any shares, and

(b) expenditure on those shares has been set under paragraph 2 of Schedule 5B against all or part of the earlier gain or a gain which, by virtue of this paragraph, is derived from the earlier gain.

Interpretation

9 Expressions defined for the purposes of Schedule 5B (apart from "the original gain") have the same meaning for the purposes of this Schedule as they have for the purposes of that Schedule.".

Marginal Citations

M170 1992 c.12.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
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Marginal Citations
M170 1992 c.12.

SCHEDULE 8 U.K.

Section 73.

EIS DEFERRED GAINS: GAINS ACCRUING ON PART DISPOSAL U.K.

Introductory

1 Schedule 5B to the [M171]Taxation of Chargeable Gains Act 1992 (relief in respect of re-investment under the enterprise investment scheme) is amended as follows.

Marginal Citations
M171 1992 c.12.

Paragraph 4

2 (1) In paragraph 4(1) (amount of gain accruing on chargeable event), for paragraph (b) substitute—

"(b) the amount of the gain shall be equal to so much of the deferred gain as is attributable to the shares in relation to which the chargeable event occurs."

(2) For paragraph 4(5)(a) (amount of gain where shares represented by other assets) substitute—

"(a) so much of the deferred gain as is attributable to those shares shall be treated, in determining for the purposes of this paragraph the amount of the deferred gain to be treated as attributable to each of those assets, as apportioned in such manner as may be just and reasonable between those assets; and".

(3) After paragraph 4(5) insert—

"(6) In order to determine, for the purposes of this paragraph, the amount of the deferred gain attributable to any shares, a proportionate part of the amount of the gain shall be attributed to each of the relevant shares held, immediately before the occurrence of the chargeable event in question, by the investor or a person who has acquired any of the relevant shares from the investor on a disposal within marriage.

(7) In this paragraph "the deferred gain" means—

(a) the amount of the original gain against which expenditure has been set under this Schedule, less

(b) the amount of any gain treated as accruing under this paragraph previously as a result of a disposal of any of the relevant shares."

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Paragraph 19

3 (1) In paragraph 19(1) (interpretation) omit the definition of "relevant shares".

(2) After paragraph 19(1) insert—

"(1A) For the purposes of this Schedule, "the relevant shares", in relation to a case to which this Schedule applies, means the shares which—

(a) are acquired by the investor in making the qualifying investment, and

(b) where the qualifying investment is made before the time at which the original gain accrues, are still held by the investor at that time.

This is subject to sub-paragraphs (1B) and (1D) below.

(1B) If any corresponding bonus shares in the same company are issued to the investor or any person who has acquired any of the relevant shares from the investor on a disposal within marriage, this Schedule shall apply as if references to the relevant shares were to all the shares comprising the relevant shares and the bonus shares so issued.

(1C) In sub-paragraph (1B) above "corresponding bonus shares" means bonus shares which—

(a) are issued in respect of the relevant shares; and

(b) are of the same class, and carry the same rights, as those shares.

(1D) If, in circumstances in which paragraph 8 above applies, new shares are issued in exchange for old shares, references in this Schedule to the relevant shares, so far as they relate to the old shares, shall be construed as references to the new shares and not to the old shares.

(1E) In sub-paragraph (1D) above "new shares" and "old shares" have the same meaning as in paragraph 8 above."

Consequential amendments

4 In consequence of paragraph 3 above—

(a) in paragraph 2 (postponement of original gain), in sub-paragraphs (1) and (4), for "relevant shares" substitute " the relevant shares ";

(b) in paragraph 2(2) and (3), for "any relevant shares" substitute " the relevant shares ";

(c) in paragraph 2(2)(b), for "those relevant shares" substitute " the relevant shares ";

(d) in paragraph 3 (chargeable events), in sub-paragraph (1) and paragraphs (a) and (b) of sub-paragraph (5), for "any relevant shares" substitute " any of the relevant shares ";

(e) in paragraph 4 (gain accruing on chargeable event), in sub-paragraphs (1) and (5), for "any relevant shares" substitute " any of the relevant shares ";

(f) in paragraph 4(5)(b), for "the same relevant shares" substitute " the same shares ";

(g) in paragraph 5(1) (person to whom gain accrues), for "any relevant shares" substitute " any of the relevant shares ";

(h) in paragraph 6(1) (deferral claims), for "relevant shares" substitute " the relevant shares ";

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(i) in paragraph 16(1) and (2) (information about chargeable events), for "any relevant shares" substitute " any of the relevant shares "; and

(j) in paragraph 19(1) (interpretation), in the definition of "the five year period", for "any relevant shares" substitute " any of the relevant shares ".

SCHEDULE 9 U.K.

Section 74.

CHARGEABLE GAINS: VALUE SHIFTING AND TAX-FREE BENEFITS

1 The [M172]Taxation of Chargeable Gains Act 1992 shall be amended as follows.

Marginal Citations
M172 1992 c.12.

2 The following section shall be inserted after section 31 (value shifting: tax-free benefits from distributions within groups)—

"**31A Asset-holding company leaving the group.**

(1) This section applies where profits of a company would be profits arising on a transaction caught by section 31 but for the fact that the condition in section 31(8) is not satisfied.

(2) The profits shall be treated as profits arising on a transaction caught by section 31 if—

(a) subsection (4) or (5) below is satisfied, and

(b) subsection (6) below is satisfied.

(3) In the following provisions of this section—

"the asset-holding company" means, in relation to any particular time, the company which holds the asset with enhanced value at that time,

"the disposal group" means the group of companies of which the company which made the section 30 disposal was a member at the time of the disposal (or a group which, by virtue of section 170(10), is treated as the same as that group), and

"the six-year period" means the period of six years starting with the date of the section 30 disposal.

(4) This subsection is satisfied if at any time during the six-year period an event occurs which consists in the asset-holding company ceasing to be a member of the disposal group otherwise than by reason of the fact that the principal company of that group becomes a member of another group.

(5) This subsection is satisfied if—

(a) at any time during the six-year period the asset-holding company ceases to be a member of the disposal group by reason only of the fact that the principal company of that group becomes a member of another group, and

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(b) at any time during that period an event occurs as a result of which there is no member of the disposal group of which the asset-holding company is a 75 per cent. subsidiary or there is no member of that group of which the asset-holding company is an effective 51 per cent. subsidiary.

(6) This subsection is satisfied if no disposal of the asset with enhanced value is treated as having occurred by virtue of section 179 during the period—

(a) beginning with the time of the section 30 disposal, and

(b) ending immediately before the event referred to in subsection (4) or (5)(b) above.

(7) Where section 30 has effect by virtue of this section in relation to a disposal—

(a) a chargeable gain of the differential amount shall be treated as accruing to the chargeable company immediately before the event referred to in subsection (4) or (5)(b) above, and

(b) subsection (5) of section 30 shall not apply.

(8) The "differential amount" is A minus B where—

(a) A is the amount of the allowable loss or chargeable gain which would have accrued on the section 30 disposal if the consideration for the disposal had been increased in accordance with section 30(5),

(b) B is the amount of the allowable loss or chargeable gain which accrued on the section 30 disposal,

(c) an allowable loss is treated as a negative amount, and

(d) a negative result is treated as a result of nil.

(9) The "chargeable company" is—

(a) the company which made the section 30 disposal, or

(b) if that company is no longer a member of the disposal group immediately before the event referred to in subsection (4) or (5)(b) above, the principal company of that group.

(10) A gain which is treated as accruing by virtue of subsection (7) above shall, for the purposes of section 18(3), be treated as a gain accruing on a disposal between the parties to the section 30 disposal made at a time when they are connected persons."

3 (1) Section 33 (provisions supplementary to sections 30 to 32) shall be amended as follows.

(2) After subsection (1) there shall be substituted—

"(1A) For the purposes of section 31A, subsections (2) to (6) below apply for the purpose of determining any question in relation to the asset with enhanced value."

(3) In subsection (2), for "and 31(7)" there shall be substituted " , 31(7) and 31A(6) ".

(4) In subsection (3) there shall be inserted at the beginning " For the purposes of sections 30(2) and 31(7) to (9), "

(5) After subsection (3) there shall be inserted—

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"(3A) Subsections (3B) and (3C) below apply (instead of subsection (3) above) for the purposes of section 31A where one or more assets are treated by virtue of subsection (5) or (6) below as the same as the asset with enhanced value.

(3B) If in the period beginning with the time of the transaction referred to in section 31(6) and ending immediately before the event referred to in section 31A(4) or (5)(b)—

(a) there is no disposal of the asset with enhanced value to any person other than a disposal falling with section 171(1), and

(b) no disposal of the asset with enhanced value is treated as having occurred by virtue of section 179,

then references to the asset with enhanced value are to the asset which is treated by virtue of subsection (5) or (6) below as the same as that asset or, as the case may be, all the assets so treated.

(3C) In any other case, references to the asset with enhanced value are to an asset or, as the case may be, all the assets representing that part of the value of the asset with enhanced value that remains after allowing for disposals of a kind mentioned in subsection (3B)(a) or (b)."

(6) In subsection (4)—

(a) for "Where by virtue of subsection (3) above those references are to 2 or more assets" there shall be substituted " Where by virtue of subsection (3), (3B) or (3C) above references to an asset are taken as references to two or more assets ", and

(b) in paragraph (c), for "the reference in section 31(8)" there shall be substituted " a reference in section 31(8) or 31A(3) ".

(7) After subsection (8) there shall be inserted—

"(8A) In a case where—

(a) profits are treated as profits arising on a transaction caught by section 31 by virtue of section 31A, and

(b) the condition in section 31(7) or a condition in section 31A is satisfied by reference to an asset, or assets treated as a single asset, treated by virtue of subsection (3C) above as the same as the asset with enhanced value,

the amount of the reduction in value of the principal asset shall be reduced to such amount as is just and reasonable."

4 (1) Section 34 (transactions treated as a reorganisation of share capital) shall be amended as follows.

(2) After subsection (1) there shall be inserted—

"(1A) Subsection (1B) below applies where, but for sections 127 and 135(3), section 30 would have effect, by virtue of section 31A, as respects the disposal by a company ("the disposing company") of an asset consisting of shares in or debentures of another company ("the original holding") in exchange for shares in or debentures of a further company which, immediately after the disposal, is not a member of the same group as the disposing company.

(1B) Section 31A shall apply as if sections 127 and 135(3) did not apply.

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(1C) In applying section 31A(7) and (8)—

(a) the reference in section 31A(8) to an allowable loss or chargeable gain which accrued on the section 30 disposal shall be taken as a reference to the allowable loss or chargeable gain which would have accrued had sections 127 and 135(3) not applied, and

(b) an allowable loss shall be treated as a chargeable gain of nil."

(3) In subsection (2)—

(a) for "subsection (1) above" there shall be substituted " subsections (1) to (1C) above ", and

(b) for "that subsection" there shall be substituted " those subsections ".

5 This Schedule has effect in relation to any disposal of an asset which occurs on or after 9th March 1999.

SCHEDULE 10 U.K.

Section 79.

SHARING OF PENSIONS ETC. ON DIVORCE OR ANNULMENT

Modifications etc. (not altering text)

C9 Sch. 10 applied (with modifications) (10.5.2000) by S.I. 2000/1085, **regs. 3-8**
Sch. 10 applied (S.) (28.1.2002) by S.I. 1995/365, Pt. W para. W14(2) (as inserted (28.1.2002) by S.S.I. 2001/465, reg. 3, **Sch. 1**)

Definition of "pension business"

1 (1) Section 431B of the Taxes Act 1988 (meaning of "pension business") shall be amended as follows.

(2) In subsection (2)—

(a) in paragraph (e) (contracts in substitution of contracts under paragraph (d)), after "(d) above" there shall be inserted " or this paragraph "; and

(b) after that paragraph there shall be inserted the following paragraph—

"(ea) any contract which is entered into, for purposes connected with giving effect to any pension sharing order or provision made in relation to a contract falling within paragraph (d) or (e) above or this paragraph and by means of which relevant benefits (see subsections (3) and (4) below), and no other benefits, are secured;".

(3) After that subsection there shall be inserted the following subsection—

"(2A) For the purposes of subsection (2)(d) above the members of and contributors to a scheme or fund shall be deemed to include any person who by virtue of any pension sharing order or provision (within the meaning of Part XIV) has become entitled to any credit as against the persons having the management of the scheme or fund."

(4) In subsection (3) (meaning of "relevant benefits")—

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(a) for "subsection (2)(d) and (e)" there shall be substituted " subsection (2)(d) to (ea) "; and

(b) after the words "subsection (2)(e)", wherever they occur, there shall be inserted " or (ea) ".

Approval of retirement benefit schemes

2 (1) In subsection (2) of section 590 of the Taxes Act 1988 (conditions for approval of scheme), for paragraph (a) there shall be substituted—

"(a) that the scheme is bona fide established for the sole purpose (subject to any enactment or Northern Ireland legislation requiring or allowing provision for the value of any rights to be transferred between schemes or between members of the same scheme) of providing relevant benefits in respect of service as an employee;".

(2) After that paragraph there shall be inserted the following paragraph—

"(aa) that those benefits do not include any benefits payable to a person other than—

(i) the employee or a scheme member's ex-spouse,

(ii) a widow, widower, child, or dependant of the employee or of a scheme member's ex-spouse, or

(iii) the personal representatives of the employee or of a scheme member's ex-spouse;".

(3) In subsection (3) of that section (conditions for automatic approval), for paragraph (c) there shall be substituted the following paragraphs—

"(ba) that any benefit for an ex-spouse, or for the widow or widower of an ex-spouse, is a benefit in relation to which the scheme satisfies the conditions set out in subsection (3A) below;

(bb) that the scheme does not allow any rights debited to a scheme member as a consequence of a pension sharing order or provision to be replaced with any rights which that scheme member would not have been able to acquire (in addition to the debited rights) had the order or provision not been made;

(c) that no benefits are payable under the scheme other than those mentioned in paragraphs (a), (b) and (ba) above;".

(4) In paragraph (d) of that subsection (restriction on surrender, commutation and assignment)—

(a) for "except" there shall be substituted "except—

(i) for the purpose of giving effect to a pension sharing order or provision, or

(ii) in so far as the commutation of a benefit for an ex-spouse is allowed by virtue of subsection (3A) below, or

(iii)";

and

(b) for "his pension" there shall be substituted " a pension provided for him ".

(5) After that paragraph there shall be inserted the following paragraph—

"(da) that, in a case in which—

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(i) a lump sum may be obtained by the commutation of a part of a pension provided for an employee, and

(ii) the amount of that pension is affected by the making of a pension sharing order or provision,

the lump sum does not exceed the sum produced by multiplying by 2.25 the amount which (after effect has been given to the pension sharing order or provision) is the amount of that pension for the first year in which it is payable;".

(6) After subsection (3) of that section there shall be inserted the following subsection—

"(3A) The conditions mentioned in subsection (3)(ba) above are—

(a) that any benefit for an ex-spouse takes the form of a pension (with or without an entitlement to commute a part of that pension);

(b) that any benefit for an ex-spouse is a pension payable only on the attainment by the ex-spouse of a specified age of not less than 60 and not more than 75;

(c) that any entitlement to commute a part of the pension is exercisable only on its becoming payable;

(d) that any benefit for the widow or widower of an ex-spouse is confined to a non-commutable pension payable on the death of the ex-spouse at a time when the ex-spouse is already entitled to receive a pension under the scheme;

(e) that any pension provided for the widow or widower of an ex-spouse is of an amount not exceeding two-thirds of the pension payable to the ex-spouse;

(f) that, in a case in which a lump sum may be obtained by the commutation of a part of a pension provided for an ex-spouse, the lump sum does not exceed the sum produced by multiplying the amount of the pension for the first year in which it is payable by 2.25."

