



Finance Act 1995

1995 CHAPTER 4

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Income tax: charge, rates and reliefs

F135 Charge and rates of income tax for 1995-96.

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Textual Amendments

F1 S. 35 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F236 Personal allowance.

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Textual Amendments

F2 S. 36 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Corporation tax: charge and rate

37 Charge and rate of corporation tax for 1995.

Corporation tax shall be charged for the financial year 1995 at the rate of 33 per cent.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995, Part III. (See end of Document for details)

F³38 Small companies.

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Textual Amendments
F3 S. 38 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

Taxation of income from land

F⁴39 Income chargeable under Schedule A.

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Textual Amendments
F4 S. 39 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by [1998 c. 36](#), s. 165(1), **Sch. 27 Pt. III(4)** Note

40 Non-residents and their representatives.

F⁵(1)

F⁵(2)

(3) Section 43 of the Taxes Act 1988 (payments to non-residents of amounts chargeable under Schedule A) shall not have effect in relation to any payment made on or after 6th April 1996.

Textual Amendments
F5 S. 40(1)(2) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

F⁶41 Income from overseas property.

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Textual Amendments
F6 S. 41 repealed (31.7.1998 with effect as mentioned in s. 38(2)(3) of the amending Act) by [1998 c. 36](#), s. 165(1), **Sch. 27 Pt. III(4)** Note

42 Abolition of interest relief for commercially let property.

F⁷(1)

(2) That Act shall be further amended as follows—

F⁸(a)

*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 1995, Part III. (See end of Document for details)*

- F7(b)
- F7(c)
- F7(d)
- F7(e)

- F9(3)
- F9(4)
- F9(5)
- F10(6)

Textual Amendments

- F7** S. 42(1)(2)(b)-(e) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(7) Note 4 of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(7)** Note 4
- F8** S. 42(2)(a) repealed (6.4.2007) by **Income Tax Act 2007** (c. 3), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)
- F9** S. 42(3)-(5) repealed (31.1.2013) by **Statute Law (Repeals) Act 2013** (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1
- F10** S. 42(6) repealed (29.4.1996 with effect as mentioned in ss. 80-105 of the amending Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)**

Benefits in kind

F11 43 Cars available for private use.

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Textual Amendments

- F11** Ss. 43-45 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by **Income Tax (Earnings and Pensions) Act 2003** (c. 1), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

F11 44 Cars: accessories for the disabled.

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Textual Amendments

- F11** Ss. 43-45 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by **Income Tax (Earnings and Pensions) Act 2003** (c. 1), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

F11 45 Beneficial loan arrangements: replacement loans.

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*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 1995, Part III. (See end of Document for details)*

Textual Amendments

F11 Ss. 43-45 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

Chargeable gains

46 Relief on re-investment: property companies etc.

- (1) Chapter IA of Part V of the ^{M1}Taxation of Chargeable Gains Act 1992 (roll-over relief on re-investment) shall be amended as follows.
- (2) In section 164A (relief on re-investment for individuals) the following subsection shall be inserted after subsection (12)—

“(13) Where an acquisition is made on or after 29th November 1994 section 164H shall be ignored in deciding whether it is an acquisition of a qualifying investment for the purposes of this section.”
- (3) In section 164F (failure of conditions of relief) the following subsection shall be inserted after subsection (2)—

“(2A) In deciding for the purposes of subsection (2)(b) above whether a company is a qualifying company at a time falling on or after 29th November 1994 section 164H shall be ignored.”
- (4) In section 164I (qualifying trades) the following subsection shall be inserted after subsection (4)—

“(4A) In deciding whether a trade complies with this section at a time falling on or after 29th November 1994 paragraphs (g) and (h) of subsection (2) above shall be ignored.”

Marginal Citations

M1 [1992 c. 12.](#)

47 Relief on re-investment: amount of relief, etc.

- (1) Chapter IA of Part V of the ^{M2}Taxation of Chargeable Gains Act 1992 (roll-over relief on re-investment) shall be amended as follows.
- (2) In section 164A after subsection (13) (inserted by section 46 above) there shall be inserted—

“(14) This section is subject to sections 164FF and 164FG.”
- (3) In section 164F after subsection (10B) there shall be inserted—

“(10C) Subsection (10A) above is subject to sections 164FF and 164FG.”
- (4) After section 164F there shall be inserted—

*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 1995, Part III. (See end of Document for details)*

“164FF Qualifying investment acquired from husband or wife.

- (1) This section applies where—
 - (a) a claim is made under subsection (2) of section 164A or subsection (10A) of section 164F; and
 - (b) the qualifying investment as respects which the claim is made is acquired by a disposal to which section 58 applies.
- (2) The amounts by reference to which the reduction is determined shall be treated as including the amount of the consideration which the claimant would under this Act be treated as having given for the qualifying investment if he had, immediately upon acquiring the qualifying investment, disposed of it on a disposal which was not a no gain/no loss disposal.
- (3) Where—
 - (a) the claimant makes a disposal, which is not a no gain/no loss disposal, of the qualifying investment, and
 - (b) any disposal after 31st March 1982 and before he acquired the qualifying investment was a no gain/no loss disposal,nothing in paragraph 1 of Schedule 3, section 35 or section 55 shall operate to defeat the reduction falling to be made under section 164A(2)(b) or, as the case may be, section 164F(10A)(b) in the consideration for the acquisition of the qualifying investment.
- (4) Where—
 - (a) the claimant makes a disposal of the qualifying investment and that disposal is a disposal to which section 58 applies, and
 - (b) any disposal after 31st March 1982 and before the claimant acquired the qualifying investment was a no gain/no loss disposal,nothing in the application of paragraph 1 of Schedule 3, section 35 or section 55 to the person to whom the claimant makes the disposal of the qualifying investment shall operate to defeat the reduction made under section 164A(2)(b) or, as the case may be, section 164F(10A)(b).
- (5) For the purposes of this section a no gain/no loss disposal is one on which by virtue of any of the enactments specified in section 35(3)(d) neither a gain nor a loss accrues.”

(5) After section 164FF (inserted by subsection (4) above) there shall be inserted—

“164FG Multiple claims.

- (1) This section applies where—
 - (a) a reduction is claimed by a person as respects a qualifying investment under subsection (2) of section 164A or subsection (10A) of section 164F; and
 - (b) any other reduction has been or is being claimed by that person under either subsection as respects that investment.
- (2) Subject to subsection (5) below, the reductions shall be treated as claimed separately in such sequence as the claimant elects or an officer of the Board in default of an election determines.

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for the Finance Act 1995, Part III. (See end of Document for details)*

- (3) In relation to a later claim as respects the qualifying investment under either subsection, the subsection shall have effect as if each of the relevant amounts were reduced by the aggregate of any reductions made in the amount or value of the consideration for the acquisition of that investment by virtue of any earlier claims as respects that investment.
- (4) In subsection (3) above “the relevant amounts” means—
- (a) if the claim is under section 164A(2), the amounts referred to in subsection (2)(a)(ii) and (iii) and any amount required to be included by virtue of section 164FF(2); and
 - (b) if the claim is under section 164F(10A), the amounts referred to in subsection (10A)(a)(i) and (ii) and any amount required to be included by virtue of section 164FF(2).
- (5) A claim that has become final shall be treated as made earlier than any claim that has not become final.
- (6) For the purposes of subsection (5) above, a claim becomes final when—
- (a) it may no longer be amended, or
 - (b) it is finally determined,
- whichever occurs first.”
- (6) Subsection (4) above (and subsections (1) to (3) above so far as relating to subsection (4) above) shall apply to a claim as respects a qualifying investment if—
- (a) the qualifying investment is acquired on or after 20th June 1994; or
 - (b) the claim is under section 164A(2) and relates to a disposal on or after that day; or
 - (c) the claim is under subsection (10A) of section 164F and relates to a gain which (apart from that subsection) would accrue on or after that day.
- (7) Subsection (5) above (and subsections (1) to (3) above so far as relating to subsection (5) above) shall apply to a claim as respects a qualifying investment if—
- (a) the qualifying investment is acquired on or after 20th June 1994; or
 - (b) the claim is under section 164A(2) and relates to a disposal on or after that day; or
 - (c) the claim is under subsection (10A) of section 164F and relates to a gain which (apart from that subsection) would accrue on or after that day; or
 - (d) there is another claim as respects that qualifying investment which is under section 164A(2) and which relates to a disposal on or after that day; or
 - (e) there is another claim as respects that qualifying investment which is under subsection (10A) of section 164F and which relates to a gain which (apart from that subsection) would accrue on or after that day.
- (8) Any such adjustment as is appropriate in consequence of this section may be made (whether by discharge or repayment of tax, the making of an assessment or otherwise).

Marginal Citations

M2 1992 c. 12.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995, Part III. (See end of Document for details)

48 Roll-over relief and groups of companies.

- (1) In section 175 of the ^{M3}Taxation of Chargeable Gains Act 1992 (replacement of business assets by members of a group), after subsection (2) there shall be inserted the following subsections—

“(2A) Section 152 shall apply where—

- (a) the disposal is by a company which, at the time of the disposal, is a member of a group of companies,
- (b) the acquisition is by another company which, at the time of the acquisition, is a member of the same group, and
- (c) the claim is made by both companies,

as if both companies were the same person.

(2B) Section 152 shall apply where a company which is a member of a group of companies but is not carrying on a trade—

- (a) disposes of assets (or an interest in assets) used, and used only, for the purposes of the trade which (in accordance with subsection (1) above) is treated as carried on by the members of the group which carry on a trade, or
- (b) acquires assets (or an interest in assets) taken into use, and used only, for those purposes,

as if the first company were carrying on that trade.

(2C) Section 152 shall not apply if the acquisition of, or of the interest in, the new assets—

- (a) is made by a company which is a member of a group of companies, and
- (b) is one to which any of the enactments specified in section 35(3)(d) applies.”

- (2) In section 247 of the ^{M4}Taxation of Chargeable Gains Act 1992 (roll-over relief on compulsory acquisition of land), after subsection (5) there shall be inserted the following subsection—

“(5A) Subsections (2A) and (2C) of section 175 shall apply in relation to this section as they apply in relation to section 152 (but as if the reference in subsection (2C) to the new assets were a reference to the new land).”

- (3) Subject to subsection (4) below—

- (a) the subsection inserted into section 175 of the ^{M5}Taxation of Chargeable Gains Act 1992 by subsection (1) above as subsection (2A) shall be deemed always to have had effect; and
- (b) the earlier enactments corresponding to that section shall be deemed to have contained provision to the same effect as that subsection (2A).

- (4) Paragraph (c) of that subsection (2A) shall not apply unless the claim is made on or after 29th November 1994.

- (5) The subsection inserted into section 175 of the ^{M6}Taxation of Chargeable Gains Act 1992 by subsection (1) above as subsection (2B) shall apply where the disposal or the ^{M7}acquisition is on or after 29th November 1994; and the subsection so inserted as subsection (2C) shall apply where the acquisition is on or after that date.

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- (6) The subsection inserted into section 247 of the ^{M8}Taxation of Chargeable Gains Act 1992 by subsection (2) above shall apply—
- (a) so far as it relates to section 175(2A), where the disposal or the acquisition is on or after 29th November 1994; and
 - (b) so far as it relates to section 175(2C), where the acquisition is on or after that date.

