



Finance Act 2006

2006 CHAPTER 25

PART 3

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

VALID FROM 19/07/2006

CHAPTER 2

RELIEFS FOR BUSINESS

Group relief

27 Group relief where surrendering company not resident in UK

Schedule 1 (which makes provision in relation to group relief where the surrendering company is not resident in the United Kingdom) has effect.

Research and development

28 Relief for research and development: subjects of clinical trials

- (1) Schedule 2 (which amends Schedule 20 to FA 2000 and Schedules 12 and 13 to FA 2002 so as to make provision relating to payments to subjects of clinical trials) has effect.
- (2) The amendments made by paragraph 2 of Schedule 2 to Schedule 12 to FA 2002 (large companies etc) have effect in relation to expenditure incurred on or after 1st April 2006.
- (3) Except as provided by subsection (4), the amendments made by Schedule 2 to—

Status: Point in time view as at 22/03/2006. This version of this chapter contains provisions that are not valid for this point in time.
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Chapter 2. (See end of Document for details)

- (a) Schedule 20 to FA 2000 (small or medium-sized enterprises),
 - (b) Schedule 13 to FA 2002 (vaccine research etc),
- have effect in relation to expenditure incurred on or after the appointed day.

- (4) The amendment made by paragraph 1(3) of Schedule 2 (insertion of paragraph 6A of Schedule 20 to FA 2000), in its application for the purposes of Schedule 12 to FA 2002 by virtue of the amendments made to Schedule 12 by paragraph 2 of Schedule 2, has effect in relation to expenditure incurred on or after 1st April 2006.
- (5) “The appointed day” means such day as the Treasury may by order appoint; and different days may be so appointed for different provisions or different purposes.
- (6) The days that may be appointed by an order under this section include days earlier than the day on which this Act is passed, but not days earlier than 1st April 2006.

29 Claims for relief for research and development

Schedule 3 (which amends Schedule 18 to FA 1998 in connection with claims for tax relief for expenditure on research and development) has effect.

Capital allowances

30 Temporary increase in amount of first-year allowances for small enterprises

- (1) The amount of a first-year allowance under section 44 of CAA 2001 (expenditure incurred by small or medium-sized enterprises) shall be determined, in the case of expenditure to which this subsection applies, as if the percentage specified in the entry relating to that section in the Table in section 52(3) of that Act were 50%.
- (2) Subsection (1) applies to expenditure incurred by a small enterprise (within the meaning of section 44 of that Act) in the period of 12 months beginning with—
 - (a) 1st April 2006, if the small enterprise is within the charge to corporation tax, or
 - (b) 6th April 2006, if the small enterprise is within the charge to income tax.
- (3) Accordingly, in section 52(3) of CAA 2001, for the sentence following the Table substitute—

“In the case of expenditure qualifying under section 44, see also—

- (a) section 142 of the Finance Act 2004 (substitution of 50% in the case of expenditure incurred by a small enterprise in 2004-05 or financial year 2004);
- (b) section 30 of the Finance Act 2006 (substitution of 50% in the case of expenditure incurred by a small enterprise in 2006-07 or financial year 2006).”

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