(7) In subsection (4) of that section (conditions that are referred to as "the prescribed conditions"), for "subsections (2) and (3)" there shall be substituted " subsections (2) to (3A) ".

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

"(4B) For the purposes of this section a benefit provided under any scheme is provided for an ex-spouse or the widow or widower of an ex-spouse, and shall be treated as not provided for an employee or the widow or widower of an employee, to the extent (and to the extent only) that—

(a) it is provided for a person who is, or is the widow or widower of, either—

(i) an employee who is an ex-spouse; or

(ii) a scheme member's ex-spouse;

and

(b) it is as an ex-spouse, or as the widow or widower of an ex-spouse, that that person is the person for whom the benefit is provided.

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(4C) For the purposes of this section a benefit provided for any person under any scheme is provided for that person as an ex-spouse, or as the widow or widower of an ex-spouse, to the extent (and to the extent only) that—

(a) the benefit is provided in respect of rights of an ex-spouse that are or represent rights conferred on the ex-spouse as a consequence of a pension sharing order or provision; and

(b) the scheme makes provision for the benefit to be treated as provided separately from any benefits which are provided under the scheme for the same person as an employee or as the widow or widower of an employee.

(4D) In this section "scheme member", in relation to a scheme, means—

(a) an employee; or

(b) a person entitled to any relevant benefits under the scheme as a consequence of a pension sharing order or provision.

(4E) The following rules shall apply in calculating for the purposes of subsection (3)(da) or (3A)(f) above the amount of a person's pension for the first year in which it is payable—

(a) if the pension payable for the year changes, the initial pension payable shall be taken;

(b) it shall be assumed that that person will survive for the year; and

(c) the effect of commutation shall be ignored.

(4F) A pension provided for an ex-spouse who is an employee, or for the widow or widower of such an ex-spouse, shall be disregarded in any determination of whether the conditions set out in subsection (3)(e) to (h) above are satisfied or continue to be satisfied in the case of that employee."

Discretionary approval of retirement benefit schemes

3 In section 591(2) of the Taxes Act 1988—

(a) in paragraph (b) (discretion to approve schemes providing benefits for widows on the death in service of an employee), after "widows" there shall be inserted " and widowers "; and

(b) after that paragraph there shall be inserted the following paragraph—

"(ba) which provides pensions for the widows and widowers of ex-spouses dying before the age at which their pensions become payable and for the children or dependants of ex-spouses; or".

Non-approved retirement benefit schemes

4 In subsection (5) of section 595 of the Taxes Act 1988 (charge to tax in respect of certain sums paid by employer etc.), after "wife" there shall be inserted " or husband, " and after "widow" there shall be inserted " or widower or ".

5 In section 596 of the Taxes Act 1988, after subsection (3) (relief where a taxed contribution does not result in the payment of benefits) there shall be inserted the following subsection—

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"(4) Relief shall not be given under subsection (3) above in respect of tax on any sum if—

(a) the reason for there having been no payment in respect of, or in substitution for, the benefits, or part of the benefits, in question, or

(b) the event by reason of which there will be no such payment,

is a reduction or cancellation, as a consequence of any pension sharing order or provision, of the employee's rights in respect of the benefits."

6 In section 596A(8)(c) (lump sums provided under non-approved schemes), after the word "employee,", in the first place where it occurs, there shall be inserted " an ex-spouse of the employee, ".

Charge on pensions commuted in special circumstances

7 (1) In section 599 of the Taxes Act 1988 (charge to tax where pension commuted in special circumstances), the words "Subject to subsection (1A) below," shall be inserted at the beginning of subsection (1); and the following subsections shall be inserted after that subsection—

"(1A) Subsection (1) above shall have effect in relation to the commutation of the whole or any part of a pension the amount of which has been affected by the making of any pension sharing order or provision as if paragraph (a) and the words after paragraph (b) were omitted.

(1B) Where—

(a) a scheme to which this section applies contains a rule allowing, in special circumstances, a payment in commutation of the entire pension provided under the scheme for an ex-spouse, and

(b) any pension is commuted, whether wholly or not, under the rule,

tax shall be charged on the amount by which the sum receivable exceeds the largest sum which would have been receivable in commutation of any part of the pension under any rule of the scheme authorising the commutation of a part (but not the whole) of the pension.

(1C) A pension provided for an ex-spouse shall be disregarded when applying subsection (1) above in relation to the commutation of any pension provided for an employee.

(1D) A pension provided for an employee shall be disregarded when applying subsection (1B) above in relation to the commutation of any pension provided for an ex-spouse.

(1E) Subsections (4B) and (4C) of section 590 apply for the purposes of subsections (1C) and (1D) above as they apply for the purposes of that section."

(2) In subsection (6) of that section, after "subsection (1) above" there shall be inserted " , or in applying subsection (1B) above ".

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Charge on unauthorised payments

8 (1) In subsection (1) of section 600 of the Taxes Act 1988 (charge on unauthorised payments to employees), after "an employee" there shall be inserted " or an ex-spouse ".

(2) In subsection (2) of that section (person charged), for the words from "the employee" to "shall" there shall be substituted " the employee or, as the case may be, the ex-spouse shall (whether or not he is the recipient of the payment) ".

Definition of "retirement benefits scheme"

9 (1) In subsections (3) and (4)(b) of section 611 of the Taxes Act 1988 (definition of "retirement benefits scheme"), for the words "employees" and "employee", wherever occurring, there shall be substituted, respectively, the words " scheme members " and " scheme member ".

(2) After subsection (5) of that section there shall be inserted the following subsection—

"(6) In this section "scheme member", in relation to a scheme means—
(a) an employee; or
(b) a person whose rights under the scheme derive from a pension sharing order or provision."

Interpretation of Chapter I

10 (1) In subsection (1) of section 612 of the Taxes Act 1988 (interpretation of Chapter I of Part XIV), in the definition of "relevant benefits", after the word "death", in the first place where it occurs, there shall be inserted " , or by virtue of a pension sharing order or provision ".

(2) In subsection (2) of that section (references to the provision of relevant benefits to include the provision of benefits under contracts with third parties)—
(a) after "Chapter" there shall be inserted " , in relation to a scheme, ";
(b) for "of an employer" there shall be substituted " or ex-spouses "; and
(c) after "or the employee" there shall be inserted " or ex-spouse ".

(3) After that subsection there shall be inserted the following subsection—

"(2A) In subsection (2) above the reference to the employer is a reference to the person who is the employer in relation to the scheme."

Overseas pensions

11 In section 615(6)(b) of the Taxes Act 1988 (funds annuities from which are paid without deduction of tax to non-UK residents), after "purpose" there shall be inserted " (subject to any enactment or Northern Ireland legislation requiring or allowing provision for the value of any rights to be transferred between schemes or between members of the same scheme) ".

Rules prohibiting surrender or assignment of annuities etc.

12 (1) In section 634(6) of the Taxes Act 1988 (restriction on assignment or surrender of annuities), for "except that" there shall be substituted "except that—

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(a) an annuity may be assigned or surrendered for the purpose of giving effect to a pension sharing order or provision; and

(b)".

(2) In section 634A(6) of that Act (restriction on assignment or surrender of right to income withdrawals), after "surrender" there shall be inserted " , except for the purpose of giving effect to a pension sharing order or provision ".

(3) In section 635(5) of that Act (restriction on assignment or surrender of right to payment of lump sum), after "surrender" there shall be inserted " , except for the purpose of giving effect to a pension sharing order or provision ".

Annuity payable on the death of a member

13 (1) In section 636 of the Taxes Act 1988 (annuity payable after death of member to spouse or dependants), after subsection (3) there shall be inserted the following subsection—

"(3A) The references in subsection (3) above—

(a) to the annual amount or highest annual amount of an annuity of which the member was in receipt before his death, and

(b) to the highest annual amount of an annuity that would have been payable if it had been purchased on the day before the member's death,

shall each be construed in a case where payments of that annuity were or would have been affected by the making of any pension sharing order or provision as if the only payments of that annuity to be taken into account were those that have been or would have been so affected."

(2) In subsection (10) of that section (restriction on assignment or surrender of annuities payable after death of member), for "except that" there shall be substituted "except that—

(a) an annuity may be assigned or surrendered for the purpose of giving effect to a pension sharing order or provision; and

(b)".

Rule in section 636A prohibiting assignment or surrender

14 In section 636A(7) of the Taxes Act 1988 (restriction on assignment or surrender of right to income withdrawals after death of member), after "surrender" there shall be inserted " , except for the purpose of giving effect to a pension sharing order or provision ".

Meaning of "relevant earnings"

15 (1) In section 644 of the Taxes Act 1988 (which for the purposes of references to relevant earnings contains provisions in subsections (6A) to (6F) for excluding the income of controlling directors), after subsection (6E) there shall be inserted the following subsection—

"(6EA) Where—

(a) there is a time at which a person would be in receipt of any benefits under a scheme but for any debit to which any of his rights under

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that scheme became subject by virtue of any pension sharing order or provision, and

(b) the benefits he would be in receipt of are benefits payable in respect of past service with a company,

that person shall be deemed for the purposes of subsections (6A) to (6E) above to be in receipt at that time of benefits under that scheme and the benefits which he is deemed to be in receipt of shall be deemed to be benefits in respect of past service with that company."

(2) In subsection (6F) of that section (construction of subsections (6A) to (6E))—

(a) in the words before paragraph (a), for "(6E)" there shall be substituted " (6EA) ";

(b) in paragraph (c) (benefits in respect of past service), after "the company" there shall be inserted " but do not include references to benefits which (within the meaning of section 590) are provided for him as an ex-spouse "; and

(c) in paragraph (d) (transfer payment in respect of past service), at the end there shall be inserted " but do not include references to any transfer payment made for the purpose of giving effect to a pension sharing order or provision. "

Purchased life annuities

16 In section 657(2) of the Taxes Act 1988 (annuities not treated as purchased life annuities within section 656), after paragraph (e) there shall be inserted "; or

(f) to any annuity purchased, for purposes connected with giving effect to any pension sharing order or provision, for consideration which derives from—

(i) a retirement benefits scheme (within the meaning of Chapter I of this Part) of a description mentioned in section 596(1);

(ii) sums satisfying the conditions for relief under section 619;

(iii) any such scheme or arrangements as are mentioned in paragraph (d) or (e) above; or

(iv) the surrender, in whole or in part, of an annuity falling within paragraph (da) above or this paragraph, or of a contract for such an annuity."

Interpretation of Part XIV

17 In Chapter VI of Part XIV of the Taxes Act 1988 (interpretation of Part XIV), the following section shall be inserted after section 659C—

"**659D Interpretation of provisions about pension sharing.**

(1) In this Part "ex-spouse" means a party to a marriage that has been dissolved or annulled and, in relation to any person, means the other party to a marriage with that person that has been dissolved or annulled.

(2) References in this Part to a pension sharing order or provision are references to any such order or provision as is mentioned in section 24(1) of the Welfare Reform and Pensions Act 1999 (rights under pension sharing arrangements)."

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Commencement etc.

18 (1) In this paragraph—

"the first appointed day" means such day as the Treasury may by order appoint as the first appointed day for the purposes of this paragraph;

"the second appointed day" means such day falling after the first appointed day as the Treasury may by order appoint as the second appointed day for the purposes of this paragraph.

(2) The power of the Treasury to appoint a day as the second appointed day for the purposes of this paragraph shall include power so to appoint different days for different purposes.

(3) Subject to sub-paragraph (4) below, paragraphs 2 and 3(b) above apply for the purposes of the grant or withdrawal at any time on or after the first appointed day of any approval of a retirement benefits scheme (whenever made or approved).

(4) Section 590(3)(bb) and (da) of the Taxes Act 1988 shall be disregarded for the purposes of determining whether any retirement benefits scheme approved before the first appointed day satisfies the prescribed conditions at any time before the second appointed day.

(5) Every retirement benefits scheme which—

(a) has, before the first appointed day, been approved by the Board for the purposes of Chapter I of Part XIV of the Taxes Act 1988, and

(b) by virtue of having been approved before that day continues to be so approved on or after the second appointed day,

shall have effect, so long as it continues to be approved on and after the second appointed day and notwithstanding anything in the rules of the scheme, as if (so far as it does not already do so) it contained provision satisfying the conditions set out in section 590(3)(bb) and (da) of the Taxes Act 1988.

(6) Paragraph 6 above applies to any lump sum provided on or after the second appointed day.

(7) Paragraph 8 above applies to any payment on or after the second appointed day.

(8) Subject to sub-paragraph (9) below, paragraphs 12 to 14 above apply for the purposes of—

(a) the grant at any time on or after the first appointed day of any approval of a personal pension scheme (whenever made);

(b) the withdrawal at any time on or after that day of approval of any personal pension scheme or personal pension arrangements (whenever approved).

(9) Section 636(3A) of the Taxes Act 1988 shall be disregarded for the purposes of determining whether any personal pension scheme approved before the first appointed day, or any of the arrangements made by an individual in accordance with such a scheme, satisfies the prescribed conditions at any time before the second appointed day.

(10) The Board may by regulations provide that, in such circumstances as may be prescribed by the regulations, this Schedule shall apply in the case of retirement benefits schemes approved before the first appointed day with such exceptions, exclusions and modifications as may be so prescribed.

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(11) Regulations under sub-paragraph (10) above may include such incidental, supplemental, consequential and transitional provision as the Board think appropriate.

Subordinate Legislation Made

P5 Sch. 10 para. 18(1) power fully exercised: 10.5.2000 appointed as first appointed day by S.I. 2000/1093, **art. 2(a)**; 1.12.2000 appointed as second appointed day by S.I. 2000/1093, **art. 2(b)**

SCHEDULE 11 U.K.

Section 93.

COMPANY TAX RETURNS, ETC: MINOR AND CONSEQUENTIAL AMENDMENTS

Income and Corporation Taxes Act 1988 (c. 1)

1 Section 411A of the Taxes Act 1988 (group relief in substitution for loss relief) shall cease to have effect.

2 In section 588(5) of the [M173]Taxes Act 1988 (tax treatment of training courses provided for employees), after "Management Act" insert " , or paragraph 41 of Schedule 18 to the Finance Act 1998, ".

Marginal Citations

M173 1998 c.36.

Finance Act 1989 (c. 26)

3 In section 102(6) of the [M174]Finance Act 1989 (surrender of company tax refund within group), for "section 94(6) of the Taxes Management Act 1970" substitute " paragraph 18 of Schedule 18 to the Finance Act 1998 ".

Marginal Citations

M174 1970 c.9.

Capital Allowances Act 1990 (c. 1)

4 In section 17(3) of the Capital Allowances Act 1990 (carry back of balancing allowances for mining structures etc.), at the end insert " made for the purposes of income tax ".

5 In section 33F(1) of the Capital Allowances Act 1990 (procedure for claims for deferment of balancing charge), for "Schedule A1 to this Act" substitute " Part IX of Schedule 18 to the Finance Act 1998 ".

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6 In section 59C of the Capital Allowances Act 1990 (supplemental provisions about elections under section 59B), for subsection (7) substitute—

"(7) Nothing in—

(a) section 42 of, or Schedule 1A to, the Taxes Management Act 1970 (claims and elections for income tax purposes), or

(b) paragraphs 54 to 60 of Schedule 18 to the Finance Act 1998 (claims and elections for corporation tax purposes),

shall apply to a section 59B election."

7 In section 145(3) of the Capital Allowances Act 1990 (claim to give effect to corporation tax allowances against profits of any description), omit "to which section 42 of the Taxes Management Act 1970 applies".

Finance Act 1994 (c. 9)

8 In section 118 of the Finance Act 1994 (notification requirement for expenditure on machinery or plant), for subsection (7) substitute—

"(7) No relief shall be given under—

(a) section 33, 33A or 42 of the Taxes Management Act 1970, or

(b) paragraph 51 or 56 of Schedule 18 to the Finance Act 1998,

in respect of a claim of error or mistake to the extent that the error or mistake consists of or arises from a failure to fulfil the relevant condition in relation to a chargeable period."