Marginal Citations

M3	1992 c. 12.
M4	1992 c. 12.
M5	1992 c. 12.
M6	1992 c. 12.
M7	1992 c. 12.
M8	1992 c. 12.

49 De-grouping charges.

- (1) In section 179 of the ^{M9}Taxation of Chargeable Gains Act 1992 (de-grouping charges), after subsection (2) there shall be inserted the following subsections—

“(2A) Where—

- (a) a company that has ceased to be a member of a group of companies (“the first group”) acquired an asset from another company which was a member of that group at the time of the acquisition,
- (b) subsection (2) above applies in the case of that company’s ceasing to be a member of the first group so that subsection (1) above does not have effect as respects the acquisition of that asset,
- (c) the company that made the acquisition subsequently ceases to be a member of another group of companies (“the second group”), and
- (d) there is a connection between the two groups,

subsection (1) above shall have effect in relation to the company’s ceasing to be a member of the second group as if it had been the second group of which both companies had been members at the time of the acquisition.

- (2B) For the purposes of subsection (2A) above there is a connection between the first group and the second group if, at the time when the chargeable company ceases to be a member of the second group, the company which is the principal company of that group is under the control of—

- (a) the company which is the principal company of the first group or, if that group no longer exists, which was the principal company of that group when the chargeable company ceased to be a member of it;
- (b) any company which controls the company mentioned in paragraph (a) above or which has had it under its control at any time in the period since the chargeable company ceased to be a member of the first group; or
- (c) any company which has, at any time in that period, had under its control either—
 - (i) a company which would have fallen within paragraph (b) above if it had continued to exist, or

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(ii) a company which would have fallen within this paragraph (whether by reference to a company which would have fallen within that paragraph or to a company or series of companies falling within this sub-paragraph).”

(2) After subsection (9) of that section there shall be inserted the following subsection—

“(9A) Section 416(2) to (6) of the Taxes Act (meaning of control) shall have effect for the purposes of subsection (2B) above as it has effect for the purposes of Part XI of that Act; but a person carrying on a business of banking shall not for the purposes of that subsection be regarded as having control of any company by reason only of having, or of the consequences of having exercised, any rights of that person in respect of loan capital or debt issued or incurred by the company for money lent by that person to the company in the ordinary course of that business.”

(3) This section has effect in relation to a company in any case in which the time of the company’s ceasing to be a member of the second group is on or after 29th November 1994.

Marginal Citations

M9 1992 c. 12.

[^{F12}50 **Corporate bonds.**

In section 117 of the ^{M10}Taxation of Chargeable Gains Act 1992 (qualifying corporate bonds) the following subsection shall be inserted after subsection (2)—

“(2A) Where it falls to be decided whether at any time on or after 29th November 1994 a security (whenever issued) is a corporate bond for the purposes of this section, a security which falls within paragraph 2(2)(c) of Schedule 11 to the ^{M11}Finance Act 1989 (quoted indexed securities) shall be treated as not being a corporate bond within the definition in subsection (1) above.”]

Textual Amendments

F12 S. 50 repealed (29.4.1996 with effect as mentioned in ss. 80-105 of the amending Act) by 1996 c. 8, s. 205, Sch. 41 Pt. V(3)

Marginal Citations

M10 1992 c. 12.

M11 1989 c. 26.

Insurance companies and friendly societies

^{F13}51 **Companies carrying on life assurance business.**

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995, Part III. (See end of Document for details)

Textual Amendments

F13 S. 51 omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 247\(f\)\(i\)](#)

52 Meaning of “insurance company”.

^{F14}(1)

(2) ^{F15}

(3) ^{F16}

(4) In section 59(3)(b) of the Inheritance Tax Act 1984 (interests of insurance companies acquired before 14th March 1975 to be qualifying interests in possession), for the words from “if” onwards there shall be substituted “if the company is an insurance company (within the meaning of Chapter I of Part XII of the ^{M12}Taxes Act 1988) and either—

(i) is authorised to carry on long term business under section 3 or 4 of the ^{M13}Insurance Companies Act 1982; or

(ii) carries on through a branch or agency in the United Kingdom the whole or any part of any long term business which it is authorised to carry on by an authorisation granted outside the United Kingdom for the purposes of the first long term insurance Directive;

and in paragraph (b) above “long term business” and “the first long term insurance Directive” have the same meanings as in that Act of 1982.”

(5) Subsections (1) to (3) above shall have effect in relation to any accounting period ending after 30th June 1994; and subsection (4) above shall have effect for the purposes of the making, on an anniversary or other occasion after that date, of any charge to tax under section 64 or 65 of the ^{M14}Inheritance Tax Act 1984.

Textual Amendments

F14 S. 52(1) repealed (1.12.2001) by [S.I. 2001/3629](#), [art. 109](#), [Sch.](#)

F15 S. 52(2) repealed (24.7.2002 with effect as mentioned in [Sch. 40 Pt. 3\(10\)](#) Note 2 of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [s.141](#), [Sch.40 Pt. 3\(10\)](#) Note 2

F16 S. 52(3) repealed (24.7.2002 with effect as mentioned in [Sch. 40 Pt. 3](#) Note 2 of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [s.141](#), [Sch.40 Pt. 3\(13\)](#) Note 2

Marginal Citations

M12 1984 c. 51.

M13 1982 c. 50.

M14 1984 c. 51.

53 Transfer of life insurance business.

(1) The amendments specified in Schedule 9 to this Act (which relate to enactments referring to the transfer of the whole or part of the long term business of an insurance company) shall have effect.

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- (2) This section and that Schedule shall have effect in relation to any transfers sanctioned or authorised after 30th June 1994.

54 Friendly societies.

Schedule 10 to this Act (which makes provision about friendly societies) shall have effect.

Insurance policies

55 Qualifying life insurance policies.

- (1) Subject to subsections (2) and (3) below—
- (a) paragraph 21 of Schedule 15 to the Taxes Act 1988 (certification of policies and of standard forms etc.) shall not apply, in relation to any time on or after [^{F17}the appointed date], for determining whether a policy is or would be a qualifying policy at that time; and
 - (b) no certificate may be issued under that paragraph at any time on or after that date except, in the case of a certificate under sub-paragraph (1)(a) of that paragraph, in relation to a time before that date.
- (2) Subsection (1) above shall not affect the right of any person to bring or continue with an appeal under paragraph 21(3) of that Schedule against either a refusal before [^{F17}the appointed date] to certify any policy or a refusal on or after that date to certify any policy in relation to times before that date.
- (3) A certificate issued—
- (a) before [^{F17}the appointed date] in pursuance of paragraph 21(1)(a) of that Schedule, or
 - (b) in pursuance of a determination on an appeal determined after that date by virtue of subsection (2) above,
- shall, in relation to any time on or after that date or, as the case may be, the date on which it is issued, be conclusive evidence that the policy to which it relates is (subject [^{F18}to paragraphs A1(2), B2(2) and B3(3) of that Schedule and] to any variation of the policy) a qualifying policy.
- (4) Paragraph 22 of that Schedule (certificates from body issuing policy) shall cease to have effect in relation to any time on or after [^{F17}the appointed date].
- (5) Paragraph 24 of that Schedule (policies issued by non-resident companies) shall have effect in relation to times on or after [^{F17}the appointed date]—
- (a) with the substitution of the following sub-paragraphs for sub-paragraph (2)—
 - “(2) Subject to section 55(3) of the Finance Act 1995 (transitional provision for the certification of certain policies), a new non-resident policy that falls outside sub-paragraph (2A) below shall not be a qualifying policy until such time as the conditions in sub-paragraph (3) are fulfilled with respect to it.
 - (2A) A policy falls outside this sub-paragraph unless, at the time immediately before [^{F17}the appointed day], it was a qualifying policy

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by virtue of sub-paragraphs (2)(b) and (4) of this paragraph, as they had effect in relation to that time.”; and

(b) with the omission, in sub-paragraph (3), of the word “first” and of sub-paragraph (4).

(6) In paragraph 25 of that Schedule (policies substituted for policies issued by non-resident companies), for sub-paragraph (2) there shall be substituted the following sub-paragraph—

“(2) The modifications are the following—

(a) if, apart from paragraph 24, the old policy or any related policy (within the meaning of paragraph 17(2)(b)) of which account falls to be taken would have been a qualifying policy, that policy shall be assumed to have been a qualifying policy for the purposes of paragraph 17(2); and

(b) if, apart from this paragraph, the new policy would be a qualifying policy, it shall not be such a policy unless the circumstances are as specified in paragraph 17(3); and

(c) in paragraph 17(3)(c) the words “either by a branch or agency of theirs outside the United Kingdom or” shall be omitted;

and references in this sub-paragraph to being a qualifying policy shall have effect, in relation to any time before [^{F17}the appointed date], as including a reference to being capable of being certified as such a policy.”

(7) In paragraph 27(1) of that Schedule, except so far as it has effect for the purposes of any case to which paragraph 21 of that Schedule applies by virtue of the preceding provisions of this section, for “paragraphs 21 and” there shall be substituted “paragraph ”.

^{F19}(8)

[^{F20}(9) In this section “the appointed date” means such date as may be specified for the purpose in an order made by the Board.]

Subordinate Legislation Made

P1 S. 55(9): 6.4.2013 specified as "the appointed date" by [The Finance Act 1995, Section 55 \(Appointed Date\) Order 2013 \(S.I. 2013/759\)](#), art. 2

Textual Amendments

F17 Words in s. 55(1)(a)(2)(3)(a)(4)(5)(a)(6) substituted (29.4.1996) by [1996 c. 8, s. 162\(1\)\(a\)](#)

F18 Words in s. 55 inserted (retrospective to 6.4.2013) by [Finance Act 2013 \(c. 29\), Sch. 9 para. 6\(1\)\(2\)](#)

F19 S. 55(8) omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 17\(d\)](#)

F20 S. 55(9) inserted (29.4.1996) by [1996 c. 8, s. 162\(1\)\(b\)](#)

^{F21}**56 Foreign life policies etc.**

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995, Part III. (See end of Document for details)

Textual Amendments

F21 S. 56 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), Sch. 1 para. 476, [Sch. 3](#) (with [Sch. 2](#))

F22 **57 Duties of insurers in relation to life policies etc.**

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Textual Amendments

F22 S. 57 repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\)](#), s. 3(2), [Sch. 1 Pt. 10](#) Group 1

Pensions

F23 **58 Personal pensions: income withdrawals.**

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Textual Amendments

F23 Ss. 58-61 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

F23 **59 Pensions: meaning of insurance company etc.**

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Textual Amendments

F23 Ss. 58-61 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

F23 **60 Application of section 59.**

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Textual Amendments

F23 Ss. 58-61 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

F23 **61 Cessation of approval of certain retirement benefits schemes.**

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Textual Amendments

F23 Ss. 58-61 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

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for the Finance Act 1995, Part III. (See end of Document for details)*

Saving and investment: general

F24 62 Follow-up TESSAs.

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Textual Amendments

F24 S. 62 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 3** (with [Sch. 2](#))

F25 63 TESSAs: European institutions.

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Textual Amendments

F25 S. 63 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 3** (with [Sch. 2](#))

F26 64 Personal equity plans: tax representatives.

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Textual Amendments

F26 S. 64 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 3** (with [Sch. 2](#))

F27 65 Contractual savings schemes.

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Textual Amendments

F27 S. 65 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 3** (with [Sch. 2](#))

F28 66 Enterprise investment scheme: ICTA amendments.

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Textual Amendments

F28 S. 66 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 2** (with [Sch. 2](#))

*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 1995, Part III. (See end of Document for details)*

67 Enterprise investment scheme: TCGA amendments.

Schedule 13 to this Act (which contains amendments relating to chargeable gains as regards the enterprise investment scheme) shall have effect.

68 Business expansion scheme: ICTA amendments

(1) Chapter III of Part VII of the Taxes Act 1988 as it has effect in relation to shares issued before 1st January 1994 (the business expansion scheme) shall be amended as follows.

(2) In section 289 (the relief) the following subsection shall be inserted after subsection (12) (which defines “the relevant period” for the purposes of the Chapter)

—

“(12A) In arriving at the relevant period for the purposes of sections 294 to 296 any time falling on or after 29th November 1994 shall be ignored; and subsection (12) above shall have effect subject to the preceding provisions of this subsection.”

(3) In section 305 (reorganisation of share capital) the following subsections shall be inserted after subsection (4)—

“(5) Subsection (2) above shall not apply where the reorganisation occurs on or after 29th November 1994.

(6) Subsection (2) above shall not apply by virtue of subsection (3) above where the rights are disposed of on or after 29th November 1994.”

69 Business expansion scheme: TCGA amendments.

In section 150 of the ^{M15}Taxation of Chargeable Gains Act 1992 (business expansion schemes) the following subsections shall be inserted after subsection (8) (which disapplies provisions about exchanges, reconstructions or amalgamations in certain circumstances)—

“(8A) Subsection (8) above shall not have effect to disapply section 135 or 136 where—

- (a) the new holding consists of new ordinary shares carrying no present or future preferential right to dividends or to a company’s assets on its winding up and no present or future preferential right to be redeemed,
- (b) the new shares are issued on or after 29th November 1994 and after the end of the relevant period, and
- (c) the condition in subsection (8B) below is fulfilled.

(8B) The condition is that at some time before the issue of the new shares—

- (a) the company issuing them issued eligible shares, and
- (b) a certificate in relation to those eligible shares was issued by the company for the purposes of subsection (2) of section 306 of the Taxes Act and in accordance with that section.

(8C) In subsection (8A) above—

- (a) “new holding” shall be construed in accordance with sections 126, 127, 135 and 136;

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- (b) “relevant period” means the period found by applying section 289(12)(a) of the Taxes Act by reference to the company issuing the shares referred to in subsection (8) above and by reference to those shares.”

Marginal Citations

M15 1992 c. 12.

Venture capital trusts

F2970 Approval of companies as trusts.

.....

Textual Amendments

F29 S. 70 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F3071 Income tax relief.

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Textual Amendments

F30 S. 71 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

72 Capital gains.

- (1) The ^{M16}Taxation of Chargeable Gains Act 1992 shall be amended as follows.
- (2) In section 100(1) (exemption from charge for gains accruing to authorised unit trusts, investment trusts etc.), after “investment trust” there shall be inserted “ a venture capital trust ”.
- (3) In Chapter III of Part IV (miscellaneous provisions relating to securities), after section 151 there shall be inserted the following sections—

“151A Venture capital trusts: reliefs.

- (1) A gain or loss accruing to an individual on a qualifying disposal of any ordinary shares in a company which—
 - (a) was a venture capital trust at the time when he acquired the shares, and
 - (b) is still such a trust at the time of the disposal,
shall not be a chargeable gain or, as the case may be, an allowable loss.
- (2) For the purposes of this section a disposal of shares is a qualifying disposal in so far as—
 - (a) it is made by an individual who has attained the age of eighteen years;

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- (b) the shares disposed of were not acquired in excess of the permitted maximum for any year of assessment; and
 - (c) that individual acquired those shares 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.
- (3) Schedule 5C shall have effect for providing relief in respect of gains invested in venture capital trusts.
- (4) In determining for the purposes of this section whether a disposal by any person of shares in a venture capital trust relates to shares acquired in excess of the permitted maximum for any year of assessment, it shall be assumed (subject to subsection (5) below)—
 - (a) as between shares acquired by the same person on different days, that those acquired on an earlier day are disposed of by that person before those acquired on a later day; and
 - (b) as between shares acquired by the same person on the same day, that those acquired in excess of the permitted maximum are disposed of by that person before he disposes of any other shares acquired on that day.
- (5) It shall be assumed for the purposes of subsection (1) above that a person who disposes of shares in a venture capital trust disposes of shares acquired at a time when it was not such a trust before he disposes of any other shares in that trust.
- (6) References in this section to shares in a venture capital trust acquired in excess of the permitted maximum for any year of assessment shall be construed in accordance with the provisions of Part II of Schedule 15B to the Taxes Act; and the provisions of that Part of that Schedule shall apply (with subsections (4) and (5) above) for identifying the shares which are, in any case, to be treated as representing shares acquired in excess of the permitted maximum.
- (7) In this section and section 151B “ordinary shares”, in relation to a company, means any shares forming part of the company’s ordinary share capital (within the meaning of the Taxes Act).

151B Venture capital trusts: supplementary.

- (1) Sections 104, 105 and 107 shall not apply to any shares in a venture capital trust which are eligible for relief under section 151A(1).
- (2) Subject to the following provisions of this section, where—
 - (a) an individual holds any ordinary shares in a venture capital trust,
 - (b) some of those shares fall within one of the paragraphs of subsection (3) below, and
 - (c) others of those shares fall within at least one other of those paragraphs,then, if there is within the meaning of section 126 a reorganisation affecting those shares, section 127 shall apply separately in relation to the shares (if any) falling within each of the paragraphs of that subsection (so that shares of each kind are treated as a separate holding of original shares and identified with a separate new holding).

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- (3) The kinds of shares referred to in subsection (2) above are—
- (a) any shares in a venture capital trust which are eligible for relief under section 151A(1) and by reference to which any person has been given or is entitled to claim relief under Part I of Schedule 15B to the Taxes Act;
 - (b) any shares in a venture capital trust which are eligible for relief under section 151A(1) but by reference to which no person has been given, or is entitled to claim, any relief under that Part of that Schedule;
 - (c) any shares in a venture capital trust by reference to which any person has been given, or is entitled to claim, any relief under that Part of that Schedule but which are not shares that are eligible for relief under section 151A(1); and
 - (d) any shares in a venture capital trust that do not fall within any of paragraphs (a) to (c) above.
- (4) Where—
- (a) an individual holds ordinary shares in a company (“the existing holding”),
 - (b) there is, by virtue of any such allotment for payment as is mentioned in section 126(2)(a), a reorganisation affecting the existing holding, and
 - (c) immediately following the reorganisation, the shares or the allotted holding are shares falling within any of paragraphs (a) to (c) of subsection (3) above,
- sections 127 to 130 shall not apply in relation to the existing holding.
- (5) Sections 135 and 136 shall not apply where—
- (a) the exchanged holding consists of shares falling within paragraph (a) or (b) of subsection (3) above; and
 - (b) that for which the exchanged holding is or is treated as exchanged does not consist of ordinary shares in a venture capital trust.
- (6) Where—
- (a) the approval of any company as a venture capital trust is withdrawn, and
 - (b) the withdrawal of the approval is not one to which section 842AA(8) of the Taxes Act applies,
- any person who at the time when the withdrawal takes effect is holding shares in that company which (apart from the withdrawal) would be eligible for relief under section 151A(1) shall be deemed for the purposes of this Act, at that time, to have disposed of and immediately re-acquired those shares for a consideration equal to their market value at that time.
- (7) The disposal that is deemed to take place by virtue of subsection (6) above shall be deemed for the purposes of section 151A to take place while the company is still a venture capital trust; but, for the purpose of applying sections 104, 105 and 107 to the shares that are deemed to be re-acquired, it shall be assumed that the re-acquisition for which that subsection provides takes place immediately after the company ceases to be such a trust.
- (8) For the purposes of this section—

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- (a) shares are eligible for relief under section 151A(1) at any time when they are held by an individual whose disposal of the shares at that time would (on the assumption, where it is not the case, that the individual attained the age of eighteen years before that time) be a disposal to which section 151A(1) would apply; and
 - (b) shares shall not, in relation to any time, be treated as shares by reference to which relief has been given under Part I of Schedule 15B to the Taxes Act if that time falls after—
 - (i) any relief given by reference to those shares has been reduced or withdrawn,
 - (ii) any chargeable event (within the meaning of Schedule 5C) has occurred in relation to those shares, or
 - (iii) the death of a person who held those shares immediately before his death;
- and
- (c) the references, in relation to sections 135 and 136, to the exchanged holding is a reference to the shares in company B or, as the case may be, to the shares or debentures in respect of which shares or debentures are issued under the arrangement in question.”

^{F31}(4)

- (5) In section 257(1) (gifts to charities etc.), after paragraph (b) there shall be inserted—
“and the disposal is not one in relation to which section 151A(1) has effect.”

^{F32}(6)

- (7) In section 288(1) (interpretation), after the definition of “trading stock” there shall be inserted the following definition—
““venture capital trust” has the meaning given by section 842AA of the Taxes Act;”.
- (8) Subsection (2) above shall have effect in relation to gains accruing on or after 6th April 1995 and the other provisions of this section have effect for the year 1995-96 and subsequent years of assessment.

Textual Amendments

- F31** S. 72(4) repealed (with effect in accordance with Sch. 19 para. 7 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(13\)](#)
- F32** S. 72(6) repealed (with effect in accordance with Sch. 21 para. 10(8) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(14\)](#)

Marginal Citations

- M16** 1992 c. 12.

^{F33}**73 Regulations.**
.....

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995, Part III. (See end of Document for details)

Textual Amendments

F33 S. 73 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), Sch. 1 para. 365, **Sch. 3 Pt. 1** (with [Sch. 2](#))

Settlements and estates

74 Settlements: liability of settlor.

- (1) Schedule 17 to this Act has effect with respect to settlements and the liability of the settlor, as follows—
 - Part I inserts new provisions in place of sections 660 to 676 and 683 to 685 of the Taxes Act 1988,
 - Part II makes minor and consequential amendments of that Act, and
 - Part III contains consequential amendments of other enactments.
- (2) The amendments made by Schedule 17 have effect for the year 1995-96 and subsequent years of assessment and apply to every settlement, wherever and whenever it was made or entered into.

75 Deceased persons’ estates: taxation of beneficiaries.

Part XVI of the Taxes Act 1988 (deceased persons’ estates) shall have effect with the amendments specified in Schedule 18 to this Act.