Finance Act 1998 (c. 36)

9 In paragraph 94 of Schedule 18 to the Finance Act 1998 (company tax returns etc: election to take appeal to Special Commissioners)—

(a) in sub-paragraph (4) for "merits or the appeal" substitute " merits of the appeal "; and

(b) in sub-paragraph (5) for "before the giving" substitute " after the giving ".

SCHEDULE 12 U.K.

Section 109(3).

STAMP DUTY: INTEREST AND PENALTIES ON LATE STAMPING

Stamp Act 1891 (c.39)

1 For section 12 of the Stamp Act 1891 (assessment of duty by Commissioners) substitute—

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"**12 Adjudication by Commissioners.**

(1) Subject to such regulations as the Commissioners may think fit to make, the Commissioners may be required by any person to adjudicate with reference to any executed instrument upon the questions—
   (a) whether it is chargeable with duty;
   (b) with what amount of duty it is chargeable;
   (c) whether any penalty is payable under section 15B (penalty on late stamping);
   (d) what penalty is in their opinion correct and appropriate.

(2) The Commissioners may require to be furnished with an abstract of the instrument and with such evidence as they may require as to the facts and circumstances relevant to those questions.

(3) The Commissioners shall give notice of their decision upon those questions to the person by whom the adjudication was required.

(4) If the Commissioners decide that the instrument is not chargeable with any duty, it may be stamped with a particular stamp denoting that it has been the subject of adjudication and is not chargeable with any duty.

(5) If the Commissioners decide that the instrument is chargeable with duty and assess the amount of duty chargeable, the instrument when stamped in accordance with their decision may be stamped with a particular stamp denoting that it has been the subject of adjudication and is duly stamped.

(6) Every instrument stamped in accordance with subsection (4) or (5) shall be admissible in evidence and available for all purposes notwithstanding any objection relating to duty.

12A Adjudication: supplementary provisions.

(1) An instrument which has been the subject of adjudication by the Commissioners under section 12 shall not, if it is unstamped or insufficiently stamped, be stamped otherwise than in accordance with the Commissioners' decision on the adjudication.

(2) If without reasonable excuse any such instrument is not duly stamped within 30 days after the date on which the Commissioners gave notice of their decision, or such longer period as the Commissioners may allow, the person by whom the adjudication was required is liable to a penalty not exceeding £300.

(3) A statutory declaration made for the purposes of section 12 shall not be used against the person making it in any proceedings whatever, except in an inquiry as to the duty with which the instrument to which it relates is chargeable or as to the penalty payable on stamping that instrument.

(4) Every person by whom any such declaration is made shall, on payment of the duty chargeable upon the instrument to which it relates, and any interest or penalty payable on stamping, be relieved from any penalty to which he may be liable by reason of the omission to state truly in the instrument any fact or circumstance required by this Act to be so stated.".

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2 For section 13 of the Stamp Act 1891 (appeal against assessment of duty) substitute—

"**13 Appeal against Commissioners' decision on adjudication.**

(1) A person who is dissatisfied with a decision of the Commissioners on an adjudication under section 12 may appeal against it.

(2) The appeal must be brought within 30 days of notice of the decision on the adjudication being given under section 12(3).

(3) An appeal may only be brought on payment of—
- (a) duty and any penalty in conformity with the Commissioners' decision, and
- (b) any interest that in conformity with that decision would be payable on stamping the instrument on the day on which the appeal is brought.

(4) An appeal which relates only to the penalty payable on late stamping may be brought to the Special Commissioners in accordance with section 13A below.

(5) Any other appeal may be brought in accordance with section 13B below to the High Court of the part of the United Kingdom in which the case has arisen.

13A Appeal to the Special Commissioners.

(1) The following provisions apply in relation to an appeal under section 13(4).

(2) Notice of appeal must be given in writing to the Commissioners, specifying the grounds of appeal.

(3) On the hearing of the appeal the Special Commissioners may allow the appellant to put forward a ground not specified in the notice of appeal, and take it into consideration, if satisfied that the omission was not wilful or unreasonable.

(4) The powers conferred by sections 46A(1)(c) and (2) to (4) and sections 56B to 56D of the Taxes Management Act 1970 (power of Lord Chancellor to make regulations as to jurisdiction, practice and procedure in relation to appeals) are exercisable in relation to appeals to which this section applies.

(5) On the appeal the Special Commissioners may—
- (a) if it appears to them that no penalty should be paid, set the decision aside;
- (b) if the amount determined appears to them to be appropriate, confirm the decision;
- (c) if the amount determined appears to them to be excessive, reduce it to such other amount (including nil) as they consider appropriate;
- (d) if the amount determined appears to them to be insufficient, increase it to such amount as they consider appropriate.

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(6) Section 56A of the Taxes Management Act 1970 (general right of appeal on point of law) applies in relation to a decision of the Special Commissioners under this section.

(7) Without prejudice to that right of appeal, an appeal lies against the amount of a penalty determined by the Special Commissioners under this section, at the instance of the person liable to the penalty, to the High Court.

(8) On an appeal under subsection (7) the court has the same powers as are conferred on the Special Commissioners by subsection (5) above.

13B Appeal to the High Court.

(1) The following provisions apply in relation to an appeal under section 13(5).

(2) The appellant may for the purposes of the appeal require the Commissioners to state and sign a case setting out the questions upon which they were required to adjudicate and their decision upon them.

(3) The Commissioners shall thereupon state and sign a case and deliver the same to the person by whom it is required, and the case may, within 30 days thereafter, be set down by him for hearing.

(4) On the appeal the court shall determine the questions submitted and may give such directions as it thinks fit with respect to the repayment of any duty or penalty paid in conformity with the Commissioners' decision.".

3 (1) Section 14 of the Stamp Act 1891 (terms upon which instruments not duly stamped may be received in evidence) is amended as follows.

(2) In subsection (1)—

(a) for the words from "if the instrument" to "it may" substitute " the instrument may ", and

(b) for "the penalty" substitute " any interest or penalty ".

(3) In subsection (2) for "the duty and penalty" (three times) substitute " the duty and any interest or penalty ".

(4) In subsection (3)—

(a) for "any duty or penalty" substitute " any duty, interest or penalty ", and

(b) for "the duty and penalty" substitute " the duty, interest and penalty ".

(5) In subsection (4) for "first executed" substitute " executed ".

Finance Act 1994 (c.9)

4 For section 240 of the Finance Act 1994 (time for presenting agreements for leases) substitute—

"**240 Time for presenting agreement for lease.**

(1) This section applies if there are presented for stamping at the same time in pursuance of Schedule 13 to the Finance Act 1999—

(a) an agreement for a lease, and

(b) the lease which gives effect to the agreement,

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and the duty (if any) chargeable on the agreement is paid.

(2) Section 15A of that Act (interest payable on late stamping) applies in relation to the agreement as if the reference to the day on which the instrument was executed were to the day on which the lease was executed.

(3) For the purposes of section 15B of that Act (penalty on late stamping) the agreement is treated—

(a) as if it had been executed at the same time and place as the lease, and

(b) where the lease was executed outside the United Kingdom, as if it had been first received in the United Kingdom at the same time as the lease.

(4) For the purposes of this section a lease gives effect to an agreement if the lease is granted subsequent to the agreement and either is in conformity with the agreement or relates to substantially the same property and term as the agreement.

(5) References in this section to an agreement for a lease include missives of let in Scotland.

240A Requirements before lease treated as duly stamped.

(1) A lease shall not be treated as duly stamped unless—

(a) it contains a certificate that there is no agreement to which it gives effect, or

(b) it is stamped with a stamp denoting—

(i) that there is an agreement to which it gives effect which is not chargeable with duty, or

(ii) the duty paid on the agreement to which it gives effect.

(2) For the purposes of this section a lease gives effect to an agreement if the lease is granted subsequent to the agreement and either is in conformity with the agreement or relates to substantially the same property and term as the agreement.

(3) References in this section to a lease do not include, and references in this section to an agreement do include, missives of let in Scotland.”

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SCHEDULE 13 U.K.

Section 112(3).

STAMP DUTY: INSTRUMENTS CHARGEABLE AND RATES OF DUTY

PART I U.K.

CONVEYANCE OR TRANSFER ON SALE

Modifications etc. (not altering text)

C10 Sch. 13 Pt. I excluded (28.7.2000 with effect as mentioned in s. 130(10) of the amending Act) by 2000 c. 17, **s. 130(1)(10)**

C11 Sch. 13 Pt. I modified (*retrospective* to 28.3.2000 and with effect as mentioned in **s. 118(10)(11)** of the amending Act) by 2000 c. 17, s. 118 (with s. 118(9))
Sch. 13 Pt. I modified (*retrospective* to 28.3.2000 and with effect as mentioned in **s. 119(11)(12)** of the amending Act) by 2000 c. 17, s. 119 (with s. 120)
Sch. 13 Pt. I modified (*retrospective* to 28.3.2000 and with effect as mentioned in **s. 122(8)(9)** of the amending Act) by 2000 c. 17, s. 122
Sch. 13 Pt. I amended (11.5.2001 with effect as mentioned in s. 92(8) of the amending Act) by 2001 c. 9, s. 92, **Sch. 30 para. 1(1)**; S.I. 2001/3748, **art. 2**
Sch. 13 Pt. I excluded (11.5.2001 with effect as mentioned in s. 92(8) of the amending Act) by 2001 c. 9, **s. 92(1)**; S.I. 2001/3748, **art. 2**

Charge

1 (1) Stamp duty is chargeable on a conveyance or transfer on sale.

(2) For this purpose "conveyance on sale" includes every instrument, and every decree or order of a court or commissioners, by which any property, or any estate or interest in property, is, on being sold, transferred to or vested in the purchaser or another person on behalf of or at the direction of the purchaser.

Rates of duty

2 Duty under this Part is chargeable by reference to the amount or value of the consideration for the sale.

3 In the case of a conveyance or transfer of stock or marketable securities the rate is 0.5%.

4 In the case of any other conveyance or transfer on sale the rates of duty are as follows—

1.	Where the amount or value of the consideration is £60,000 or under and the instrument is certified at £60,000	Nil
2.	Where the amount or value of the consideration	1%

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	is £250,000 or under and the instrument is certified at £250,000	
3.	Where the amount or value of the consideration is £500,000 or under and the instrument is certified at £500,000	2.5%
4.	Any other case	3.5%

5 The above provisions are subject to any enactment setting a different rate or setting an upper limit on the amount of duty chargeable.

Meaning of instrument being certified at an amount

6 (1) The references in paragraph 4 above to an instrument being certified at a particular amount mean that it contains a statement that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the amount or value, or aggregate amount or value, of the consideration exceeds that amount.

(2) For this purpose a sale or contract or agreement for the sale of goods, wares or merchandise shall be disregarded—

(a) in the case of an instrument which is not an actual conveyance or transfer of the goods, wares or merchandise (with or without other property);

(b) in the case of an instrument treated as such a conveyance or transfer only by virtue of paragraph 7 (contracts or agreements chargeable as conveyances on sale);

and any statement as mentioned in sub-paragraph (1) shall be construed as leaving out of account any matter which is to be so disregarded.

Modifications etc. (not altering text)

C12 Sch. 13 para. 6 modified (*retrospective* to 28.3.2000 and with effect as mentioned in s. 129(5) and Sch. 34 para. 4(3) of the amending Act) by 2000 c. 17, s. 129(3)(5), **Sch. 34 para. 4(1)(3)** (with s. 129(4))
Sch. 13 para. 6 modified (11.5.2001 with effect as mentioned in s. 92(8) of the amending Act) by 2001 c. 9, s. 92, **Sch. 30 para. 3(1)**; S.I. 2001/3748, **art. 2**
Sch. 13 para. 6 modified (*retrospective* to 24.7.2002 with application as mentioned in Sch. 37 para. 3(3) of the amending act) by 2002 c. 23, s. 116(2)(4)(5), **Sch. 37**, para. 3

C13 Sch. 13 para. 6(1) restricted (27.7.1999 with effect as mentioned in s. 112(6) of 1999 c. 16) by 1991 c. 31, **s. 113(1)** (as inserted (27.7.1999 with effect as mentioned in s. 112(6) of the amending Act) by 1999 c. 16, ss. 112(4), 122, **Sch. 14 para. 27**)

Contracts or agreements chargeable as conveyances on sale

7 (1) A contract or agreement for the sale of—

(a) any equitable estate or interest in property, or

(b) any estate or interest in property except—

(i) land,

(ii) goods, wares or merchandise,

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(iii) stock or marketable securities,

(iv) any ship or vessel, or a part interest, share or property of or in any ship or vessel, or

(v) property of any description situated outside the United Kingdom,

is chargeable with the same*ad valorem* duty, to be paid by the purchaser, as if it were an actual conveyance on sale of the estate, interest or property contracted or agreed to be sold.

(2) Where the purchaser has paid*ad valorem* duty and before having obtained a conveyance or transfer of the property enters into a contract or agreement for the sale of the same, the contract or agreement is chargeable, if the consideration for that sale is in excess of the consideration for the original sale, with the*ad valorem* duty payable in respect of the excess consideration but is not otherwise chargeable.

(3) Where duty has been paid in conformity with sub-paragraphs (1) and (2), the conveyance or transfer to the purchaser or sub-purchaser, or any other person on his behalf or by his direction, is not chargeable with any duty.

(4) In that case, upon application and upon production of the contract or agreement (or contracts or agreements) duly stamped, the Commissioners shall either—

(a) denote the payment of the*ad valorem* duty upon the conveyance or transfer, or

(b) transfer the*ad valorem* duty to the conveyance or transfer.

Modifications etc. (not altering text)
C14 Sch. 13 Pt. I paras. 7-9 modified (28.11.2001) by S.I. 2001/3746, **art. 7(1)(a)**

8 (1) Where a contract or agreement would apart from paragraph 7 not be chargeable with any duty and a conveyance or transfer made in conformity with the contract or agreement is presented to the Commissioners for stamping with the ad valorem duty chargeable on it—

(a) within the period of six months after the execution of the contract or agreement, or

(b) within such longer period as the Commissioners may think reasonable in the circumstances of the case,

the conveyance or transfer shall be stamped accordingly, and both it and the contract or agreement shall be deemed to be duly stamped.

(2) Nothing in this paragraph affects the provisions as to the stamping of a conveyance or transfer after execution.

Modifications etc. (not altering text)
C15 Sch. 13 Pt. I paras. 7-9 modified (28.11.2001) by S.I. 2001/3746, **art. 7(1)(a)**

9 The *ad valorem* duty paid upon a contract or agreement by virtue of paragraph 7 shall be repaid by the Commissioners if the contract or agreement is afterwards rescinded or annulled or is for any other reason not substantially performed or carried into effect so as to operate as or be followed by a conveyance or transfer.

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Modifications etc. (not altering text)

C16 Sch. 13 Pt. I paras. 7-9 modified (28.11.2001) by S.I. 2001/3746, **art. 7(1)(a)**

PART II U.K.

LEASE

Modifications etc. (not altering text)

C17 Sch. 13 Pt. II excluded (28.7.2000 with effect as mentioned in s. 130(10) of the amending Act) by 2000 c. 17, **s. 130(1)(10)**

C18 Sch. 13 Pt. II modified (*retrospective* to 28.3.2000 and with effect as mentioned in **s. 121(10)(11)** of the amending Act) by 2000 c. 17, s. 121(2)(10)-(12)
Sch. 13 Pt. II amended (11.5.2001 with effect as mentioned in s. 92(8) of the amending Act) by 2001 c. 9, s. 92, **Sch. 30 para. 1(1)**; S.I. 2001/3748, **art. 2**
Sch. 13 Pt. II excluded (11.5.2001 with effect as mentioned in s. 92(8) of the amending Act) by 2001 c. 9, **s. 92(1)**; S.I. 2001/3748, **art. 2**

Charge

10 Stamp duty is chargeable on a lease.

Rates of duty

11 In the case of a lease for a definite term less than a year the duty is as follows—

1.	Lease of furnished dwelling-house or apartments where the rent for the term exceeds £500	£5
2.	Any other lease of land	The same duty as for a lease for a year at the rent reserved for the definite term

12 (1) In the case of a lease of land for any other definite term, or for an indefinite term, the duty is determined as follows.

(2) If the consideration or part of the consideration moving to the lessor or to any other person consists of any money, stock, security or other property, the duty in respect of that consideration is the same as that on a conveyance on a sale for the same consideration.

But if—

(a) part of the consideration is rent, and

(b) that rent exceeds £600 a year,

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the duty is calculated as if paragraph 1 of the Table in paragraph 4 of this Schedule were omitted.

(3) If the consideration or part of the consideration is rent, the duty in respect of that consideration is determined by reference to the rate or average rate of the rent (whether reserved as a yearly rent or not), as follows.

1.	Term less than 7 years or indefinite— (a) if the rent is £500 or less (b) if the rent is more than £500	Nil 1%
2.	Term more than 7 years but not more than 35 years	2%
3.	Term more than 35 years but not more than 100 years	12%
4.	Term more than 100 years	24%

13 Stamp duty of £5 is chargeable on a lease not within paragraph 11 or 12 above.

Agreement for a lease charged as a lease

14 (1) An agreement for a lease is chargeable with the same duty as if it were an actual lease made for the term and consideration mentioned in the agreement.

(2) Where duty has been duly paid on an agreement for a lease and subsequent to that agreement a lease is granted which either—

(a) is in conformity with the agreement, or

(b) relates to substantially the same property and term as the agreement,

the duty which would otherwise be charged on the lease is reduced by the amount of the duty paid on the agreement.

(3) Sub-paragraph (1) does not apply to missives of let in Scotland that constitute an actual lease.

Subject to that, references in this paragraph to an agreement for a lease include missives of let in Scotland.

Modifications etc. (not altering text)

C19 Sch. 13 Pt. II para. 14 modified (28.11.2001) by S.I. 2001/3746, **art. 7(1)(b)**

Lease for fixed term and then until determined

15 (1) For the purposes of this Part a lease granted for a fixed term and thereafter until determined is treated as a lease for a definite term equal to the fixed term together with such further period as must elapse before the earliest date at which the lease can be determined.

(2) Paragraph 14 (agreement for a lease charged as a lease) shall be construed accordingly.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
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Modifications etc. (not altering text)

C20 Sch. 13 Pt. II para. 15 modified (28.11.2001) by S.I. 2001/3746, **art. 7(1)(b)**

PART III U.K.

OTHER INSTRUMENTS

Conveyance or transfer otherwise than on sale

16 (1) Stamp duty of £5 is chargeable on a conveyance or transfer of property otherwise than on sale.

(2) In sub-paragraph (1) "conveyance or transfer" includes every instrument, and every decree or order of a court or commissioners, by which any property is transferred to or vested in any person.

Modifications etc. (not altering text)

C21 Sch. 13 Pt. III para. 16 excluded (28.7.2000 with effect as mentioned in s. 130(10) of the amending Act) by 2000 c. 17, **s. 130(1)(10)**
Sch. 13 Pt. III para. 16 excluded (11.5.2001 with effect as mentioned in s. 92(8) of the amending Act) by 2001 c. 9, **s. 92(1)**; S.I. 2001/3748, **art. 2**
Sch. 13 Pt. III para. 16 amended (11.5.2001 with effect as mentioned in s. 92(8) of the amending Act) by 2001 c. 9, s. 92, **Sch. 30 para. 1(1)**; S.I. 2001/3748, **art. 2**

Declaration of use or trust

17 (1) Stamp duty of £5 is chargeable on a declaration of any use or trust of or concerning property unless the instrument constitutes a conveyance or transfer on sale.

(2) This does not apply to a will.

Dispositions in Scotland

18 (1) The following are chargeable with duty as a conveyance on sale—

(a) a disposition of heritable property in Scotland to singular successors or purchasers;

(b) a disposition of heritable property in Scotland to a purchaser containing a clause declaring all or any part of the purchase money a real burden upon, or affecting, the heritable property thereby disponed, or any part of it;

(c) a disposition in Scotland containing constitution of feu or ground annual right.

(2) A disposition in Scotland of any property, or any right or interest in property, that is not so chargeable is chargeable with stamp duty of £5.

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Duplicate or counterpart

19 (1) A duplicate or counterpart of an instrument chargeable with duty is chargeable with duty of £5.

(2) The duplicate or counterpart of an instrument chargeable with duty is not duly stamped unless—

(a) it is stamped as an original instrument, or

(b) it appears by some stamp impressed on it that the full and proper duty has been paid on the original instrument of which it is the duplicate or counterpart.

(3) Sub-paragraph (2) does not apply to the counterpart of an instrument chargeable as a lease, if that counterpart is not executed by or on behalf of any lessor or grantor.

Instrument increasing rent

20 (1) An instrument (not itself a lease)—

(a) by which it is agreed that the rent reserved by a lease should be increased, or

(b) which confirms or records any such agreement made otherwise than in writing,

is chargeable with the same duty as if it were a lease in consideration of the additional rent made payable by it.

(2) Sub-paragraph (1) does not apply to an instrument giving effect to provision in the lease for periodic review of the rent reserved by it.

Partition or division

21 (1) Where on the partition or division of an estate or interest in land consideration exceeding £100 in amount or value is paid or given, or agreed to be paid or given, for equality, the principal or only instrument by which the partition or division is effected is chargeable with the same ad valorem duty as a conveyance on sale for the consideration, and with that duty only.

(2) Where there are several instruments for completing the title of either party, the principal instrument is to be ascertained, and the other instruments shall be charged with duty, as provided by sections 58(3) and 61 of the [M175]Stamp Act 1891 in the case of several instruments of conveyance.

(3) Stamp duty of £5 is chargeable on an instrument effecting a partition or division to which the above provisions do not apply.

Marginal Citations

M175 1891 c.39.

Release or renunciation

22 Stamp duty of £5 is chargeable on a release or renunciation of property unless the instrument constitutes a conveyance or transfer on sale.

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Surrender

23 Stamp duty of £5 is chargeable on a surrender of property unless the instrument constitutes a conveyance or transfer on sale.

PART IV U.K.

GENERAL EXEMPTIONS

24 The following are exempt from stamp duty under this Schedule—

(a) transfers of shares in the government or parliamentary stocks or funds or strips (within the meaning of section 47 of the [M176]Finance Act 1942) of such stocks or funds;

(b) instruments for the sale, transfer, or other disposition (absolutely or otherwise) of any ship or vessel, or any part, interest, share or property of or in a ship or vessel;

(c) testaments, testamentary instruments and dispositions*mortis causa* in Scotland;

(d) renounceable letters of allotment, letters of rights or other similar instruments where the rights under the letter or other instrument are renounceable not later than six months after its issue.

Marginal Citations
M176 1942 c.21.

25 Stamp duty is not chargeable under this Schedule on any description of instrument in respect of which duty was abolished by—

(a) section 64 of the [M177]Finance Act 1971 or section 5 of the [M178]Finance Act (Northern Ireland) 1971 (abolition of duty on mortgages, bonds, debentures etc.), or

(b) section 173 of the [M179]Finance Act 1989 (life insurance policies and superannuation annuities).

Marginal Citations
M177 1971 c.68.
M178 1971 c.27(N.I.).
M179 1989 c.26.

26 Nothing in this Schedule affects any other enactment conferring exemption or relief from stamp duty.

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SCHEDULE 14 U.K.

Section 112(4).

STAMP DUTY: AMENDMENTS CONSEQUENTIAL ON SECTION 112

General amendments

1 (1) Any reference (express or implied) in any enactment, instrument or other document to any of the headings in Schedule 1 to the [M180]Stamp Act 1891 (other than the heading "Bearer Instrument") shall be construed, so far as is required for continuing its effect, as being or, as the case may require, including a reference to the corresponding provision of Schedule 13 to this Act.

(2) Sub-paragraph (1)—

(a) has effect subject to any express amendment made by this Act, and

(b) is without prejudice to the general application of section 17(2) of the [M181]Interpretation Act 1978 (general effect of repeal and re-enactment).

Marginal Citations

M180 1891 c.39.

M181 1978 c.30.

2 In the enactments relating to stamp duty for "lease or tack", wherever occurring, substitute " lease ".

Finance Act 1930 (c.28)

3 In section 42(1) of the Finance Act 1930 (relief from transfer duty in case of transfer between associated companies) for "the heading "Conveyance or Transfer on Sale" in the First Schedule to the Stamp Act 1891" substitute " Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale) ".

Finance Act (Northern Ireland) 1954 (c.23 (N.I.))

4 In section 11(1) of the Finance Act (Northern Ireland) 1954 (relief from transfer duty in case of transfer between associated companies) for "the heading "Conveyance or Transfer on sale" in the First Schedule to the Stamp Act 1891" substitute " Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale) ".

Finance Act 1970 (c.24)

5 In section 33(1) of the Finance Act 1970 (composition by stock exchange in respect of transfer duty), for the words from "the heading" to "1891" substitute " Part I or paragraph 16 of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale or otherwise) ".

Finance Act 1980 (c.48)

6 In section 97(1) of the Finance Act 1980 (shared ownership transactions)—

(a) for "the heading "Lease or Tack" in Schedule 1 to the Stamp Act 1891" substitute " Part II of Schedule 13 to the Finance Act 1999 (lease) "; and

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(b) for "the heading "Conveyance or Transfer on Sale" in that Schedule" substitute " Part I of that Schedule (conveyance or transfer on sale) ".

Finance Act 1982 (c.39)

7 In section 129(1) of the Finance Act 1982 (exemption from duty on grants, transfers to charities, etc.) for the words from "by virtue of any of the following headings" to " "Lease or Tack"," substitute " under Part I or II, or paragraph 16, of Schedule 13 to the Finance Act 1999 ".

Finance Act 1985 (c.54)

8 (1) Section 81 of the Finance Act 1985 (renounceable letters of allotment, etc.) is amended as follows.

(2) For subsection (2) substitute—

"(2) The instrument shall not be exempt by virtue of paragraph 24(d) of Schedule 13 to the Finance Act 1999 (renounceable letters of allotment, etc.) from stamp duty under or by reference to Part I of that Schedule (conveyance or transfer on sale).".

(3) In subsection (3) for the words from "section 126(1)" to "126(2) or (3)" substitute " section 79(4) of the Finance Act 1986 does not apply by virtue of section 79(5) or (6) ".

9 In section 82(5) of the Finance Act 1985 for "the heading "Conveyance or Transfer on Sale" in Schedule 1 to the Stamp Act 1891" substitute " Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale) ".

10 In section 83 of the Finance Act 1985 (duty on transfers in connection with divorce etc.)—

(a) in subsection (1) for "the heading "Conveyance or Transfer on Sale" in Schedule 1 to the Stamp Act 1891" substitute " Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale) ";

(b) in subsection (2) for "50p" substitute " £5 ".

11 In section 84 of the Finance Act 1985 (duty on instruments varying dispositions on death etc.)—

(a) in subsection (1) for "the heading "Conveyance or Transfer on Sale" in Schedule 1 to the Stamp Act 1891" substitute " Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale) ";

(b) in subsection (8) for "50p" substitute " £5 ".

Finance Act 1986 (c.41)

12 (1) Section 67 of the Finance Act 1986 (depositary receipts) is amended as follows.

(2) For subsections (2) and (3) substitute—

"(2) If stamp duty is chargeable on the instrument under Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale), the rate at which that duty is chargeable is 1.5% of the amount or value of the consideration for the sale to which the instrument gives effect.

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(3) If stamp duty is chargeable on the instrument under paragraph 16 of Schedule 13 to the Finance Act 1999 (conveyance or transfer otherwise than on sale), then, subject to subsection (5), the rate at which that duty is chargeable is 1.5% of the value of the securities at the date the instrument is executed.".

(3) In subsection (9) (duty on transfers between one depositary company and another) for "maximum stamp duty chargeable on the instrument shall be 50p" substitute " stamp duty chargeable on the instrument is £5 ".

13 (1) Section 70 of the Finance Act 1986 (clearance services) is amended as follows.

(2) For subsections (2) and (3) substitute—

"(2) If stamp duty is chargeable on the instrument under Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale), the rate at which that duty is chargeable is 1.5% of the amount or value of the consideration for the sale to which the instrument gives effect.

(3) If stamp duty is chargeable on the instrument under paragraph 16 of Schedule 13 to the Finance Act 1999 (conveyance or transfer otherwise than on sale), then, subject to subsection (5), the rate at which that duty is chargeable is 1.5% of the value of the securities at the date the instrument is executed.".

(3) In subsection (9) (duty on transfers between one clearance service company and another) for "maximum stamp duty chargeable on the instrument shall be 50p" substitute " stamp duty chargeable on the instrument is £5 ".

14 In section 75(2) of the Finance Act 1986 (acquisitions: further provisions about reliefs) for "the heading "Conveyance or Transfer on Sale" in Schedule 1 to the Stamp Act 1891" substitute " Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale) ".

15 (1) Section 76 of the Finance Act 1986 (relief from stamp duty on company acquisition) is amended as follows.

(2) In subsection (2) for "the heading "Conveyance or Transfer on Sale" in Schedule 1 to the Stamp Act 1891" substitute " Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale) ".

(3) In subsection (4) (limit on rate of duty), for "the rate of 50p for every £100 or part of £100" substitute " 0.5% ".

16 In section 77(1) of the Finance Act 1986 (acquisition of target company's share capital) for "the heading 'Conveyance or Transfer on Sale' in Schedule 1 to the Stamp Act 1891" substitute " Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale) ".

17 In section 79 of the Finance Act 1986 (loan capital: new provisions), for subsection (8) substitute—

"(8) Where stamp duty is chargeable under Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale) on an instrument which transfers loan capital, the rate at which duty is charged under that Part shall be 0.5% of the amount or value of the consideration for the sale to which the instrument gives effect.".

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18 In section 80B(7) of the Finance Act 1986 (intermediaries: power of Treasury to specify rate of duty), for "10p for every £100 or part of £100" substitute " 0.1% ".

19 In section 80C(8) of the Finance Act 1986 (repos and stock lending: power of Treasury to specify rate of duty), for "10p for every £100 or part of £100" substitute " 0.1% ".

20 (1) Section 88 of the Finance Act 1986 (stamp duty reserve tax: special cases) is amended as follows.

(2) In subsection (1) for paragraphs (aa) and (ab) substitute—

"(aa) paragraph 24(d) of Schedule 13 to the Finance Act 1999 (renounceable letters of allotment etc.),".

(3) In subsection (1A)(b) for "50p" substitute " £5 ".

Finance Act 1987 (c.16)

21 In section 50(1) of the Finance Act 1987 (warrants to purchase government stock etc.), for the words from "either of the following headings" to the end substitute " Part I, or paragraph 16, of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale or otherwise) ".

22 In section 55(1) of the Finance Act 1987 (Crown exemption), for the words from "by virtue of any of the following headings" to " "Lease or Tack"," substitute " under Part I or II, or paragraph 16, of Schedule 13 to the Finance Act 1999 ".

Finance Act 1989 (c.26)

23 In section 175(1) of the Finance Act 1989 (stock exchange nominees: power to exclude double charge), in paragraph (a) (circumstances in which power exercisable) for "the heading "Conveyance or Transfer on Sale" in Schedule 1 to the Stamp Act 1891" substitute " Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale) ".