76 Untaxed income of a deceased person’s estate.

- F³⁴(1)
- F³⁵(2)
- F³⁵(3)
- F³⁶(4)
- F³⁶(5)
- F³⁶(6)

Textual Amendments

F34 S. 76(1) repealed (31.7.1997 with effect as mentioned in s. 36 and [Sch. 6](#) of the amending Act) by [1997 c. 58, s. 52, Sch. 8 Pt. II\(11\)](#) Note (with s. 3(3))

F35 S. 76(2)(3) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 3** (with [Sch. 2](#))

F36 S. 76(4)-(6) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995, Part III. (See end of Document for details)

Securities

^{F37}77 **Interest on gilt-edged securities payable without deduction of tax.**

Textual Amendments

F37 S. 77 repealed (31.7.1997 with effect as mentioned in Sch. 8 Pt. II(13) Note of the amending Act) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(13)** (with s. 3(3))

^{F38}78 **Periodic accounting for tax on interest on gilt-edged securities.**

- (1) After the section 51A of the Taxes Act 1988 inserted by section 77 above there shall be inserted the following section—

“ **Periodic accounting for tax on interest on gilt-edged securities.**

- (1) The Treasury may by regulations provide for persons to whom payments of interest on relevant gilt-edged securities are made without deduction of tax to be required to make periodic returns to an officer of the Board of—
- (a) amounts of any payments of such interest made to that person, and
 - (b) amounts of tax for which, assuming the payments to bear tax at the basic rate for the relevant year of assessment, that person is to be accountable under the regulations in respect of those payments;
- and any such regulations may further provide for the amounts of tax required to be included in any such return to become due, at the time when the return is required to be made, from the person required to make it.
- (2) Regulations made by the Treasury for the purposes of this section may—
- (a) specify such periods as the Treasury may consider appropriate as the periods for which returns are to be made, and in respect of which any person is to account for tax, under the regulations;
 - (b) make provision for enabling returns under the regulations to be combined with returns under Schedule 16 and for requiring particulars of claims and calculations made for the purposes of the regulations to be set out in the returns;
 - (c) provide, in respect of any period for which a return is to be made by any person under the regulations, for that person to be obliged, before the end of the period, to make a payment on account of amounts that may become due from him in respect of that period;
 - (d) impose a requirement for a special return to be made for the purposes of any obligation imposed by virtue of paragraph (c) above;
 - (e) provide for the amount which, under the regulations, is to be due from any person in respect of any period to be reduced by reference to amounts which—
 - (i) are paid by or on behalf of that person under contracts or arrangements relating to transfers of gilt-edged securities;and

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- (ii) are or fall to be treated as representative of interest on those securities;
 - (f) authorise amounts in respect of which there is an obligation to account for tax under the regulations to be treated for specified purposes of the Tax Acts as payments on which a person has borne income tax by deduction;
 - (g) make provision for the assessment of amounts due under the regulations and for the repayment in specified circumstances of amounts paid under the regulations;
 - (h) make provision for interest to be payable, at such rate as may be determined by or under the regulations, on amounts that have become due under the regulations but have not been paid;
 - (i) make provision, where payments of interest on any relevant gilt-edged securities would be comprised in the income of a member of Lloyd's, for obligations that may be imposed by regulations under this section on the person to whom the interest is paid to be imposed, instead, on such other person as may be described in the regulations.
- (3) Regulations made by the Treasury for the purposes of this section may—
- (a) include provision which for the purposes of the regulations makes any provision corresponding, with or without modifications, to any of the provisions of Schedule 16;
 - (b) make provision modifying the operation of Schedule 19AB in relation to cases where payments of interest on relevant gilt-edged securities are made without deduction of tax to companies carrying on pension business;
 - (c) include provision which requires obligations and liabilities under the regulations to be treated as obligations and liabilities to which provisions of Schedule 23 to the Finance Act 1995 (UK representatives) apply; and
 - (d) include provision which, for any of the purposes of the regulations, applies provisions of sections 126 and 127 of, and Schedule 23 to, that Act in relation to times before those provisions otherwise come into force.
- (4) Regulations made by the Treasury for the purposes of this section may—
- (a) make different provision for different cases; and
 - (b) contain such supplementary, incidental, consequential and transitional provision as appears to the Treasury to be appropriate;
- and subsection (3) of section 178 of the ^{M17}Finance Act 1989 (extent of powers to set rates of interest) shall apply for the purposes of the power conferred by virtue of subsection (2)(h) above as it applies for the purposes of the power to make regulations under that section.
- (5) In this section “relevant gilt-edged securities” means securities which are gilt-edged securities within the meaning of section 51A, other than any to which a direction of the Treasury under section 50 relates.
- (6) In this section “relevant year of assessment”—
- (a) in relation to a manufactured payment, means the year of assessment in which it is received by the person to whom it is paid; and

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(b) in relation to any other payment of interest, means the year of assessment in which the payment is made;
and in this subsection “manufactured payment” means any payment which for the purposes of Schedule 23A is a payment of manufactured interest.”

(2) In the Table in section 98 of the Management Act (penalties in respect of certain information provisions), immediately before the entry in the second column relating to section 124(3) of the Taxes Act 1988 there shall be inserted the following entry—

“regulations under section 51B;”.]

Textual Amendments

F38 S. 78 repealed (31.7.1998 with effect as mentioned in s. 37(3) of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(3) Note

Marginal Citations

M17 1989 c. 26.

F39 **79 Sale and repurchase of securities: exclusion from accrued income scheme.**

Textual Amendments

F39 S. 79 repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), Sch. 3 Pt. 1 (with Sch. 2)

80 Treatment of price differential on sale and repurchase of securities.

^{F40}(1)

[^{F41}(2) In section 729 of that Act (sale and repurchase of securities), after subsection (5) there shall be inserted the following subsection—

“(5A) This section shall not apply where section 737A applies; and this section shall be disregarded in determining whether the condition in subsection (2)(b) of that section is fulfilled in any case.”]

^{F42}(3)

(4) After section 263 of the ^{M18}Taxation of Chargeable Gains Act 1992 there shall be inserted the following section—

“263A Agreements for sale and repurchase of securities.

(1) Subject to subsections (2) to (4) below, in any case falling within subsection (1) of section 730A of the Taxes Act (treatment of price differential on sale and repurchase of securities) and in any case which would fall within that subsection if the sale price and the repurchase price were different—

(a) the acquisition of the securities in question by the interim holder and the disposal of those securities by him to the repurchaser, and

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- (b) except where the repurchaser is or may be different from the original owner, the disposal of those securities by the original owner and any acquisition of those securities by the original owner as the repurchaser,

shall be disregarded for the purposes of capital gains tax.

- (2) Subsection (1) above does not apply in any case where the repurchase price of the securities in question falls to be calculated for the purposes of section 730A of the Taxes Act by reference to provisions of section 737C of that Act that are not in force in relation to those securities when the repurchase price becomes due.
- (3) Subsection (1) above does not apply if—
 - (a) the agreement or agreements under which provision is made for the sale and repurchase are not such as would be entered into by persons dealing with each other at arm’s length; or
 - (b) any of the benefits or risks arising from fluctuations, before the repurchase takes place, in the market value of the securities sold accrues to, or falls on, the interim holder.
- (4) Subsection (1) above does not apply in relation to any disposal or acquisition of qualifying corporate bonds in a case where the securities disposed of by the original owner or those acquired by him, or by any other person, as the repurchaser are not such bonds.
- (5) Expressions used in this section and in section 730A of the Taxes Act have the same meanings in this section as in that section.”

- (5) This section shall have effect where the agreement to sell the securities is entered into on or after the date on which this Act is passed.

Textual Amendments

F40 S. 80(1) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

F41 S. 80(2) repealed (29.4.1996 with effect as mentioned in s. 159(1) of the amending Act) by [1996 c. 8, s. 205](#), [Sch. 41 Pt. V\(21\)](#) Note 1

F42 S. 80(3) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

Marginal Citations

M18 [1992 c. 12](#).

^{F43}**81** **Manufactured interest payments: exclusion from bond-washing provisions.**

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Textual Amendments

F43 S. 81 omitted (with effect in accordance with s. 66(8) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [s. 66\(4\)\(f\)](#)

^{F44}**82**

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Textual Amendments

F44 S. 82 repealed (19.3.1997 with effect as mentioned in Sch. 10 para. 7(1) of the amending Act) by 1997 c. 16, ss. 76, 113, Sch. 18 Pt. VI(10) Note 1; S.I. 1997/991, art. 2

83 Power to make special provision for special cases.

^{F45}(1)

(2) In section 182(1) of the ^{M19}Finance Act 1993 and section 229 of the ^{M20}Finance Act 1994 (powers to modify provisions relating to Lloyd’s), the following paragraph shall be inserted, in each case, after paragraph (c)—

“(ca) for modifying the application of this Chapter in relation to cases where assets forming part of a premiums trust fund are the subject of—

- (i) any such arrangement as is mentioned in section 129(1), (2) or (2A) of the Taxes Act 1988 (stock lending etc.); or
- (ii) any such arrangements or agreements as are mentioned in section 737E(2) and (8) of the Taxes Act 1988 (sale and repurchase of securities etc.);”.

Textual Amendments

F45 S. 83(1) omitted (21.7.2008) by virtue of Finance Act 2008 (c. 9), Sch. 17 para. 35(2)(a)

Marginal Citations

M19 1993 c. 34.

M20 1994 c. 9.

^{F46}**84**

Textual Amendments

F46 S. 84 repealed (19.3.1997 with effect as mentioned in Sch. 10 para. 7(1) of the amending Act) by 1997 c. 16, ss. 76, 113, Sch. 18 Pt. VI(10) Note 1; S.I. 1997/991, art. 2

^{F47}**85**

Textual Amendments

F47 S. 85 repealed (19.3.1997 with effect as mentioned in Sch. 10 para. 7(1) of the amending Act) by 1997 c. 16, ss. 76, 113, Sch. 18 Pt. VI(10) Note 1; S.I. 1997/991, art. 2

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Interest

F⁴⁸86 Deduction of tax from interest on deposits.

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Textual Amendments

F48 S. 86 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F⁴⁹87 Interest payments deemed to be distributions.

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Textual Amendments

F49 S. 87 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Debts

[F⁵⁰88 Generalisation of ss.63 to 66 of Finance Act 1993.

- (1) In sections 63 to 66 of the ^{M21}Finance Act 1993 (deemed periodic disposal of certain debts), for “the resident company”, wherever occurring, substitute “ the creditor company ”.
- (2) After section 62 of that Act insert—

“ Application of sections 63 to 66: supplementary.

In sections 63 to 66 below as they apply by virtue of section 61 above—

- (a) “the creditor company” means the company identified in subsection (1) of that section as the person entitled to the debt (referred to there as “the resident company”); and
 - (b) “the commencement date” means 1st April 1993.”.
- (3) In section 63 of that Act, omit subsection (12) (meaning of “commencement date”).
 - (4) The above amendments shall be deemed always to have had effect.
 - (5) Anything done before the passing of this Act under or by reference to the provisions of sections 63 to 66 of the Finance Act 1993 as originally enacted shall have effect as if done under or by reference to those provisions as amended by this section.]

Textual Amendments

F50 S. 88 repealed (29.4.1996 with effect as mentioned in [ss. 80-105](#) of the amending Act) by [1996 c. 8](#), s. 205, [Sch. 41 Pt. V\(3\)](#) Note

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995, Part III. (See end of Document for details)

Marginal Citations

M21 1993 c. 34.

[^{F51}89] Application of ss.63 to 66 to debts held by associates of banks.