National Health Service and Community Care Act 1990 (c.19)

24 In section 61(3) of the National Health Service and Community Care Act 1990 for the words from "by virtue of any of the following headings" to " "Lease or Tack"," substitute " under Part I or II, or paragraph 16, of Schedule 13 to the Finance Act 1999 ".

Finance Act 1991 (c.31)

25 In section 110 of the Finance Act 1991 (stamp duty to be abolished in certain cases), for subsections (1) to (4) substitute—

"(1) Where apart from this section stamp duty under any of the provisions of Schedule 13 to the Finance Act 1999 would be chargeable on an instrument, stamp duty shall not be so chargeable if the property consists entirely of exempt property.".

26 In section 111(1) of the Finance Act 1991 (stamp duty to be reduced in certain cases) for "the heading "conveyance or transfer on sale" in Schedule 1 to the Stamp Act 1891" substitute " Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale) ".

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27 In section 113 of the Finance Act 1991 (certification of instruments for stamp duty purposes), for subsections (1) to (3) substitute—

"(1) For the purposes of paragraph 6(1) of Schedule 13 to the Finance Act 1999 (meaning of instrument being certified at an amount)—

(a) a sale or contract or agreement for the sale of exempt property within the meaning of section 110 above shall be disregarded; and

(b) any statement as mentioned in that provision shall be construed as leaving out of account any matter which is to be so disregarded.".

Finance Act 1993 (c.34)

28 (1) Section 202 of the Finance Act 1993 (rent to mortgage: England and Wales) is amended as follows.

(2) In subsection (2) for "the heading "Conveyance or Transfer on Sale" in Schedule 1 to the Stamp Act 1891" substitute " Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale) ".

(3) In subsection (4)(a)—

(a) for "the heading 'Lease or Tack' in Schedule 1 to the Stamp Act 1891" substitute " Part II of Schedule 13 to the Finance Act 1999 (lease) "; and

(b) for "the heading 'Conveyance or Transfer on Sale' in that Schedule" substitute " Part I of that Schedule (conveyance or transfer on sale) ".

(4) In subsection (4)(b) for "the heading 'Conveyance or Transfer on Sale'" substitute " Part I of that Schedule ".

29 In section 203(2) of the Finance Act 1993 (rent to loan: Scotland), for "the heading "Conveyance or Transfer on Sale" in Schedule 1 to the Stamp Act 1891" substitute " Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale) ".

Finance Act 1994 (c.9)

30 In section 241(1) of the Finance Act 1994 (consideration consisting of property)—

(a) in paragraph (a) for "lease or tack" substitute " lease ";

(b) in paragraph (b) for "the heading "Conveyance or Transfer on Sale" in Schedule 1 to the Stamp Act 1891" substitute " Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale) ".

31 (1) Section 242 of the Finance Act 1994 (consideration not ascertainable from conveyance or lease) is amended as follows.

(2) In subsections (1) (twice), (2) and (3) (twice) for "lease or tack" substitute " lease ".

(3) In the opening words of subsection (1) for "the heading "Conveyance or Transfer on Sale" in Schedule 1 to the Stamp Act 1891" substitute " Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale) ".

(4) In subsection (2) for "paragraph (3) of the heading "Lease or Tack" in Schedule 1 to that Act" substitute " paragraph 12 of Schedule 13 to the Finance Act 1999 ".

32 In section 243 of the Finance Act 1994 (agreements to surrender leases) for "any duty chargeable under the Stamp Act 1891" substitute " stamp duty ".

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Finance Act 1995 (c.4)

33 In section 151 of the Finance Act 1995 (lease or tack: associated bodies)—

(a) in subsection (1) for "the heading "Lease or Tack" in Schedule 1 to the Stamp Act 1891" substitute " Part II of Schedule 13 to the Finance Act 1999 (lease) ";

(b) in subsections (1) (twice), (2), (3) and (6) (four times) for "lease or tack" substitute " lease ".

SCHEDULE 15 U.K.

Section 113(1).

STAMP DUTY: BEARER INSTRUMENTS

Modifications etc. (not altering text)

C22 Sch. 15 modified (27.7.1999 with effect as mentioned in s. 113(4) of 1999 c. 16) by 1988 c. 39, **s. 143(4)(a)** (as inserted (27.7.1999 with effect as mentioned in s. 113(4) of the amending Act) by 1999 c. 16, s. 113(3), **Sch. 16 para. 11**)

PART I U.K.

CHARGING PROVISIONS

Charge on issue of instrument

1 (1) Stamp duty is chargeable—

(a) on the issue of a bearer instrument in the United Kingdom, and

(b) on the issue of a bearer instrument outside the United Kingdom by or on behalf of a UK company.

(2) This is subject to the exemptions in Part II of this Schedule.

Modifications etc. (not altering text)

C23 Sch. 15 para. 1 restricted (27.7.1999 with effect as mentioned in s. 113(4) of 1999 c. 16) by 1988 c. 39, **s. 143(2)** (as inserted (27.7.1999 with effect as mentioned in s. 113(4) of the amending Act) by 1999 c. 16, s. 113(3), **Sch. 16**, para. 11(2))

Charge on transfer of stock by means of instrument

2 Stamp duty is chargeable on the transfer in the United Kingdom of the stock constituted by or transferable by means of a bearer instrument if duty was not chargeable under paragraph 1 on the issue of the instrument and—

(a) duty would be chargeable under Part I of Schedule 13 (conveyance or transfer on sale) if the transfer were effected by an instrument other than a bearer instrument, or

(b) the stock constituted by or transferable by means of a bearer instrument consists of units under a unit trust scheme.

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Meaning of "bearer instrument"

3 In this Schedule "bearer instrument" means—

(a) a marketable security transferable by delivery;

(b) a share warrant or stock certificate to bearer or instrument to bearer (by whatever name called) having the like effect as such a warrant or certificate;

(c) a deposit certificate to bearer;

(d) any other instrument to bearer by means of which stock can be transferred; or

(e) an instrument issued by a non-UK company that is a bearer instrument by usage.

Rates of duty

4 The duty chargeable under this Schedule is 1.5% of the market value of the stock constituted by or transferable by means of the instrument, unless paragraph 5 or 6 applies.

5 In the case of—

(a) a deposit certificate in respect of stock of a single non-UK company, or

(b) an instrument issued by a non-UK company that is a bearer instrument by usage (and is not otherwise within the definition of "bearer instrument" in paragraph 3),

the duty is 0.2% of the market value of the stock constituted by or transferable by means of the instrument.

6 In the case of an instrument given in substitution for a like instrument stamped ad valorem (whether under this Schedule or not) the duty is £5.

Ascertainment of market value

7 (1) For the purposes of duty under paragraph 1 (charge on issue of instrument) the market value of the stock constituted by or transferable by means of the instrument is ascertained as follows.

(2) If the stock was offered for public subscription (whether in registered or in bearer form) within twelve months before the issue of the instrument, the market value shall be taken to be the amount subscribed for the stock.

(3) In any other case the market value shall be taken to be—

(a) the value of the stock on the first day within one month after the issue of the instrument on which stock of that description is dealt in on a stock exchange in the United Kingdom, or

(b) if stock of that description is not so dealt in, the value of the stock immediately after the issue of the instrument.

8 (1) For the purposes of duty under paragraph 2 (charge on transfer of stock by means of instrument) the market value of the stock constituted by or transferable by means of the instrument is ascertained as follows.

(2) In the case of a transfer pursuant to a contract of sale, the market value shall be taken to be the value of the stock on the date when the contract is made.

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(3) In any other case, the market value shall be taken to be the value of the stock on the day preceding that on which the instrument is presented to the Commissioners for stamping, or, if it is not so presented, on the date of the transfer.

Meaning of "deposit certificate"

9 In this Schedule a "deposit certificate" means an instrument acknowledging the deposit of stock and entitling the bearer to rights (whether expressed as units or otherwise) in or in relation to the stock deposited or equivalent stock.

Bearer instruments by usage

10 (1) In this Schedule a "bearer instrument by usage" means an instrument —

(a) which is used for the purpose of transferring the right to stock, and

(b) delivery of which is treated by usage as sufficient for the purposes of a sale on the market, whether that delivery constitutes a legal transfer or not.

(2) A bearer instrument by usage is treated—

(a) as transferring the stock on delivery of the instrument, and

(b) as issued by the person by whom or on whose behalf it was first issued, whether or not it was then capable of being used for transferring the right to the stock without execution by the holder.

Meaning of "company", "UK company" and "non-UK company"

11 In this Schedule—

"company" includes any body of persons, corporate or unincorporate;

"UK company" means a company that is formed or established in the United Kingdom; and

"non-UK company" means a company that is not a UK company.

Meaning of "stock" and "transfer"

12 (1) In this Schedule "stock" includes securities.

(2) References in this Schedule to stock include any interest in, or in any fraction of, stock or in any dividends or other rights arising out of stock and any right to an allotment of or to subscribe for stock.

(3) In this Schedule "transfer" includes negotiation, and "transferable", "transferred" and "transferring" shall be construed accordingly.

PART II U.K.

EXEMPTIONS

Foreign loan securities

13 Stamp duty is not chargeable on a bearer instrument issued outside the United Kingdom in respect of a loan which is expressed in a currency other than sterling and which is not—

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(a) offered for subscription in the United Kingdom, or

(b) offered for subscription with a view to an offer for sale in the United Kingdom of securities in respect of the loan.

Stock exempt from duty on transfer

14 Stamp duty is not chargeable under this Schedule on an instrument constituting, or used for transferring, stock (other than units in a unit trust) that is exempt from all stamp duties on transfer.

Instruments in respect of which duty previously abolished

15 Stamp duty is not chargeable under this Schedule on any description of instrument in respect of which duty was abolished by—

(a) section 64 of the [M182]Finance Act 1971 or section 5 of the [M183]Finance Act (Northern Ireland) 1971 (abolition of duty on mortgages, bonds, debentures etc.), or

(b) section 173 of the [M184]Finance Act 1989 (life insurance policies and superannuation annuities).

Marginal Citations

M182 1971 c.68.

M183 1971 c.27(N.I).

M184 1989 c.26.

Renounceable letters of allotment

16 Stamp duty is not chargeable under this Schedule on renounceable letters of allotment, letters of rights or other similar instruments where the rights under the letter or other instrument are renounceable not later than six months after its issue.

Instruments relating to non-sterling stock

17 (1) Stamp duty is not chargeable under this Schedule on the issue of an instrument which relates to stock expressed—

(a) in a currency other than sterling, or

(b) in units of account defined by reference to more than one currency (whether or not including sterling),

or on the transfer of the stock constituted by or transferable by means of any such instrument.

(2) Where the stock to which the instrument relates consists of a loan for the repayment of which there is an option between sterling and one or more other currencies, sub-paragraph (1) applies if the option is exercisable only by the holder of the stock and does not apply in any other case.

18 Where the capital stock of a company is not expressed in terms of any currency, it shall be treated for the purposes of paragraph 17 as expressed in the currency of the territory under the law of which the company is formed or established.

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19 (1) A unit under a unit trust scheme or a share in a foreign mutual fund shall be treated for the purposes of paragraph 17 as capital stock of a company formed or established in the territory by the law of which the scheme or fund is governed.

(2) A "foreign mutual fund" means a fund administered under arrangements governed by the law of a territory outside the United Kingdom under which subscribers to the fund are entitled to participate in, or receive payments by reference to, profits or income arising to the fund from the acquisition, holding, management or disposal of investments.

(3) In relation to a foreign mutual fund "share" means the right of a subscriber, or of another in his right, to participate in or receive payments by reference to profits or income so arising.

Variation of original terms or conditions

20 Where a bearer instrument issued by or on behalf of a non-UK company in respect of a loan expressed in sterling—

(a) has been stamped*ad valorem*, or

(b) has been stamped with duty under paragraph 6 above (fixed duty on instrument given in substitution for another instrument stamped*ad valorem*), or

(c) has been stamped with the denoting stamp referred to in paragraph 21(2)(b) below,

duty is not chargeable under this Schedule by reason only that the instrument is amended on its face pursuant to an agreement for the variation of any of its original terms or conditions.

PART III U.K.

SUPPLEMENTARY PROVISIONS

Duty chargeable on issue of instrument

21 (1) This paragraph applies where duty is chargeable under paragraph 1 of this Schedule.

(2) The instrument—

(a) shall before being issued be produced to the Commissioners, together with such particulars in writing of the instrument as the Commissioners may require, and

(b) shall be deemed to be duly stamped if and only if it is stamped with a particular stamp denoting that it has been produced to the Commissioners.

(3) Within six weeks of the date on which the instrument is issued, or such longer time as the Commissioners may allow, a statement in writing containing the date of the issue and such further particulars as the Commissioners may require in respect of the instrument shall be delivered to the Commissioners.

(4) The duty chargeable in respect of the instrument shall be paid to the Commissioners on delivery of that statement or within such longer time as the Commissioners may allow.

22 (1) If default is made in complying with paragraph 21—

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(a) the person by whom or on whose behalf the instrument is issued, and
(b) any person who acts as the agent of that person for the purposes of the issue,

are each liable to a penalty not exceeding the aggregate of £300 and the duty chargeable.

(2) Those persons are also jointly and severally liable to pay to Her Majesty—
(a) the duty chargeable, and
(b) interest on the unpaid duty from the date of the default until the duty is paid.

Duty chargeable on transfer of stock by means of instrument

23 (1) This paragraph applies where duty is chargeable under paragraph 2 of this Schedule.

(2) Where the instrument is presented to the Commissioners for stamping—
(a) the person presenting it, and
(b) the owner of the instrument,

shall furnish to the Commissioners such particulars in writing as the Commissioners may require for determining the amount of duty chargeable.

(3) If the instrument is not duly stamped each person who in the United Kingdom—
(a) transfers any stock by or by means of the instrument, or
(b) is concerned as broker or agent in any such transfer,

is liable to a penalty not exceeding the aggregate of £300 and the amount of duty chargeable.

(4) Those persons are also jointly and severally liable to pay to Her Majesty—
(a) the duty chargeable, and
(b) interest on the unpaid duty from the date of the transfer in question until the duty is paid.

Supplementary provisions as to interest

24 (1) The following provisions apply to interest under paragraph 22(2) or 23(4).

(2) If an amount is lodged with the Commissioners in respect of the duty, the amount on which interest is payable is reduced by that amount.

(3) Interest is payable at the rate prescribed under section 178 of the [M185]Finance Act 1989 for the purposes of section 15A of the [M186]Stamp Act 1891 (interest on late stamping).

(4) The amount of interest shall be rounded down (if necessary) to the nearest multiple of £5.

No interest is payable if the amount is less than £25.

(5) The interest shall be paid without any deduction of income tax and shall not be taken into account in computing income or profits for any tax purposes.

Marginal Citations
M185 1989 c.26.

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M186 1891 c.39.

Penalty for false statement

25 A person who in furnishing particulars under this Part of this Schedule wilfully or negligently furnishes particulars that are false in any material respect is liable to a penalty not exceeding the aggregate of £300 and twice the amount by which the stamp duty chargeable exceeds that paid.

26 An instrument in respect of which duty is chargeable under paragraph 2 of this Schedule which—

(a) has been stamped*ad valorem*, or

(b) has been stamped with a stamp indicating that it is chargeable with a fixed duty under paragraph 6 (instrument in substitution for one stamped*ad valorem*) and has been stamped under that paragraph,

shall be treated as duly stamped for all purposes other than paragraph 25.

SCHEDULE 16 U.K.

Section 113(3).

STAMP DUTY: AMENDMENTS CONSEQUENTIAL ON SECTION 113

General amendment

1 (1) Any reference (express or implied) in any enactment, instrument or other document to the heading "Bearer Instrument" in Schedule 1 to the [M187]Stamp Act 1891 shall be construed, so far as is required for continuing its effect, as being or, as the case may require, including a reference to Schedule 15 to this Act.