- (1) A debt is a qualifying debt for the purposes of sections 63 to 66 of the ^{M22}Finance Act 1993 (deemed periodic disposal of certain debts) at any time if, at that time, the person entitled to the debt is a company which—
 - (a) is resident in the United Kingdom, and
 - (b) is an associated company of a company (whether or not itself resident in the United Kingdom) which carries on a banking business in the United Kingdom, and the debt is not an exempted debt as defined by the following provisions.
- (2) A debt is an exempted debt for those purposes at any time if at that time it is held by the company entitled to it for the purposes of long term insurance business.
- (3) A debt is an exempted debt for those purposes at any time if each of the first, second and third conditions mentioned below—
 - (a) is fulfilled at that time,
 - (b) has been fulfilled throughout so much of the period of the debt as falls before that time, and
 - (c) is likely to be fulfilled throughout so much of that period as falls after that time.
- (4) The first condition is that the terms of the debt provide that any interest carried by it shall be at a rate which falls into one, and one only, of the following categories—
 - (a) a fixed rate which is the same throughout the period of the debt,
 - (b) a rate which bears to a standard published rate the same fixed relationship throughout that period, and
 - (c) a rate which bears to a published index of prices the same fixed relationship throughout that period.
- (5) The second condition is that those terms provide for any such interest to be payable as it accrues at intervals of 12 months or less.
- (6) The third condition is that the terms of the debt are not such—
 - (a) in the case of a debt on a security, that the security is a deep discount or deep gain security, or
 - (b) in any other case, that if the debt were a debt on a security it would be a deep discount or deep gain security.

In this subsection “deep discount security” has the same meaning as in Schedule 4 to the Taxes Act 1988 and “deep gain security” has the same meaning as in Schedule 11 to the ^{M23}Finance Act 1989, disregarding paragraph 1(4)(c) of that Schedule.

- (7) In this section—

“associated company” shall be construed in accordance with section 416 of the Taxes Act 1988;

“long term insurance business” means insurance business of any of the classes specified in Schedule 1 to the ^{M24}Insurance Companies Act 1982; and

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“published index of prices” means the retail prices index or any similar general index of prices which is published by, or by an agent of, the government of any territory outside the United Kingdom.

- (8) In sections 63 to 66 of the ^{M25}Finance Act 1993 as they apply by virtue of this section “the creditor company” means the company identified in subsection (1) above as the person entitled to the debt.
- (9) In sections 63 to 66 of the ^{M26}Finance Act 1993 as they apply by virtue of this section “the commencement date” means—
- (a) in relation to a debt not falling within subsection (10) below, 29th November 1994; and
 - (b) in relation to a debt falling within that subsection, 1st April 1996.
- (10) A debt falls within this subsection if the person liable for it is—
- (a) an institution which is a higher education institution for the purposes of section 65 of the Further and Higher Education Act 1992 or Article 30 of the ^{M27}Education and Libraries (Northern Ireland) Order 1993,
 - (b) an institution which is an institution within the higher education sector for the purposes of the ^{M28}Further and Higher Education (Scotland) Act 1992, or
 - (c) a registered housing association within the meaning of the Housing Associations Act 1985 or Part II of the ^{M29}Housing (Northern Ireland) Order 1992,

and that person was so liable at the end of 28th November 1994.]

Textual Amendments

F51 S. 89 repealed (29.4.1996 with effect as mentioned in ss. 80-105 of the amending Act) by 1996 c. 8, s. 205, Sch. 41 Pt. V(3) Note

Marginal Citations

M22 1993 c. 34.
M23 1989 c. 26.
M24 1982 c. 50.
M25 1993 c. 34.
M26 1993 c. 34.
M27 1992 c. 13.
M28 1992 c. 37.
M29 1985 c. 69.

Reliefs

^{F52}90 Relief for post-cessation expenditure.

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Textual Amendments

F52 S. 90 repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), Sch. 1 para. 366, Sch. 3 Pt. 1 (with Sch. 2)

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995, Part III. (See end of Document for details)

F⁵³91 Employee liabilities and indemnity insurance.

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Textual Amendments

F53 Ss. 91-93 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))

F⁵³92 Post-employment deductions.

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Textual Amendments

F53 Ss. 91-93 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))

F⁵³93 Incidental overnight expenses etc.

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Textual Amendments

F53 Ss. 91-93 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))

Capital allowances: ships

F⁵⁴94

Textual Amendments

F54 S. 94 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by [2001 c. 2](#), ss. 579(1), 580, **Sch. 4**

F⁵⁵95

Textual Amendments

F55 S. 95 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by [2001 c. 2](#), ss. 579(1), 580, **Sch. 4**

F⁵⁶96

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995, Part III. (See end of Document for details)

Textual Amendments

F56 S. 96 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 579(1), 580, **Sch. 4**

F57⁹⁷

Textual Amendments

F57 S. 97 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 579(1), 580, **Sch. 4**

F58⁹⁸

Textual Amendments

F58 S. 98 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 579(1), 580, **Sch. 4**

Capital allowances: other provisions

F59⁹⁹

Textual Amendments

F59 S. 99 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 579(1), 580, **Sch. 4**

F60¹⁰⁰

Textual Amendments

F60 S. 98 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 579(1), 580, **Sch. 4**

F61¹⁰¹

Textual Amendments

F61 S. 98 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, ss. 579(1), 580, **Sch. 4**

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102 Commencement of certain provisions.

- (1) Chapter IV of Part IV of the ^{M30}Finance Act 1994 (changes for facilitating self-assessment) shall be deemed to have been enacted with the following modification.
- (2) In section 218 (commencement etc. of Chapter IV, sections 213(4) and (8) and 214(4) and (6) of which relate to capital allowances) the following subsection shall be inserted after subsection (1)—
 - “(1A) In a case where—
 - (a) a trade is set up and commenced by a company, and
 - (b) it is not set up and commenced before 6th April 1994,sections 213(4) and (8) and 214(4) and (6) have effect only if it is set up and commenced on or after 6th April 1995.”

Marginal Citations

M30 1994 c. 9.

Management: self-assessment etc.

103 Liability of trustees.

- (1) In subsection (2) of section 7 of the Management Act (notice of liability)—
 - (a) for the words “a person who is” there shall be substituted the words “ persons who are ”; and
 - (b) for the words “a trustee” there shall be substituted the words “ the relevant trustees ”.
- (2) After subsection (8) of that section there shall be inserted the following subsection—
 - “(9) For the purposes of this Act the relevant trustees of a settlement are—
 - (a) in relation to income, the persons who are trustees when the income arises and any persons who subsequently become trustees; and
 - (b) in relation to chargeable gains, the persons who are trustees in the year of assessment in which the chargeable gains accrue and any persons who subsequently become trustees.”
- (3) In subsection (1) of section 8A of that Act (trustee’s return)—
 - (a) for the words “a trustee” there shall be substituted the words “ the relevant trustees ”; and
 - (b) for the words “the trustee”, in the first place where they occur, there shall be substituted the words “ any relevant trustee ”.
- (4) After subsection (4) of that section there shall be inserted the following subsection—
 - “(5) The following references, namely—
 - (a) references in section 9 or 28C of this Act to a person to whom a notice has been given under this section being chargeable to tax; and
 - (b) references in section 29 of this Act to such a person being assessed to tax,

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shall be construed as references to the relevant trustees of the settlement being so chargeable or, as the case may be, being so assessed.”

- (5) At the beginning of Part XI of that Act (miscellaneous and supplemental) there shall be inserted the following section—

“ Settlements

107A Relevant trustees.

- (1) Subject to the following provisions of this section, anything which for the purposes of this Act is done at any time by or in relation to any one or more of the relevant trustees of a settlement shall be treated for those purposes as done at that time by or in relation to the other or others of those trustees.
- (2) Subject to subsection (3) below, where the relevant trustees of a settlement are liable—
 - (a) to a penalty under section 7, 12B, 93, 95 or 97AA of this Act or paragraph 2A of Schedule 1A to this Act, or to interest under section 103A of this Act on such a penalty;
 - (b) to make a payment in accordance with an assessment under section 30 of this Act, or to make a payment under section 59A or 59B of this Act;
 - (c) to a surcharge under section 59C of this Act, or to interest under that section on such a surcharge; or
 - (d) to interest under section 86 of this Act,

the penalty, interest, payment or surcharge may be recovered (but only once) from any one or more of those trustees.
- (3) No amount may be recovered by virtue of subsection (2)(a) or (c) above from a person who did not become a relevant trustee until after the relevant time, that is to say—
 - (a) in relation to so much of a penalty under section 93(3) or 97AA(1)(b) of this Act as is payable in respect of any day, or to interest under section 103A of this Act on so much of such a penalty as is so payable, the beginning of that day;
 - (b) in relation to a penalty under any other provision of this Act mentioned in subsection (2)(a) above, or to interest under section 103A of this Act on such a penalty, the time when the relevant act or omission occurred; and
 - (c) in relation to a surcharge under subsection (2) or (3) of section 59C of this Act, or to interest under that section on such a surcharge, the beginning of the day mentioned in that subsection;

and in paragraph (b) above “the relevant act or omission” means the act or omission which caused the penalty to become payable.
- (4) In a case where—
 - (a) subsection (2)(a) above applies in relation to a penalty under section 93 of this Act, or
 - (b) subsection (2)(c) above applies in relation to a surcharge under section 59C of this Act,

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subsection (8) of section 93 or, as the case may be, subsection (9) of section 59C of this Act shall have effect as if the reference to the taxpayer were a reference to each of the relevant trustees.”

- (6) In section 118 of that Act (interpretation), after the definition of “the principal Act” there shall be inserted the following definition—

““the relevant trustees”, in relation to a settlement, shall be construed in accordance with section 7(9) of this Act.”

- (7) Unless the contrary intention appears, this section, sections 104 to 115 below and Schedule 20 to this Act—

- (a) so far as they relate to income tax and capital gains tax, have effect as respects the year 1996-97 and subsequent years of assessment, and
- (b) so far as they relate to corporation tax, have effect as respects accounting periods ending on or after the appointed day for the purposes of Chapter III of Part IV of the ^{M31}Finance Act 1994.

Marginal Citations

M31 1994 c. 9.

104 Returns and self-assessments.

- (1) In each of the following, namely—

- (a) subsection (1A) of section 8 of the Management Act (personal return); and
- (b) subsection (1A) of section 8A of that Act (trustee’s return),

there shall be inserted at the end the words “ and the amounts referred to in that subsection are net amounts, that is to say, amounts which take into account any relief, allowance or repayment of tax for which a claim is made and give credit for any income tax deducted at source and any tax credit to which section 231 of the principal Act applies ”.

- (2) In subsection (1B) of section 8 of that Act, for the word “loss” there shall be substituted the words “ loss, tax, credit ”.

- (3) After subsection (4) of that section there shall be inserted the following subsection—

“(5) In this section and sections 8A, 9 and 12AA of this Act, any reference to income tax deducted at source is a reference to income tax deducted or treated as deducted from any income or treated as paid on any income.”

- (4) In subsection (1) of section 9 of that Act (returns to include self-assessment), for the words “on the basis of the information contained in the return” there shall be substituted the following paragraphs—

- “(a) on the basis of the information contained in the return; and
- (b) taking into account any relief, allowance or repayment of tax a claim for which is included in the return and giving credit for any income tax deducted at source and any tax credit to which section 231 of the principal Act applies.”.