(2) Sub-paragraph (1)—

(a) has effect subject to any express amendment made by this Act, and

(b) is without prejudice to the general application of section 17(2) of the [M188]Interpretation Act 1978 (general effect of repeal and re-enactment).

Marginal Citations

M187 1891 c.39.

M188 1978 c.30.

Finance Act 1963 (c.25)

2 In section 67 of the Finance Act 1963 (prohibition of circulation of blank transfers) for subsection (4) substitute—

"(4) In this section—

(a) "stock" includes securities;

(b) references to stock include any interest in, or in any fraction of, stock or in any dividends or other rights arising out of stock and any right to an allotment of or to subscribe for stock; and

(c) "transfer" includes any instrument used for transferring stock.

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(4A) Nothing in this section applies to—

(a) an instrument which is chargeable with duty at the rate specified in paragraph 5 of Schedule 15 to the Finance Act 1999 (certain bearer instruments issued by or on behalf of non-UK companies) and is duly stamped, or

(b) renounceable letters of allotment, letters of rights or other similar instruments where the rights under the letter or other instrument are renounceable not later than six months after its issue.”.

Finance Act 1976 (c.40)

3 In section 131(3) of the Finance Act 1976 (exemption for instruments issued by Inter-American Development Bank) for “the heading “Bearer Instrument” in Schedule 1 to the Stamp Act 1891” substitute “ Schedule 15 to the Finance Act 1999 (bearer instruments) ”.

Finance Act 1984 (c.43)

4 In section 126(3)(c) and (5) of the Finance Act 1984 (exemption for bearer instruments issued by designated international organisations) for “the heading “Bearer Instrument” in Schedule 1 to the Stamp Act 1891” substitute “ Schedule 15 to the Finance Act 1999 (bearer instruments) ”.

Finance Act 1986 (c.41)

5 In section 79(2) of the Finance Act 1986 (exemption for instruments relating to loan capital), for “the heading “Bearer Instrument” in Schedule 1 to the Stamp Act 1891” substitute “ Schedule 15 to the Finance Act 1999 (bearer instruments) ”.

6 (1) Section 90 of the Finance Act 1986 (exceptions from general charge to stamp duty reserve tax) is amended as follows.

(2) In subsection (3) for paragraph (a) substitute—

“(a) a non-UK bearer instrument;”.

(3) In subsection (3A) for “an inland bearer instrument within the meaning of the heading “Bearer Instrument” in Schedule 1 to the Stamp Act 1891” substitute “ a UK bearer instrument ”.

(4) In subsection (3B) for “exemption 3 in the heading “Bearer Instrument” in Schedule 1 to the Stamp Act 1891” substitute “ the exemption conferred by paragraph 16 of Schedule 15 to the Finance Act 1999 (renounceable letters of allotment etc.) ”.

(5) In subsection (3C) for paragraph (b) substitute—

“(b) stamp duty under Schedule 15 to the Finance Act 1999 was not chargeable on the issue of the instrument by virtue only of the exemption conferred by paragraph 17 of that Schedule (non-sterling bearer instruments); and”.

(6) In subsection (3E) for paragraph (b) substitute—

“(b) stamp duty under Schedule 15 to the Finance Act 1999 was not chargeable on the issue of the instrument—

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(i) by virtue only of the exemption conferred by section 79(2) above (bearer instruments relating to loan capital), or

(ii) by virtue only of that provision and paragraph 17 of that Schedule (non-sterling bearer instruments);".

7 (1) In section 95 of the Finance Act 1986 (exceptions from charge to stamp duty reserve tax on entry into depositary receipt system), for subsection (2) substitute—

"(2) There shall be no charge to tax under section 93 above in respect of a transfer, issue or appropriation of a UK bearer instrument, except in the case of—

(a) an instrument within the exemption conferred by paragraph 16 of Schedule 15 to the Finance Act 1999 (renounceable letters of allotment etc. where rights are renounceable not later than six months after issue), or

(b) an instrument within the exemption conferred by paragraph 17 of that Schedule (non-sterling instruments) which—

(i) does not raise new capital, and

(ii) is not issued in exchange for an instrument raising new capital.".

(2) There shall be no charge to tax under section 93 of that Act by virtue of paragraph (b) of subsection (2) of section 95 as substituted by sub-paragraph (1) above in the case of an instrument which gives effect to an agreement for a company merger or takeover entered into in writing by the companies involved before 30th January 1999.

8 (1) In section 97 of the Finance Act 1986 (exceptions from charge to stamp duty reserve tax on entry into clearance system), for subsection (3) substitute—

"(3) There shall be no charge to tax under section 96 above in respect of a transfer or issue of a UK bearer instrument, except in the case of—

(a) an instrument within the exemption conferred by paragraph 16 of Schedule 15 to the Finance Act 1999 (renounceable letters of allotment etc. where rights are renounceable not later than six months after issue), or

(b) an instrument within the exemption conferred by paragraph 17 of that Schedule (non-sterling instruments) which—

(i) does not raise new capital, and

(ii) is not issued in exchange for an instrument raising new capital.".

(2) There shall be no charge to tax under section 96 of that Act by virtue of paragraph (b) of subsection (3) of section 97 as substituted by sub-paragraph (1) above in the case of an instrument which gives effect to an agreement for a company merger or takeover entered into in writing by the companies involved before 30th January 1999.

9 In section 99 of the Finance Act 1986 (interpretation of Part IV), after subsection (1) insert—

"(1A) "Bearer instrument" has the same meaning as in Schedule 15 to the Finance Act 1999.

An instrument is a "UK bearer instrument" or "non-UK bearer instrument" according to whether it is issued by or on behalf of a UK company or a non-UK company within the meaning of that Schedule.".

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Finance Act 1987 (c.16)

10 (1) Section 50 of the Finance Act 1987 (warrants to purchase government stock etc.: exempt securities) is amended as follows.

(2) In subsection (2) for "the heading "Bearer Instrument" in Schedule 1 to the Stamp Act 1891" substitute " Schedule 15 to the Finance Act 1999 (bearer instruments) ".

(3) In subsection (3)(b) for the words from "by virtue of section 30" to "1891" substitute " exempt from stamp duty under paragraph 1 of Schedule 15 to the Finance Act 1999 (issue of bearer instrument) by virtue of paragraph 17 of that Schedule (certain non-sterling instruments) ".

(4) In subsection (3)(c) for the words from "by virtue of section 30" to "that heading" substitute " exempt from stamp duty under that Schedule by virtue of paragraph 17 of that Schedule or section 79(2) of the Finance Act 1986 ".

Finance Act 1988 (c.39)

11 (1) Section 143 of the Finance Act 1988 (paired shares) is amended as follows.

(2) For subsection (2) substitute—

"(2) In relation to an instrument to which this subsection applies, no duty is chargeable under paragraph 1 of Schedule 15 to the Finance Act 1999 (bearer instruments: charge on issue); but this does not affect the other requirements of that Schedule.".

(3) In subsection (3) for "This subsection applies" substitute " Subsection (2) above applies ".

(4) For subsection (4) substitute—

"(4) In relation to an instrument to which this subsection applies—

(a) the foreign company shall be treated for the purposes of Schedule 15 to the Finance Act 1999 (stamp duty on bearer instruments) as a UK company, and

(b) paragraph 17 of that Schedule (exemption for non-sterling instruments) shall not apply.".

(5) In subsection (5) for "This subsection applies" substitute " Subsection (4) above applies ".

Finance Act 1990 (c.29)

12 For section 107 of the Finance Act 1990 (bearers: abolition of stamp duty) substitute—

"**107 Stamp duty to be abolished on bearer instruments.**

(1) Stamp duty shall not be chargeable under Schedule 15 to the Finance Act 1999 (bearer instruments).

(2) Subsection (1) above applies in relation to the charge under paragraph 1 of that Schedule (charge on issue) where the instrument is issued on or after the abolition day.

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(3) Subsection (1) above applies in relation to the charge under paragraph 2 of that Schedule (charge on transfer of stock) where the stock constituted by or transferable by means of the instrument is transferred on or after the abolition day.".

SCHEDULE 17 U.K.

Section 114.

STAMP DUTY: PENALTIES OTHER THAN ON LATE STAMPING

PART I U.K.

AMENDMENTS OF PENALTIES

Introduction

1 The amendments in this Part of this Schedule—

(a) replace administrative fines by penalties;

(b) amend provisions imposing a fine or penalty of a specified amount so as to impose a penalty not exceeding a specified amount;

(c) increase or modernise in certain cases the maximum penalty.

Stamp Duties Management Act 1891 (c.38)

2 (1) The Stamp Duties Management Act 1891 is amended as follows.

(2) In section 12A (lost or spoiled instruments), in subsection (2)(b) for ", fine or penalty" (twice) substitute " or penalty ".

(3) In section 21 (penalty for frauds in relation to duties), for "a fine of fifty pounds" substitute " a penalty not exceeding £3,000 ".

Stamp Act 1891 (c.39)

3 (1) The Stamp Act 1891 is amended as follows.

(2) In section 5 (failure to set out in instrument facts and circumstances affecting duty), for "a fine of ten pounds" substitute " a penalty not exceeding £3,000 ".

(3) In section 9(1) (penalty for frauds in relation to instrument bearing adhesive stamp), for the words from "he shall" to the end substitute " he is liable to a penalty not exceeding £3,000 ".

(4) In section 16 (rolls, books, etc. to be open to inspection), for "a fine of ten pounds" substitute " a penalty not exceeding £300 ".

(5) In section 17 (penalty for enrolling, etc. instrument not duly stamped), for "a fine of ten pounds" substitute " a penalty not exceeding £300 ".

(6) In section 83 (penalty on issuing etc. foreign etc. security not duly stamped), for "a fine of twenty pounds" substitute " a penalty not exceeding £300 ".

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Finance Act 1946 (c.64)

4 In section 56(3) of the Finance Act 1946 (unit trust schemes: failure to keep records), for "a fine of ten pounds" substitute " a penalty not exceeding £300 ".

Finance (No. 2) Act (Northern Ireland) 1946 (c.17 (N.I.))

5 In section 27(3) of the Finance (No. 2) Act (Northern Ireland) 1946 (unit trust schemes: failure to keep records), for "a fine of ten pounds" substitute " a penalty not exceeding £300 ".

Finance Act 1963 (c.25)

6 In section 67(1) of the Finance Act 1963 (prohibition of circulation of blank transfers), for "fine" substitute " penalty " and for "£50" substitute " £300 ".

Finance Act (Northern Ireland) 1963 (c.22 (N.I.))

7 In section 16(1) of the Finance Act (Northern Ireland) 1963 (prohibition of circulation of blank transfers), for "fine" substitute " penalty " and for "fifty pounds" substitute " £300 ".

Finance Act 1986 (c.41)

8 In section 68(4) and (5) and section 71(4) and (5) of the Finance Act 1986 (depositary receipts and clearance services: failure to comply with requirements as to notification), for "fine" substitute " penalty ".

PART II U.K.

DETERMINATION OF PENALTY AND APPEALS

Introduction

9 (1) This Part of this Schedule applies to penalties under the enactments relating to stamp duty, other than penalties under section 15B of the [M189]Stamp Act 1891 (penalty on late stamping).

(2) Nothing in this Part of this Schedule affects criminal proceedings for an offence.

Marginal Citations
M189 1891 c.39.

Determination of penalty by officer of Commissioners

10 (1) An officer of the Commissioners authorised by the Commissioners for the purposes of this paragraph may make a determination—

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(a) imposing the penalty, and
(b) setting it at such amount as in the officer's opinion is correct or appropriate.

(2) Notice of the determination must be served on the person liable to the penalty.

The notice must also state—
(a) the date on which the notice is issued, and
(b) the time within which an appeal against the determination may be made.

(3) After notice of the determination has been served, the determination cannot be altered except—
(a) in accordance with sub-paragraph (4),
(b) by agreement in writing, or
(c) on appeal.

(4) If it is discovered by an officer of the Commissioners authorised by the Commissioners for the purposes of this paragraph that the amount of a penalty determined under this paragraph is or has become insufficient, the officer may make a determination in a further amount so that the penalty is set at the amount which in the officer's opinion is correct or appropriate.

(5) If a person liable to a penalty has died—
(a) any determination which could have been made in relation to that person may be made in relation to his personal representatives, and
(b) any penalty imposed on them is a debt due from and payable out of the person's estate.

(6) A penalty determined under this paragraph is due and payable at the end of the period of 30 days beginning with the date of the issue of the notice of determination.

11 (1) An appeal lies to the Special Commissioners against a determination under paragraph 10.

(2) Notice of appeal must be given in writing to the officer of the Commissioners by whom the determination was made within 30 days of the date of the notice of the determination.

(3) An appeal may be brought out of time with the consent of the Commissioners or the Special Commissioners.

The Commissioners—
(a) shall give that consent if satisfied, on an application for that purpose, that there was a reasonable excuse for not bringing the appeal within the time limit, and
(b) if not so satisfied, shall refer the matter for determination by the Special Commissioners.

(4) The notice of appeal must specify the grounds of appeal, but on the hearing of the appeal the Special Commissioners may allow the appellant to put forward a ground not specified in the notice of appeal, and take it into consideration, if satisfied that the omission was not wilful or unreasonable.

(5) The powers conferred by section 46A(1)(c) and (2) to (4) and sections 56B to 56D of the [M190]Taxes Management Act 1970 (power of Lord Chancellor to make

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regulations as to jurisdiction, practice and procedure in relation to appeals to Special Commissioners) apply in relation to appeals under this paragraph.

(6) On an appeal under this paragraph the Special Commissioners may—
- (a) if it appears to them that no penalty has been incurred, set the determination aside;
- (b) if the amount determined appears to them to be appropriate, confirm the determination;
- (c) if the amount determined appears to them to be excessive, reduce it to such other amount (including nil) as they consider appropriate;
- (d) if the amount determined appears to them to be insufficient, increase it to such amount not exceeding the permitted maximum as they consider appropriate.

Marginal Citations
M190 1970 c.9.

12 (1) Section 56A of the Taxes Management Act 1970 (general right of appeal on point of law) applies in relation to a decision of the Special Commissioners under paragraph 11.

(2) Without prejudice to that right of appeal, an appeal lies against the amount of a penalty determined by the Special Commissioners under paragraph 11, at the instance of the person liable to the penalty—
- (a) to the High Court, or
- (b) in Scotland, to the Court of Session sitting as the Court of Exchequer.

(3) On an appeal under sub-paragraph (2) the court has the same powers as are conferred on the Special Commissioners by paragraph 11(6) above.

Penalty proceedings before the court

13 (1) Where in the opinion of the Commissioners the liability of a person for a penalty arises by reason of his fraud or the fraud of another person, proceedings for the penalty may be brought—
- (a) in the High Court, or
- (b) in Scotland, in the Court of Session sitting as the Court of Exchequer.

(2) Proceedings under this paragraph in England and Wales shall be brought—
- (a) by and in the name of the Commissioners as an authorised department for the purposes of the [M191]Crown Proceedings Act 1947, or
- (b) in the name of the Attorney General.

Any such proceedings shall be deemed to be civil proceedings by the Crown within the meaning of Part II of the Crown Proceedings Act 1947.

(3) Proceedings under this paragraph in Scotland shall be brought in the name of the Advocate General for Scotland.

(4) Proceedings under this paragraph in Northern Ireland shall be brought—

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

(a) by and in the name of the Commissioners as an authorised department for the purposes of the Crown Proceedings Act 1947 as for the time being in force in Northern Ireland, or

(b) in the name of the Attorney General for Northern Ireland.

Any such proceedings shall be deemed to be civil proceedings within the meaning of Part II of the Crown Proceedings Act 1947 as for the time being in force in Northern Ireland.