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- [^{F62}(5) In subsection (1) of section 11AA of that Act (return of profits to include self-assessment), for the words “on the basis of the information contained in the return” there shall be substituted the following paragraphs—
- “(a) on the basis of the information contained in the return; and
 - (b) taking into account any relief, allowance or repayment of tax a claim for which is included in the return.”.]
- (6) For subsection (1) of section 12AA of that Act (partnership return) there shall be substituted the following subsections—
- “(1) Where a trade, profession or business is carried on by two or more persons in partnership, for the purpose of facilitating the establishment of the following amounts, namely—
 - (a) the amount in which each partner chargeable to income tax for any year of assessment is so chargeable, and
 - (b) the amount in which each partner chargeable to corporation tax for any period is so chargeable,
an officer of the Board may act under subsection (2) or (3) below (or both).
 - (1A) The amounts referred to in paragraphs (a) and (b) of subsection (1) above are net amounts, that is to say, amounts which—
 - (a) take into account any relief, allowance or repayment of tax for which a claim is made; and
 - (b) in the case of the amount referred to in paragraph (a) of that subsection, give credit for any income tax deducted at source and any tax credit to which section 231 of the principal Act applies.”
- (7) For subsection (1) of section 12AB of that Act (partnership return to include partnership statement) there shall be substituted the following subsection—
- “(1) Every return under section 12AA of this Act shall include a statement (a partnership statement) of the following amounts, namely—
 - (a) in the case of each period of account ending within the period in respect of which the return is made—
 - (i) the amount of income or loss from each source which, on the basis of the information contained in the return and taking into account any relief or allowance a section 42(7) claim for which is included in the return, has accrued to or has been sustained by the partnership for that period,
 - (ii) each amount of income tax which, on that basis, has been deducted or treated as deducted from any income of the partnership, or treated as paid on any such income, for that period,
 - (iii) the amount of each tax credit which, on that basis, has accrued to the partnership for that period, and
 - (iv) the amount of each charge which, on that basis, was a charge on the income of the partnership for that period; and
 - (b) in the case of each such period and each of the partners, the amount which, on that basis and (where applicable) taking into account any such relief or allowance, is equal to his share of that income, loss, tax, credit or charge.”

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(8) In subsection (5) of that section, after the definition of “period of account” there shall be inserted the following definitions—

““section 42(7) claim” means a claim under any of the provisions mentioned in section 42(7) of this Act;

“tax credit” means a tax credit to which section 231 of the principal Act applies.”

Textual Amendments

F62 S. 104(5) repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(28) Note of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(28) Note; S.I. 1998/3173, art. 2

105 Records for purposes of returns.

(1) In subsection (1) of section 12B of the Management Act (records to be kept for purposes of returns), for paragraph (b) there shall be substituted the following paragraph—

“(b) preserve those records until the end of the relevant day, that is to say, the day mentioned in subsection (2) below or, where a return is required by a notice given on or before that day, whichever of that day and the following is the latest, namely—

(i) where enquiries into the return or any amendment of the return are made by an officer of the Board, the day on which, by virtue of section 28A(5) or 28B(5) of this Act, those enquiries are treated as completed; and

(ii) where no enquiries into the return or any amendment of the return are so made, the day on which such an officer no longer has power to make such enquiries.”

(2) In subsection (2) of that section, the words from “or, where a return” to the end shall cease to have effect.

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

“(2A) Any person who—

(a) is required, by such a notice as is mentioned in subsection (1) above given at any time after the end of the day mentioned in subsection (2) above, to make and deliver a return for a year of assessment or other period; and

(b) has in his possession at that time any records which may be requisite for the purpose of enabling him to make and deliver a correct and complete return for the year or period,

shall preserve those records until the end of the relevant day, that is to say, the day which, if the notice had been given on or before the day mentioned in subsection (2) above, would have been the relevant day for the purposes of subsection (1) above.”

(4) In subsection (3) of that section—

(a) in paragraph (a), after the words “subsection (1)” there shall be inserted the words “ or (2A) ”; and

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^{F63}(b)

- (5) In subsection (4) of that section, after the words “subsection (1)” there shall be inserted the words “ or (2A) ”.
- (6) In subsection (5) of that section—
- (a) at the beginning there shall be inserted the words “ Subject to subsection (5A) below, ”; and
 - (b) after the words “subsection (1)” there shall be inserted the words “ or (2A) ”.
- (7) After that subsection there shall be inserted the following subsection—
- “(5A) Subsection (5) above does not apply where the records which the person fails to keep or preserve are records which might have been requisite only for the purposes of claims, elections or notices which are not included in the return.”

Textual Amendments

F63 S. 105(4)(b) omitted (1.4.2009) by virtue of [Finance Act 2008 \(c. 9\)](#), s. 115(2), [Sch. 37 para. 11\(a\)](#); [S.I. 2009/402](#), art. 2

106 Return of employees’ emoluments etc.

- (1) For section 15 of the Management Act there shall be substituted the following section—

“15 Return of employees’ emoluments etc.

- (1) Every employer, when required to do so by notice from an officer of the Board, shall, within the time limited by the notice, prepare and deliver to the officer a return relating to persons who are or have been employees of his, containing the information required under the following provisions of this section.
- (2) An employer shall not be required to include in his return information relating to any year of assessment if the notice is given more than five years after the 31st January next following that year.
- (3) A notice under subsection (1) above—
 - (a) shall specify the employees for whom a return is to be made and may, in particular, specify individuals (by name or otherwise) or all employees of an employer or all his employees who are or have been in employment to which Chapter II of Part V of the principal Act applies; and
 - (b) shall specify the years of assessment or other periods with respect to which the information is to be provided.
- (4) A notice under subsection (1) above may require the return to state the name and place of residence of an employee to whom it relates.
- (5) A notice under subsection (1) above may require the return to contain, in respect of an employee to whom it relates, the following particulars—
 - (a) in the case of relevant payments made by the employer, particulars of the payments;

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- (b) in the case of relevant payments not falling within paragraph (a) above the making of which by another person has been arranged by the employer—
 - (i) particulars of the payments; and
 - (ii) the name and business address of the other person; and
 - (c) in the case of relevant payments not falling within either of the preceding paragraphs, the name and business address of any person who has, to the employer's knowledge, made the payments.
- (6) Any payments made to an employee in respect of his employment are relevant payments for the purposes of this section, including—
- (a) payments to him in respect of expenses (including sums put at his disposal and paid away by him);
 - (b) payments made on his behalf and not repaid; and
 - (c) payments to him for services rendered in connection with a trade or business, whether the services were rendered in the course of his employment or not.
- (7) Where, for the purposes of his return, an employer apportions expenses incurred partly in or in connection with a particular matter and partly in or in connection with other matters—
- (a) the return shall contain a statement that the sum included in the return is the result of such an apportionment; and
 - (b) if required to do so by notice from an officer of the Board, the employer shall prepare and deliver to the officer, within the time limited by the notice, a return containing full particulars as to the amount apportioned and the manner in which, and the grounds on which, the apportionment has been made.
- (8) A notice under subsection (1) above may require the return—
- (a) to state in respect of an employee to whom it relates whether any benefits are or have been provided for him (or for any other person) by reason of his employment, such as may give rise to charges to tax under the relevant sections, that is to say, sections 141, 142, 143, 144A, 145, 146 and 154 to 165 of the principal Act (miscellaneous benefits in cash or in kind); and
 - (b) if such benefits are or have been provided, to contain such particulars of those benefits as may be specified in the notice.
- (9) Where such benefits are provided the notice may, without prejudice to subsection (8)(b) above, require the return to contain the following particulars—
- (a) in the case of benefits which are or have been provided by the employer, particulars of the amounts which may be chargeable to tax by virtue of the relevant sections;
 - (b) in the case of benefits not falling within paragraph (a) above the provision of which by another person is or has been arranged by the employer—
 - (i) particulars of the amounts which may be so chargeable; and
 - (ii) the name and business address of the other person; and

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- (c) in the case of benefits not falling within either of the preceding paragraphs, the name and business address of any person who has, to the employer's knowledge, provided the benefits.
- (10) Where it appears to an officer of the Board that a person has, in any year of assessment, been concerned in making relevant payments to, or providing benefits to or in respect of, employees of another, the officer may at any time up to five years after the 31st January next following that year by notice require that person—
- (a) to deliver to the officer, within the time limited by the notice, such particulars of those payments or benefits, or of the amounts which may be chargeable to tax in respect of the benefits, as may be specified in the notice (so far as known to him); and
 - (b) to include with those particulars the names and addresses (so far as known to him) of the employees concerned.
- (11) In determining, in pursuance of a notice under subsection (1) or (10) above, amounts which may be chargeable to tax by virtue of the relevant sections, a person—
- (a) shall not make—
 - (i) any deduction or other adjustment which he is unable to show, by reference to information in his possession or otherwise available to him, is authorised or required by the relevant sections; or
 - (ii) any deduction authorised by section 141(3), 142(2), 145(3) or 156(8) of the principal Act; but
 - (b) subject to that, shall make all such deductions and other adjustments as may be authorised or required by the relevant sections.
- (12) Where the employer is a body of persons, the secretary of the body or other officer (by whatever name called) performing the duties of secretary shall be treated as the employer for the purposes of this section.
- Where the employer is a body corporate, that body corporate, as well as the secretary or other officer, shall be liable to a penalty for failure to comply with this section.
- (13) In this section—
- “arranged” includes guaranteed and in any way facilitated;
- “employee” means an office holder or employee whose emoluments fall to be assessed under Schedule E, and related expressions are to be construed accordingly;
- “relevant payments” has the meaning given by subsection (6) above; and
- “the relevant sections” has the meaning given by subsection (8)(a) above.”
- (2) This section has effect as respects payments made or benefits provided on or after 6th April 1996.

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107 Procedure for making claims etc.

- (1) After subsection (1) of section 42 of the Management Act (procedure for making claims etc.) there shall be inserted the following subsection—

“(1A) Subject to subsection (3) below, a claim for a relief, an allowance or a repayment of tax shall be for an amount which is quantified at the time when the claim is made.”

- (2) In subsection (2) of that section, for the words “subsection (3)” there shall be substituted the words “ subsections (3) and (3A) ”.

- (3) In subsection (3) of that section, for the words “Subsection (2)” there shall be substituted the words “ Subsections (1A) and (2) ”.

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

“(3A) Where a person makes a claim requiring relief for a loss incurred or treated as incurred, or a payment made, in one year of assessment (“the later year”) to be given in an earlier year of assessment (“the earlier year”)—

- (a) subsection (2) above shall not apply in relation to the claim;
- (b) the claim shall be made in relation to the later year;
- (c) the claim shall be for an amount equal to the difference between—
 - (i) the amount in which he has been assessed to tax under section 9 of this Act for the earlier year; and
 - (ii) the amount in which he would have been so assessed if the claim could have been, and had been, included in a return made under section 8 or 8A of this Act for that year; and
- (d) effect shall be given to the claim in relation to the later year, whether by repayment or set-off, or by an addition to the aggregate amount given by section 59B(1)(b) of this Act, or otherwise.