(5) If in proceedings under this paragraph the court does not find that fraud is proved but considers that the person concerned is nevertheless liable to a penalty, the court may determine a penalty notwithstanding that, but for the opinion of the Commissioners as to fraud, the penalty would not have been a matter for the court.

(6) Paragraph 10 above (determination of penalty by officer of Commissioners) does not apply where proceedings are brought under this paragraph.

Marginal Citations
M191 1947 c.44.

Supplementary provisions

14 (1) The Commissioners may in their discretion mitigate any penalty, or stay or compound any proceedings for the recovery of a penalty.

(2) They may also, after judgment, further mitigate or entirely remit the penalty.

15 A penalty may be determined under paragraph 10, or proceedings for a penalty brought under paragraph 13, at any time within six years after the date on which the penalty was incurred.

PART III U.K.

POWER TO APPLY PROVISIONS AS TO COLLECTION AND RECOVERY ETC

16 (1) The Treasury may make regulations applying in relation to penalties to which Part II of this Schedule applies such provisions of the [M192]Taxes Management Act 1970 as they think fit.

(2) The regulations may apply the provisions of that Act with such modifications as the Treasury think fit.

(3) Regulations under this paragraph shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the House of Commons.

Marginal Citations
M192 1970 c.9.

17 Without prejudice to the generality of the power conferred by paragraph 16, regulations under that paragraph may apply—

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(a) any of the provisions of Part VI of the Taxes [M193]Management Act 1970 (collection and recovery), and

(b) such of the provisions of Part XI of that Act (miscellaneous and supplemental provisions) as appear to the Treasury to be appropriate.

Marginal Citations

M193 1970 c.9.

18 Sections 21, 22 and 35 of the [M194]Inland Revenue Regulation Act 1890 (proceedings for fines, etc.) do not apply in relation to penalties to which Part II of this Schedule applies.

Marginal Citations

M194 1890 c.21.

SCHEDULE 18 U.K.

Section 115.

STAMP DUTY: MINOR AMENDMENTS AND REPEAL OF OBSOLETE PROVISIONS

PART I U.K.

MINOR AMENDMENTS

Introduction

1 The provisions of this Part of this Schedule have effect for the purposes of the enactments relating to stamp duty.

Payment by cheque

2 (1) Where—

(a) any payment to the Commissioners is made by cheque, and

(b) the cheque is paid on its first presentation to the banker on whom it is drawn,

the payment is treated as made on the day on which the cheque was first received by the Commissioners.

(2) Sub-paragraph (1) applies where the cheque was first received by the Commissioners on or after 1st October 1999.

Evidence in cases of fraudulent conduct, etc.

3 (1) Statements made or documents produced by or on behalf of a person are not inadmissible in any such proceedings as are mentioned in sub-paragraph (2) by reason only that it has been drawn to that person's attention—

(a) that pecuniary settlements may be accepted instead of a penalty being determined, or proceedings being instituted, or

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Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

(b) that, though no undertaking can be given as to whether or not the Commissioners will accept such a settlement in the case of any particular person, it is the practice of the Commissioners to be influenced by the fact that a person has made a full confession of any fraudulent conduct to which he had been a party and has given full facilities for investigation,

and that he was or may have been induced thereby to make the statements or produce the documents.

(2) The proceedings mentioned in sub-paragraph (1) are—

(a) any criminal proceedings against the person in question for any form of fraudulent conduct in connection with or in relation to stamp duty, and

(b) any proceedings against that person for the recovery of any stamp duty or interest on unpaid stamp duty due from him, and

(c) any proceedings for a penalty, or on appeal against the determination of a penalty, in connection with or in relation to stamp duty.

References to duration of lease

4 In relation to Scotland, the expression "term", where referring to the duration of a lease, means "period".

PART II U.K.

OBSOLETE PROVISIONS

5 (1) Section 13 of the [M195]Stamp Duties Management Act 1891 (certain offences in relation to dies and stamps provided by the Commissioners to be felonies) is amended as follows.

(2) For the sidenote substitute "Offences in relation to dies and stamps.".

(3) Make the existing provision subsection (1) and at the beginning, for "Every person who" substitute " A person commits an offence who ".

(4) Omit the words from "shall be guilty of felony" to the end.

(5) After subsection (1) insert—

"(2) A person guilty of an offence under this section is liable—

(a) on summary conviction, to imprisonment for a term not exceeding six months or a fine not exceeding the statutory maximum, or both;

(b) on conviction on indictment, to imprisonment for a term not exceeding ten years or a fine, or both.".

(6) This paragraph has effect in relation to things done or omitted on or after 1st October 1999.

Marginal Citations

M195 1891 c.38.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

VALID FROM 01/10/1999

6 (1) The following provisions of the Stamp Duties Management Act 1891 shall cease to have effect—

in section 2 (recovery of money received for duty), subsections (2) and (3);

section 3 (power to grant licences to deal in stamps);

section 4 (penalty for unauthorised dealing in stamps etc.);

section 5 (provisions as to determination of a licence);

section 6 (penalty for hawking stamps);

section 8 (discount on sale of stamps);

section 9(2) and (3) (cases in which allowance may be made for spoiled adhesive stamps);

in section 11 (how allowance to be made), the words from "deducting therefrom" to the end;

section 12 (repurchase of stamps by Commissioners);

section 17 (proceedings for detection of stamps stolen or fraudulently obtained);

section 18 (licensed person in possession of forged stamps to be presumed guilty);

section 19 (mode of proceeding when stamps are seized);

section 20 (defacement of adhesive stamps);

section 25 (mode of granting licences).

(2) This paragraph comes into force on 1st October 1999.

VALID FROM 06/02/2000

SCHEDULE 19 U.K.

Section 122(4).

STAMP DUTY AND STAMP DUTY RESERVE TAX: UNIT TRUSTS

. . . . . .

SCHEDULE 20 U.K.

REPEALS

PART I U.K.

EXCISE DUTIES

(1)

Hydrocarbon oil duties

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

Chapter	Short title	Extent of repeal
1979 c. 5.	The Hydrocarbon Oil Duties Act 1979.	In section 15(1), the word "exportation,".
This repeal has effect in accordance with section 4 of this Act.		

(2)

Drawback of duty on shipment of goods as stores etc.

Chapter	Short title	Extent of repeal
1979 c. 2.	The Customs and Excise Management Act 1979.	Section 132.
Subsection (4) of section 11 of this Act shall apply in relation to this repeal as it applies in relation to subsection (3) of that section.		

PART II U.K.

VALUE ADDED TAX

(1)

Groups of companies

Chapter	Short title	Extent of repeal
1994 c. 23.	The Value Added Tax Act 1994.	Section 43(3) to (8).
1995 c. 4.	The Finance Act 1995.	Section 25(3) and (4).
These repeals have effect subject to paragraph 6 of Schedule 2 to this Act.		

(2)

Meaning of "business"

Chapter	Short title	Extent of repeal
1994 c. 23.	The Value Added Tax Act 1994.	Section 94(3).
Subsection (2) of section 20 of this Act shall apply in relation to this repeal as it applies in relation to that section.		

PART III U.K.

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

(1)

Capital gains tax rates

Chapter	Short title	Extent of repeal
These repeals have effect for the year 1999-00 and subsequent years of assessment.		

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	In section 4— (a) subsections (1A), (1B), (3A) and (3B); and (b) in subsection (4), the words "(disregarding subsection (3B)(a) above)".
1992 c. 48.	The Finance (No. 2) Act 1992.	Section 23.
1993 c. 34.	The Finance Act 1993.	In Schedule 6, paragraph 22.
1996 c. 8.	The Finance Act 1996.	In Schedule 6, paragraph 27.
1997 c. 58.	The Finance (No. 2) Act 1997.	In Schedule 4, paragraph 24(4) and (5).

These repeals have effect for the year 1999-00 and subsequent years of assessment.

(2)

Corporation tax rates

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 13(9).

This repeal has effect for the financial year 2000 and subsequent financial years.

(3)

Married couple's allowance

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	In section 37A, ", 257D".
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 257A— (a) subsection (1); (b) in subsection (2), the words from "(instead of" to the end; (c) in subsection (3), the words "(1) or"; and (d) in subsection (5), the words from "(but not" to the end. In section 257BA(2), the words from "(to nil" to the end. Sections 257D to 257F. Section 278(2A).
1989 c. 26.	The Finance Act 1989.	In section 33—

1.The repeal in section 257A(5) of the Taxes Act 1988 has effect for the year 1999-00 and subsequent years of assessment.

2.The other repeals have effect for the year 2000-01 and subsequent years of assessment.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

		(a) subsection (6); (b) in subsection (10), the words "257B(2), 257D(8) and"; and (c) subsections (11) to (13).
1992 c. 48.	The Finance (No. 2) Act 1992.	In Schedule 5, paragraphs 3 and 4.
1994 c. 9.	The Finance Act 1994.	Section 77(2)(a). In Schedule 8, paragraphs 4 and 5.
1996 c. 8.	The Finance Act 1996.	In Schedule 20, paragraphs 14(2), 15 and 16. In Schedule 21, paragraph 5.

1.The repeal in section 257A(5) of the Taxes Act 1988 has effect for the year 1999-00 and subsequent years of assessment.

2.The other repeals have effect for the year 2000-01 and subsequent years of assessment.

(4)

Income tax relief in respect of children

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	In section 58(3)(b), "260(3),".
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 256(3), the words after paragraph (c). Sections 259 to 261A.
1988 c. 39.	The Finance Act 1988.	Section 30. Section 134(3). In Schedule 3, paragraphs 5 and 6.
1992 c. 48.	The Finance (No. 2) Act 1992.	In Schedule 5, paragraphs 5 and 6.
1994 c. 9.	The Finance Act 1994.	Section 77(3) and (4). In Schedule 8, paragraphs 6 to 8.
1996 c. 8.	The Finance Act 1996.	In Schedule 20, paragraphs 17 and 18.
1998 c. 36.	The Finance Act 1998.	Section 26.

These repeals have effect for the year 2000-01 and subsequent years of assessment.

(5)

Widow's bereavement allowance

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 256(3)(b). Section 262.
1988 c. 39.	The Finance Act 1988.	In Schedule 3, paragraph 7(3).
1992 c. 48.	The Finance (No. 2) Act 1992.	In Schedule 5, paragraph 7.
1994 c. 9.	The Finance Act 1994.	Section 77(5). In Schedule 8, paragraph 9.

1.The repeal of section 262 of the Taxes Act 1988 and the repeal in Schedule 3 to the Finance Act 1988 have effect in relation to deaths occurring on or after 6th April 2000.

2.The other repeals have effect for the year 2001-02 and subsequent years of assessment.

(6)

Maintenance payments

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 347B(4) and (5).
1988 c. 39.	The Finance Act 1988.	In section 38— (a) in subsection (2), the words after "the person liable to make it"; and (b) subsections (3) to (6) and (8). Section 39. In section 40— (a) in subsection (1), the definition of "child of the family"; and (b) subsection (2).
1994 c. 9.	The Finance Act 1994.	In section 79— (a) in subsection (1), the words "and section 38 of the Finance Act 1988"; and (b) subsections (2), (5), (7) and (8).
1995 c. 4.	The Finance Act 1995.	In Schedule 17, paragraph 4(1).
1996 c. 8.	The Finance Act 1996.	Section 149. In Schedule 21, paragraph 25.

These repeals have effect in relation to any payment falling due on or after 6th April 2000.

(7)

Interest on loans to buy land etc.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 160(1C)(a), the words “or section 357(1)(b)”. In section 353(1A) and (1B), the words “354 or”. Sections 354 to 358. In section 367— (a) subsection (1); and (b) in subsection (2), the words “354(1) and”. In section 370— (a) in subsection (1), the words “or (3)”; (b) in subsection (2), the words “354(1) or” and “356A, 357 or”, and paragraph (c) of that subsection and the word “and” immediately preceding it; and (c) subsections (3), (4), (6) and (7). Section 372. In section 373— (a) in subsection (1), the words “section 356A, section 357(1) or”; (b) subsections (3) and (4); (c) in subsection (5), the words from “and” to “also fulfilled”; and (d) in subsection (7), the words from “and” to the end. In section 374, subsection (1)(c) and, in subsection (2), the words “(c) or”. Section 375(9) and (10). Section 375A. In section 376— (a) in subsection (3), the words from “and” to the end; and (b) subsection (6). Section 377. Section 378(1), (2) and (4). In section 379—

1.The repeals in section 375 of the Taxes Act 1988 have effect in accordance with paragraph 18(1) of Schedule 4 to this Act.

2.The repeals in section 488 of that Act have effect in accordance with paragraph 18(2) of that Schedule.

3.The repeal in the Taxation of Chargeable Gains Act 1992 has effect in accordance with paragraph 18(4) of that Schedule.

4.The other repeals have effect in relation to any payment of interest falling within subsection (3) or (4) of section 38 of this Act.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

		(a) in the definition of "qualifying lender", the words "to (6)"; and (b) in the definition of "regulations", the words "except in sections 378(1) and (2)". Section 477A(8). In section 488— (a) in subsection (1), paragraph (c); (b) in subsection (2), paragraph (b) and the word "and" immediately preceding it; (c) in subsection (4), the words "a member or of"; and (d) subsection (12). In section 828(4), "377(8)".
1988 c. 39.	The Finance Act 1988.	Sections 42 to 44. In Schedule 3, paragraph 14.
1990 c. 29.	The Finance Act 1990.	In Schedule 14, paragraph 6.
1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	In section 222(8)(a), the words from "within" to "Act".
1993 c. 34.	The Finance Act 1993.	Section 56. Section 57(1), (2), (4) and (6).
1994 c. 9.	The Finance Act 1994.	Section 81(3) and (8). In Schedule 9, paragraphs 7(1) and 10(2). In Schedule 17, paragraph 3.
1995 c. 4.	The Finance Act 1995.	In section 42, subsection (1) and, in subsection (2), paragraphs (b) to (e). In Schedule 6, paragraph 18.
1996 c. 8.	The Finance Act 1996.	In Schedule 20, paragraph 28(5). In Schedule 21, paragraphs 8 and 9.
1997 c. 58.	The Finance (No. 2) Act 1997.	Section 15.

1.The repeals in section 375 of the Taxes Act 1988 have effect in accordance with paragraph 18(1) of Schedule 4 to this Act.

2.The repeals in section 488 of that Act have effect in accordance with paragraph 18(2) of that Schedule.

3.The repeal in the Taxation of Chargeable Gains Act 1992 has effect in accordance with paragraph 18(4) of that Schedule.

4.The other repeals have effect in relation to any payment of interest falling within subsection (3) or (4) of section 38 of this Act.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

(8)

Conditional acquisition of shares

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 140A(2).

This repeal applies in relation to shares acquired on or after the day on which this Act is passed.

(9)

Mobile telephones

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 154(2)(b), “159A”. Section 159A. Section 200AA(3).
1991 c. 31.	The Finance Act 1991.	Section 30.
1993 c. 34.	The Finance Act 1993.	Section 74(2). In Schedule 4, paragraph 5.

These repeals have effect for the year 1999-00 and subsequent years of assessment.

(10)

PRP and agricultural pay

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 175(1)(c) and (4). In section 178(1), paragraph (d) and the word “or” immediately preceding it.

These repeals have effect in accordance with section 46 of this Act.

(11)

Sub-contractors in the construction industry

Chapter	Short title	Extent of repeal
1998 c. 36.	The Finance Act 1998.	In Schedule 8, paragraphs 3 to 5.

This repeal has effect in accordance with section 53 of this Act.

(12)

Gifts in kind to charities

Chapter	Short title	Extent of repeal
1998 c. 36.	The Finance Act 1998.	Section 47.