(3B) Where no notice under section 8 or 8A of this Act has been given to the person for the earlier year, subsection (3A)(c) above shall have effect as if—

- (a) sub-paragraph (i) referred to the amount in which he would have been assessed to tax under section 9 of this Act for that year if such a notice had been so given; and
- (b) sub-paragraph (ii) referred to the amount in which he would have been so assessed if such a notice had been so given and the claim could have been, and had been, included in a return made under section 8 or 8A of this Act for that year.”

[^{F64}(5) In subsection (4) of that section, there shall be inserted at the beginning the words “ Subject to subsection (4A) below, ”.]

[^{F64}(6) After subsection (4) of that section there shall be inserted the following subsection—

“(4A) Subsection (4) above shall not apply where—

- (a) the company is wholly exempt from corporation tax or is only not so exempt in respect of trading income; and
- (b) the tax credit is not one in respect of which a payment on account may be claimed by the company under Schedule 19AB to the principal Act.”]

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- (7) In subsection (5) of that section, for the words “subsections (2) and (4) above” there shall be substituted the words “ this section ”.
- (8) In subsection (7)(a) of that section, for the words “sections 84” there shall be substituted the words “ sections 62A, 84 ”.
- (9) In subsection (10) of that section, after the words “This section” there shall be inserted the words “ (except subsection (1A) above) ”.
- (10) In subsection (11) of that section, paragraph (b) and the word “and” immediately preceding that paragraph shall cease to have effect.
- (11) Schedule 1A to that Act (claims etc. not included in returns) shall have effect subject to the amendments specified in Schedule 20 to this Act.

Textual Amendments

F64 S. 107(5)(6) repealed (31.7.1997 with effect as mentioned in Sch. 4 paras. 2, 3 of the amending Act) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(9)** Note 1 (with s. 3(3)); S. 107(5)(6) expressed to be repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(28) Note of the amending Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(28)** Note; S.I. 1998/3173, **art. 2**

F65F66 108 Payments on account of income tax.

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Textual Amendments

F65 S. 108 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by **Income Tax (Earnings and Pensions) Act 2003 (c. 1)**, s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

F66 S. 108 restored (22.7.2004) by **Finance Act 2004 (c. 12)**, **Sch. 17 para. 6(1)** (with Sch. 17 para. 6(2))

109 Surcharges on unpaid tax.

- (1) In section 59C of the Management Act (surcharges on unpaid income tax and capital gains tax), in subsection (4) (exceptions to surcharge), for the words “or 95” there shall be substituted the words “ , 95 or 95A ”.
- (2) That section of that Act shall apply in relation to any income tax or capital gains tax which—
 - (a) is charged by an assessment made on or after 6th April 1998; and
 - (b) is for the year 1995-96 or an earlier year of assessment,
 as it applies in relation to any income tax or capital gains tax which becomes payable in accordance with section 55 or 59B of that Act and is for the year 1996-97 or a subsequent year of assessment.

110 Interest on overdue tax.

- (1) For section 86 of the Management Act there shall be substituted the following section—

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“86 Interest on overdue income tax and capital gains tax.

- (1) The following, namely—
 - (a) any amount on account of income tax which becomes due and payable in accordance with section 59A(2) of this Act, and
 - (b) any income tax or capital gains tax which becomes due and payable in accordance with section 55 or 59B of this Act,shall carry interest at the rate applicable under section 178 of the ^{M32}Finance Act 1989 from the relevant date until payment.
- (2) For the purposes of subsection (1)(a) above the relevant date is whichever of the dates mentioned in section 59A(2) of this Act is applicable; and for the purposes of subsection (1)(b) above the relevant date is—
 - (a) in any such case as is mentioned in subsection (3) of section 59B of this Act, the last day of the period of three months mentioned in that subsection; and
 - (b) in any other case, the date mentioned in subsection (4) of that section.
- (3) Subsection (1) above applies even if the relevant date is a non-business day within the meaning of section 93 of the ^{M33}Bills of Exchange Act 1882.
- (4) Subsection (5) below applies where as regards a year of assessment—
 - (a) any person makes a claim under subsection (3) or (4) of section 59A of this Act in respect of the amounts (the section 59A amounts) payable by him in accordance with subsection (2) of that section, and
 - (b) an amount (the section 59B amount) becomes payable by him in accordance with section 59B(3), (4) or (5) of this Act.
- (5) Interest shall be payable under this section as if each of the section 59A amounts had been equal to—
 - (a) the aggregate of that amount and 50 per cent. of the section 59B amount, or
 - (b) the amount which would have been payable in accordance with subsection (2) of section 59A of this Act if the claim under subsection (3) or (4) of that section had not been made,whichever is the less.
- (6) In determining for the purposes of subsections (4) and (5) above what amount (if any) is payable by any person in accordance with section 59B(3), (4) or (5) of this Act—
 - (a) it shall be assumed that both of the section 59A amounts have been paid, and
 - (b) no account shall be taken of any amount which has been paid on account otherwise than under section 59A(2) of this Act or is payable by way of capital gains tax.
- (7) Subsection (8) below applies where as regards any person and a year of assessment—
 - (a) amounts (the section 59A amounts) become payable by him in accordance with section 59A(2) of this Act, and

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- (b) an amount (the section 59B amount) becomes repayable to him in accordance with section 59B (3), (4) or (5) of this Act.
- (8) So much of any interest payable under this section on either of the section 59A amounts as is not attributable to the amount by which that amount exceeds 50 per cent. of the section 59B amount shall be remitted.
- (9) In determining for the purposes of subsections (7) and (8) above what amount (if any) is repayable to any person in accordance with section 59B(3), (4) or (5) of this Act, no account shall be taken of any amount which has been paid on account otherwise than under section 59A(2) of this Act or is payable by way of capital gains tax.”
- (2) That section of that Act shall apply in relation to any income tax or capital gains tax which—
- (a) is charged by an assessment made on or after 6th April 1998; and
- (b) is for the year 1995-96 or an earlier year of assessment,
- as it applies in relation to any income tax or capital gains tax which becomes due and payable in accordance with section 55 or 59B of that Act and is for the year 1996-97 or a subsequent year of assessment.
- (3) In that section of that Act as it so applies, “the relevant date” means the 31st January next following the year of assessment.
- [^{F67}(4) So far as it relates to partnerships whose trades, professions or businesses were set up and commenced before 6th April 1994, subsection (1) above has effect as respects the year 1997-98 and subsequent years of assessment.]

Textual Amendments

F67 S. 110(4) inserted (*retrospectively*) by 1996 c. 8, s. 131(1)

Marginal Citations

M32 1989 c. 26.

M33 1882 c. 61.

^{F68}**111 Assessments in respect of income taken into account under PAYE.**

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Textual Amendments

F68 S. 111 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

112 Recovery of certain amounts deducted or paid under MIRAS.

- (1) After section 374 of the Taxes Act 1988 there shall be inserted the following section—

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“374A Interest which never has been relevant loan interest etc.

- (1) This section applies where, in the case of any loan, interest on the loan never has been relevant loan interest or the borrower never has been a qualifying borrower.
 - (2) Without prejudice to subsection (3) below, in relation to a payment of interest—
 - (a) as respects which either of the conditions mentioned in paragraphs (a) and (b) of section 374(1) is fulfilled, and
 - (b) from which a deduction was made as mentioned in section 369(1), section 369 shall have effect as if the payment of interest were a payment of relevant loan interest made by a qualifying borrower.
 - (3) Nothing in subsection (2) above shall be taken as regards the borrower as entitling him to make any deduction or to retain any amount deducted and, accordingly, where any amount has been deducted, he shall be liable to make good that amount and an officer of the Board may make such assessments as may in his judgment be required for recovering that amount.
 - (4) The Management Act shall apply to an assessment under subsection (3) above as if it were an assessment to income tax for the year of assessment in which the deduction was made and as if—
 - (a) the assessment were among those specified in section 55(1) of that Act (recovery of tax not postponed);
 - (b) the assessment were made for the purpose of making good to the Crown a loss of tax wholly attributable to such a failure or error as is mentioned in subsection (1) of section 88 of that Act (interest on tax recovered to make good loss due to taxpayer’s fault); and
 - (c) for the purposes of that section the date when the tax ought to have been paid were the 1st December following the year of assessment.
 - (5) If the borrower fraudulently or negligently makes any false statement or representation in connection with the making of any deduction, he shall be liable to a penalty not exceeding the amount deducted.”
- (2) In subsection (2) of section 375 of that Act (interest ceasing to be relevant loan interest etc.), after paragraph (a) there shall be inserted the following paragraph—
- “(aa) as respects which any of the conditions mentioned in section 374(1) is fulfilled, and”.
- (3) For subsection (4) of that section there shall be substituted the following subsections—
- “(4) The Management Act shall apply to an assessment under subsection (3) above as it applies, by virtue of subsection (4) of section 374A, to an assessment under subsection (3) of that section.
- (4A) If there is any unreasonable delay in the giving of a notice under subsection (1) above, the borrower shall be liable to a penalty not exceeding so much of the aggregate amount that he is liable to make good under subsection (3) above as is attributable to that delay.”
- (4) After subsection (8) of that section there shall be inserted the following subsection—

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“(8A) In any case where an amount to which a person is not entitled is paid to him by the Board in pursuance of regulations made by virtue of subsection (8) above, regulations may—

- (a) provide for an officer of the Board to make such assessments as may in his judgment be required for recovering that amount from that person; and
- (b) make provision corresponding to that made by subsection (4A) above and subsections (4) and (5) of section 374A.”

(5) This section applies in relation to deductions made by borrowers, and payments made by the Board, after the passing of this Act.

113 Allowable losses: capital gains tax.

(1) After subsection (2) of section 16 of the ^{M34}Taxation of Chargeable Gains Act 1992 (computation of losses) there shall be inserted the following subsection—

“(2A) A loss accruing to a person in a year of assessment shall not be an allowable loss for the purposes of this Act unless, in relation to that year, he gives a notice to an officer of the Board quantifying the amount of that loss; and sections 42 and 43 of the Management Act shall apply in relation to such a notice as if it were a claim for relief.”

(2) Deductions under that Act in respect of allowable losses shall be given preference as follows—

- (a) a deduction in respect of a loss accruing to a person in the year 1996-97 or a subsequent year of assessment shall be preferred to a deduction in respect of a loss accruing to him in an earlier year of assessment; and
- (b) a deduction in respect of a loss accruing to a company in an accounting period ending on or after the appointed day for the purposes of Chapter III of Part IV of the ^{M35}Finance Act 1994 shall be preferred to a deduction in respect of a loss accruing to the company in an accounting period ending before that day.

Modifications etc. (not altering text)

C1 S. 113(2) excluded (27.7.1999) by 1992 c. 12, s. 71(2C) (as substituted (27.7.1999) by 1999 c. 16, s. 75(1))

Marginal Citations

M34 1992 c. 12.

M35 1994 c. 9.

114 Liability of trustees and personal representatives: capital gains tax.

(1) For subsection (1) of section 65 of the ^{M36}Taxation of Chargeable Gains Act 1992 (liability for tax of trustees and personal representatives) there shall be substituted the following subsection—

“(1) Subject to subsection (3) below, capital gains tax chargeable in respect of chargeable gains accruing to the trustees of a settlement or capital gains tax due from the personal representatives of a deceased person may be assessed

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and charged on and in the name of any one or more of the relevant trustees or the relevant personal representatives.”