This repeal has effect in relation to gifts made on or after the day on which this Act is passed.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

(13)

Gifts of money to relieve refugee poverty

Chapter	Short title	Extent of repeal
1998 c. 36.	The Finance Act 1998.	In section 48— (a) in subsection (2), the word "and" at the end of paragraph (a); and (b) in subsection (8), the definition of "the first designation date".

These repeals have effect in relation to gifts made on or after 6th April 1999.

(14)

Secondment of employees to educational establishments

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 86(3), the words "and before 1st April 1997".

This repeal has effect in accordance with section 58 of this Act.

(15)

Vocational training relief

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 265(3), paragraph (e) and the word "or" immediately preceding it.
1991 c. 31.	The Finance Act 1991.	Sections 32 and 33.
1994 c. 9.	The Finance Act 1994.	Section 84.
1996 c. 8.	The Finance Act 1996.	In section 129— (a) subsection (1)(b); (b) in subsection (2), the words "section 32(5)(b) of the 1991 Act"; and (c) subsections (4) and (6). Section 144. In Schedule 18, paragraph 14.
1997 c. 44.	The Education Act 1997.	In Schedule 7, paragraph 6.

Section 59(3)(b) of this Act shall apply in relation to these repeals as it applies in relation to subsection (2) of that section.

(16)

Relevant discounted securities

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

Chapter	Short title	Extent of repeal
1996 c. 8.	The Finance Act 1996.	In Schedule 13, paragraph 3(5).

This repeal has effect in accordance with section 65(8) to (12) of this Act.

(17)

Court common investment funds

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 328. Section 468AA(3). In section 720(5), the second sentence.

The repeal of section 328 of the Taxes Act 1988 and the repeal in 720(5) of that Act have effect in accordance with section 68 of this Act.

(18)

EIS deferred gains

Chapter	Short title	Extent of repeal
1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	In Schedule 5B, in paragraph 19(1), the definition of "relevant shares".

This repeal has effect in accordance with section 73 of this Act.

(19)

Advance corporation tax: consequences of abolition

Chapter	Short title	Extent of repeal
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In Schedule 16— (a) in paragraph 4(1), the words "Subject to sub-paragraph (3) below,"; and (b) paragraph 4(3).
1990 c. 29.	The Finance Act 1990.	In Schedule 14, paragraph 13.

These repeals have effect in accordance with section 91 of this Act.

(20)

Group relief: reduction in surrenderable amount.

Chapter	Short title	Extent of repeal
1990 c. 29.	The Finance Act 1990.	Section 96.

This repeal has effect in accordance with section 92 of this Act.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

(21)

Company tax returns, etc.

Chapter	Short title	Extent of repeal
1970 c. 9.	The Taxes Management Act 1970.	In section 43A(1)(a), the word "where".
1988 c. 1.	The Income and Corporation Taxes Act 1988.	Section 411A.
1990 c. 1.	The Capital Allowances Act 1990.	In section 145(3), the words "to which section 42 of the Taxes Management Act 1970 applies".
1990 c. 29.	The Finance Act 1990.	Section 101.

These repeals have effect in accordance with section 93 of this Act.

PART IV U.K.

OIL TAXATION

(1)

PRT returns

Chapter	Short title	Extent of repeal
1987 c. 51.	The Finance (No. 2) Act 1987.	In section 101(2), paragraph (b) and the word "and" immediately preceding it.

This repeal has effect in relation to any chargeable period ending on or after 30th June 1999.

(2)

Business assets: Roll-over relief

Chapter	Short title	Extent of repeal
1992 c. 12.	The Taxation of Chargeable Gains Act 1992.	Section 193.

This repeal has effect in accordance with section 103(2) of this Act.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

PART V U.K.

STAMP DUTY AND STAMP DUTY RESERVE TAX

Commencement Information

I3 Sch. 20 Pt. V in force at Royal Assent except for repeals in (4) which come into force on 1.10.1999

(1)

Stamp duty: interest and penalties on late stamping

Chapter	Short title	Extent of repeal
1933 c. 19.	The Finance Act 1933.	In section 42, the words "and subsection (1) of section 15".
1933 c. 28 (N.I.).	The Finance Act (Northern Ireland) 1933.	In section 2, the words "and subsection (1) of section fifteen".
1965 c. 25.	The Finance Act 1965.	Section 91.
1965 c. 16 (N.I.).	The Finance Act (Northern Ireland) 1965.	Section 5.
1984 c. 43.	The Finance Act 1984.	Section 111(4).
1986 c. 41.	The Finance Act 1986.	Section 69(5). Section 72(3).

1.These repeals have effect in relation to instruments executed on or after 1st October 1999, subject to paragraph 2.

2.The repeals do not have effect in relation to transfers or other instruments relating to units under a unit trust scheme.

This does not affect their operation in relation to—

(a) conveyances or transfers on sale of property other than units under a unit trust scheme in relation to which such units form the whole or part of the consideration; and

(b) bearer instruments constituting, or used for transferring, units under a unit trust scheme.

(2)

Stamp duty: charging provisions and rates of duty

Chapter	Short title	Extent of repeal
1891 c. 39.	The Stamp Act 1891.	Section 1. Section 54. Section 59. Section 62. Sections 72 and 73.

1.These repeals have effect in relation to instruments executed, or bearer instruments issued, on or after 1st October 1999, subject to paragraph 2.

2.The repeals do not have effect in relation to transfers or other instruments relating to units under a unit trust scheme.

This does not affect their operation in relation to—

(a) conveyances or transfers on sale of property other than units under a unit trust scheme in relation to which such units form the whole or part of the consideration; and

(b) bearer instruments constituting, or used for transferring, units under a unit trust scheme.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

		Section 75. Section 77(5). Schedule 1.
1902 c. 7.	The Finance Act 1902.	Section 9.
1903 c. 46.	The Revenue Act 1903.	Section 7.
1949 c. 47.	The Finance Act 1949.	Section 35. Schedule 8.
1949 c. 15 (N.I.).	The Finance Act (Northern Ireland) 1949.	Section 35. Schedule 2.
1958 c. 56.	The Finance Act 1958.	Section 34(4).
1958 c. 14 (N.I.).	The Finance Act (Northern Ireland) 1958.	Section 7(4).
1963 c. 25.	The Finance Act 1963.	Sections 55 to 63. Section 65(1).
1963 c. 22 (N.I.).	The Finance Act (Northern Ireland) 1963.	Sections 4 to 12. Section 14(1).
1967 c. 54.	The Finance Act 1967.	Section 30.
1967 c. 20 (N.I.).	The Finance Act (Northern Ireland) 1967.	Section 7.
1970 c. 24.	The Finance Act 1970.	Section 32. Schedule 7.
1970 c. 21 (N.I.).	The Finance Act (Northern Ireland) 1970.	Section 6. Schedule 2.
1971 c. 68.	The Finance Act 1971.	Section 64.
1971 c. 27 (N.I.).	The Finance Act (Northern Ireland) 1971.	Section 5(1) and (3).
1972 c. 41.	The Finance Act 1972.	Section 126.
1974 c. 30.	The Finance Act 1974.	Section 49. Section 57(3)(d). Schedule 11.
1976 c. 40.	The Finance Act 1976.	In Part VI of Schedule 15, the provision amending section 33(1) of the Finance Act 1970.
1980 c. 48.	The Finance Act 1980.	Section 95.

1.These repeals have effect in relation to instruments executed, or bearer instruments issued, on or after 1st October 1999, subject to paragraph 2.

2.The repeals do not have effect in relation to transfers or other instruments relating to units under a unit trust scheme.

This does not affect their operation in relation to—

(a) conveyances or transfers on sale of property other than units under a unit trust scheme in relation to which such units form the whole or part of the consideration; and

(b) bearer instruments constituting, or used for transferring, units under a unit trust scheme.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

1982 c. 39.	The Finance Act 1982.	Section 128.
1984 c. 43.	The Finance Act 1984.	Section 109. Section 111(1).
1986 c. 41.	The Finance Act 1986.	Sections 64 and 65. Section 78(1) to (6), (8) and (10) to (14). In section 79— (a) subsection (1); (b) subsections (9) to (11); and (c) in subsection (12), the words "(10) and (14)". Section 80.
1987 c. 16.	The Finance Act 1987.	Section 49. Section 50(4) and (5). Section 51.
1988 c. 39.	The Finance Act 1988.	Sections 140 and 141.
1989 c. 26.	The Finance Act 1989.	Section 173.
1991 c. 31.	The Finance Act 1991.	Section 115.
1992 c. 2.	The Stamp Duty (Temporary Provisions) Act 1992.	The whole Act.
1993 c. 34.	The Finance Act 1993.	Section 201.
1994 c. 9.	The Finance Act 1994.	Section 241(3) to (5).
1996 c. 8.	The Finance Act 1996.	Section 188(2). In Schedule 40, paragraph 2.
1997 c. 58.	The Finance (No. 2) Act 1997.	Section 49.
1998 c. 36.	The Finance Act 1998.	Section 149.
1999 c. 16.	The Finance Act 1999.	Section 111.

1.These repeals have effect in relation to instruments executed, or bearer instruments issued, on or after 1st October 1999, subject to paragraph 2.

2.The repeals do not have effect in relation to transfers or other instruments relating to units under a unit trust scheme.

This does not affect their operation in relation to—

(a) conveyances or transfers on sale of property other than units under a unit trust scheme in relation to which such units form the whole or part of the consideration; and

(b) bearer instruments constituting, or used for transferring, units under a unit trust scheme.

(3)

Stamp duty: penalties other than on late stamping

Chapter	Short title	Extent of repeal
These repeals have effect in relation to things done or omitted on or after 1st October 1999.		

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

1891 c. 38.	The Stamp Duties Management Act 1891.	In section 13, the words from "shall be guilty of felony" to the end. Section 26.
1891 c. 39.	The Stamp Act 1891.	Section 121.
1898 c. 46.	The Revenue Act 1898.	Section 7(5).
1986 c. 41.	The Finance Act 1986.	Section 68(6). Section 71(6).

These repeals have effect in relation to things done or omitted on or after 1st October 1999.

(4)

Stamp duty: obsolete enactments

Chapter	Short title	Extent of repeal
1891 c. 38.	The Stamp Duties Management Act 1891.	Sections 2(2) and (3). Sections 3 to 6. Section 8. Section 9(2) and (3). In section 11, the words from "deducting therefrom" to the end. Section 12. Sections 17 to 20. Section 25.

These repeals come into force on 1st October 1999.

(5)

Stamp duty: unit trusts

Chapter	Short title	Extent of repeal
1946 c. 64.	The Finance Act 1946.	Sections 54 to 57.
1946 c. 17 (N.I.).	The Finance (No. 2) Act (Northern Ireland) 1946.	Sections 25 to 28.
1963 c. 18.	The Stock Transfer Act 1963.	In section 2(3)(a), the words "and section 56(4) of the Finance Act 1946".
1963 c. 24 (N.I.).	The Stock Transfer Act (Northern Ireland) 1963.	In section 2(3)(a), the words "and section 27(4) of the Finance (No. 2) Act (Northern Ireland) 1946".
1963 c. 25.	The Finance Act 1963.	Section 65(2).

1.These repeals have effect in relation to instruments executed on or after 6th February 2000.

2.The repeals of section 57(1A) and (1B) of the Finance Act 1946 and section 28(1A) and (1B) of the Finance (No.2) Act (Northern Ireland) 1946 have effect subject to paragraph 17(4) of Schedule 19 (saving for existing regulations).

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

1963 c. 22 (N.I.).	The Finance Act (Northern Ireland) 1963.	Section 14(2).
1980 c. 48.	The Finance Act 1980.	Section 101.
1981 c. 35.	The Finance Act 1981.	Section 110.
1986 c. 41.	The Finance Act 1986.	Section 90(2).
1988 c. 39.	The Finance Act 1988.	Section 144(3). In Schedule 13, paragraph 21.
1989 c. 26.	The Finance Act 1989.	Section 174.
1990 c. 29.	The Finance Act 1990.	In section 109— (a) subsection (2)(c) and (d); (b) subsection (6)(a) and (b); and (c) subsection (9). Section 113(4).
1992 c. 41.	The Charities Act 1992.	In Schedule 6, paragraph 2.
1993 c. 10.	The Charities Act 1993.	In Schedule 6, paragraph 5.
1999 c. 16.	The Finance Act 1999.	In Schedule 17, paragraphs 4 and 5.

1.These repeals have effect in relation to instruments executed on or after 6th February 2000.

2.The repeals of section 57(1A) and (1B) of the Finance Act 1946 and section 28(1A) and (1B) of the Finance (No.2) Act (Northern Ireland) 1946 have effect subject to paragraph 17(4) of Schedule 19 (saving for existing regulations).

(6)

Repeals having effect on abolition date

Chapter	Short title	Extent of repeal
1999 c. 16.	The Finance Act 1999.	Section 113. Sections 116 to 121. In section 123(1) and (2), paragraph (b) and the word "and" immediately preceding it. In Schedule 13— (a) paragraph 3; (b) in paragraph 4, the words "in the case of any other conveyance or transfer on sale"; (c) paragraph 7(1)(b)(ii) to (iv); (d) paragraph 24(a), (b) and (d).

These repeals have effect—

(a) so far as they relate to stamp duty on bearer instruments, in accordance with section 107 of the Finance Act 1990;

(b) so far as they relate to stamp duty on instruments other than bearer instruments, in accordance with section 108 of that Act;

(c) so far as they relate to stamp duty reserve tax, in accordance with section 110 of that Act.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

	In Schedule 14, paragraphs 5, 8, 12, 13, 16 to 21 and 23. Schedule 15. In Schedule 16, paragraphs 2 to 11. In Schedule 17, paragraphs 6 to 8. In Schedule 19— (a) Parts I to III; (b) in Part IV, the words "and the enactments relating to stamp duty reserve tax" in paragraphs 14(1), 15, 16, 17(1) and 18(1).

These repeals have effect—

(a) so far as they relate to stamp duty on bearer instruments, in accordance with section 107 of the Finance Act 1990;

(b) so far as they relate to stamp duty on instruments other than bearer instruments, in accordance with section 108 of that Act;

(c) so far as they relate to stamp duty reserve tax, in accordance with section 110 of that Act.

PART VI U.K.

INTEREST ON CUSTOMS DUTY ETC

Chapter	Short title	Extent of repeal
1996 c. 8.	The Finance Act 1996.	In section 197(2), the word "and" at the end of paragraph (d).

PART VII U.K.

ELECTRONIC COMMUNICATIONS

Chapter	Short title	Extent of repeal
1970 c. 9	The Taxes Management Act 1970.	Section 115A. Schedule 3A.
1988 c. 1.	The Income and Corporation Taxes Act 1988.	In section 203(10), the words from "and, in particular" onwards. Section 566(5).
1995 c. 4.	The Finance Act 1995.	Section 153. Schedule 28.

1. Subsection (4) of section 133 of this Act shall apply in relation to these repeals as it applies in relation to subsection (3) of that section.

2. Without prejudice to section 17(2) of the Interpretation Act 1978, any provision made by regulations under an enactment to which any of these repeals relates shall have effect, on and after the coming into force of the repeal and to the extent that it could have been made under section 132 or 133 of this Act, as if it were a provision made under that section of this Act.

Status: *Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

1998 c. 36.	The Finance Act 1998.	In Schedule 19, paragraph 43.

1. Subsection (4) of section 133 of this Act shall apply in relation to these repeals as it applies in relation to subsection (3) of that section.

2. Without prejudice to section 17(2) of the Interpretation Act 1978, any provision made by regulations under an enactment to which any of these repeals relates shall have effect, on and after the coming into force of the repeal and to the extent that it could have been made under section 132 or 133 of this Act, as if it were a provision made under that section of this Act.

Status:
Point in time view as at 27/07/1999. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation:
Finance Act 1999 is up to date with all changes known to be in force on or before 22 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.