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

“(3) Where section 80 applies as regards the trustees of a settlement (“the migrating trustees”), nothing in subsection (1) above shall enable any person—

(a) who ceased to be a trustee of the settlement before the end of the relevant period, and

(b) who shows that, when he ceased to be a trustee of the settlement, there was no proposal that the trustees might become neither resident nor ordinarily resident in the United Kingdom,

to be assessed and charged to any capital gains tax which is payable by the migrating trustees by virtue of section 80(2).

(4) In this section—

“the relevant period” has the same meaning as in section 82;

“the relevant trustees”, in relation to any chargeable gains, means the trustees in the year of assessment in which the chargeable gains accrue and any subsequent trustees of the settlement, and “the relevant personal representatives” has a corresponding meaning.”

Marginal Citations

M36 1992 c. 12.

115 Minor amendments and repeals.

- (1) In subsection (7) of section 7 of the Management Act (notice of liability), for the words “income from which” there shall be substituted the words “ income on which ”.
- (2) In subsection (3) of section 9 of that Act (returns to include self-assessment), the words “the following provisions of” shall cease to have effect.
- (3) Section 11A of that Act (notice of liability to capital gains tax) shall cease to have effect.
- (4) In subsection (2) of section 12AA of that Act (partnership return), for the words “such accounts and statements” there shall be substituted the words “ such accounts, statements and documents, relating to information contained in the return, ”.
- (5) In subsection (1)(c) of section 30B of that Act (amendment of partnership statement where loss of tax discovered), after the word “relief” there shall be inserted the words “ or allowance ”.
- (6) In subsection (6) of section 59B of that Act (payment of income tax and capital gains tax), for the words “under section 29 of this Act shall” there shall be substituted the words “ otherwise than under section 9 of this Act shall, unless otherwise provided, ”.
- (7) In subsection (1) of section 100B of that Act (appeals against penalty determinations), after the words “95A of this Act” there shall be inserted the word “ and ”.
- (8) In section 103A of that Act (interest on penalties), for the words “Part II or VA” there shall be substituted the words “ Part II, IV or VA ”.

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- (9) Section 73 of the Taxes Act 1988 (single assessments for purposes of Cases III, IV and V of Schedule D) shall cease to have effect.
- (10) In sections 536 and 537B of that Act (taxation of royalties where owner abroad)—
- (a) in subsection (2) (exemption from requirement to deduct tax from royalties), the words “are shown on a claim to” shall cease to have effect; and
 - (b) in subsection (4) (deduction of tax where agent’s commission unknown), the words from “and in that case” to the end shall cease to have effect.
- (11) In Schedule 3 to that Act (machinery for assessment, charge and payment of income tax under Schedule C and, in certain cases, Schedule D), in paragraph 6E, subparagraphs (1) and (3) shall cease to have effect.
- (12) Section 7 of the ^{M37}Taxation of Chargeable Gains Act 1992 (time for payment of capital gains tax) shall cease to have effect.
- (13) Subsection (3) above has effect as respects the year 1995-96 and subsequent years of assessment.

Marginal Citations

M37 1992 c. 12.

116 Transitional provisions.

- (1) The provisions of the Management Act specified in Schedule 21 to this Act shall have effect subject to the transitional provisions contained in that Schedule.
- (2) Section 198 of the ^{M38}Finance Act 1994 (which is superseded by this section) shall cease to have effect.

Marginal Citations

M38 1994 c. 9.

Changes for facilitating self-assessment

^{F69}117 Treatment of partnerships.

Textual Amendments

F69 S. 117 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

^{F70}118 Loss relief: general.

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Textual Amendments

F70 S. 118 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

F71 119 Relief for losses on unquoted shares.

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Textual Amendments

F71 S. 119 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

F72 120 Relief for pre-trading expenditure.

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Textual Amendments

F72 S. 120 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F73 121 Basis of apportionment for Cases I, II and VI of Schedule D.

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Textual Amendments

F73 S. 121 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F74 122 Amendments of transitional provisions.

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Textual Amendments

F74 S. 122 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 3** (with Sch. 2)

123 Prevention of exploitation of transitional provisions.

Schedule 22 to this Act shall have effect for preventing the exploitation of, and (in certain cases) penalising attempts to exploit, the transitional provisions set out in paragraphs [^{F75}52 and 53 of Schedule 2 to the [Income Tax \(Trading and Other Income\) Act 2005](#)] (changes for facilitating self-assessment: transitional provisions and savings).

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Textual Amendments

F75 Words in s. 123 substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 478](#) (with [Sch. 2](#))

Change of residence and non-residents

F76 **124 Change of residence.**

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Textual Amendments

F76 S. 124 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

F77 **125 Non-resident partners.**

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Textual Amendments

F77 S. 125 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

F78 **126 UK representatives of non-residents.**

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Textual Amendments

F78 S. 126 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 8 para. 277](#), [Sch. 10 Pt. 11](#) (with [Sch. 9 paras. 1-9, 22](#))

F79 **127 Persons not treated as UK representatives.**

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Textual Amendments

F79 S. 127 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 8 para. 278](#), [Sch. 10 Pt. 11](#) (with [Sch. 9 paras. 1-9, 22](#))

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F80 128 Limit on income chargeable on non-residents: income tax.

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Textual Amendments

F80 S. 128 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), Sch. 1 para. 368, [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F81 129 Limit on income chargeable on non-residents: corporation tax.

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Textual Amendments

F81 S. 129 repealed (with effect in relation to accounting periods beginning on or after 1.1.2003 in accordance with s. 155(2) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), Sch. 27 para. 7, [Sch. 43 Pt. 3\(6\)](#)

Exchange gains and losses and currency contracts

130 Exchange gains and losses: general.

Schedule 24 to this Act (which amends the provisions of the ^{M39}Finance Act 1993 relating to exchange gains and losses and other provisions connected with exchange gains and losses) shall have effect.

Marginal Citations

M39 1993 c. 34.

131 Exchange gains and losses: transitional provision.

F82

Textual Amendments

F82 S. 131 repealed (24.7.2002 with effect as mentioned in [s.79\(3\)](#) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss 79, 141, [Sch. 23 para. 22\(2\)](#), [Sch. 40 Pt. 3\(10\)](#) Note 2 (with Sch. 23 para. 25)

132 Currency contracts: transitional provisions.

F83

Textual Amendments

F83 S. 132 repealed (24.7.2002 with effect as mentioned in Sch. 40 Pt. 3(13) Note 2 of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 141, [Sch. 40 Pt 3\(13\)](#) Note 2

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Provisions with a foreign element

133 Controlled foreign companies.

Schedule 25 to this Act (which contains amendments of Chapter IV of Part XVII of the Taxes Act 1988 and connected amendments) shall have effect.

^{F84}**134 Offshore funds.**

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Textual Amendments

F84 S. 134 repealed (with effect in accordance with art. 1(2)(3) Sch. 1 of the amending S.I.) by [The Offshore Funds \(Tax\) Regulations 2009 \(S.I. 2009/3001\)](#), reg. 1(1), **Sch. 2**

Miscellaneous

^{F85}**135 Change in ownership of investment company: deductions.**

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Textual Amendments

F85 S. 135 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

^{F86}**136 Profit-related pay.**

- (1) In Schedule 8 to the Taxes Act 1988 (profit-related pay schemes) paragraph 19 (ascertainment of profits) shall be amended in accordance with subsections (2) to (4) below.
- (2) In sub-paragraph (6) (cases where scheme may provide for departure from requirements applicable to profit and loss account) paragraphs (g) to (k) (extraordinary items) shall be omitted.
- (3) After paragraph (ff) of sub-paragraph (6) there shall be inserted—
 - “(1) any exceptional items which fall within sub-paragraph (6A) below and should in accordance with any accounting practices regarded as standard be shown separately on the face of the profit and loss account.”
- (4) After sub-paragraph (6) there shall be inserted—
 - “(6A) The items are—
 - (a) profits or losses on the sale or termination of an operation;
 - (b) costs of a fundamental reorganisation or restructuring having a material effect on the nature and focus of the employment unit’s operations;
 - (c) profits or losses on the disposal of fixed assets; and

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- (d) the effect on tax of any of the items mentioned in paragraphs (a) to (c) above.”
- (5) Subject to subsections (6) to (10) below, subsections (2) to (4) above shall have effect in relation to the preparation, for the purposes of a scheme, of a profit and loss account in respect of a period beginning on or after the day on which this Act is passed.
- (6) Subsections (2) to (4) above shall not have effect in relation to an existing scheme unless, before the end of the period of 6 months beginning with the day on which this Act is passed, the scheme is altered to take account of the amendments made by those subsections.
- (7) Subsections (8) to (10) below apply where, before the end of the period mentioned in subsection (6) above, an existing scheme is altered as mentioned in that subsection.
- (8) The provision made by the scheme in compliance with paragraph 20(1) of Schedule 8 to the Taxes Act 1988 shall not prevent a profit and loss account being prepared in accordance with the alteration.
- (9) Where the distributable pool would but for this subsection be determined by reference—
- (a) to an amount shown in a profit and loss account prepared in accordance with the altered scheme, and
- (b) to an amount shown in a profit and loss account (“an earlier account”) prepared in accordance with the scheme in a form in which it stood before the alteration,
- then, for the purposes of the determination of the pool, the amount shown in the earlier account shall be recalculated using the same method as that used to calculate the amount mentioned in paragraph (a) above.
- (10) The alteration of the existing scheme shall be treated as being within subsection (8) of section 177B of the Taxes Act 1988 (alterations which are registrable and which once registered cannot give rise to Board’s power of cancellation).
- (11) In subsections (6) to (10) above “an existing scheme” means a scheme which, immediately before the day on which this Act is passed, is registered under Chapter III of Part V of the Taxes Act 1988.
- (12) After paragraph 19 of Schedule 8 to the Taxes Act 1988 there shall be inserted—
- “19A (1) The Treasury may by order amend paragraph 19 above so as to add to, delete or vary any of the items mentioned in sub-paragraph (6) of that paragraph.
- (2) In this paragraph references to an order are references to an order under sub-paragraph (1) above.
- (3) Subject to sub-paragraphs (4) to (8) below, any amendment or amendments made by virtue of an order shall have effect in relation to the preparation, for the purposes of a scheme, of a profit and loss account in respect of a period beginning on or after the day on which the order comes into force.
- (4) Any amendment or amendments made by virtue of an order shall not have effect in relation to an existing scheme unless, before the end of the period

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of 6 months beginning with the day on which the order comes into force, the scheme is altered to take account of the amendment or amendments.

- (5) Sub-paragraphs (6) to (8) below apply where, before the end of the period mentioned in sub-paragraph (4) above, an existing scheme is altered as mentioned in that sub-paragraph.
- (6) The provision made by the scheme in compliance with paragraph 20(1) below shall not prevent a profit and loss account being prepared in accordance with the alteration.
- (7) Where the distributable pool would but for this sub-paragraph be determined by reference—
 - (a) to an amount shown in a profit and loss account prepared in accordance with the altered scheme, and
 - (b) to an amount shown in a profit and loss account (“an earlier account”) prepared in accordance with the scheme in a form in which it stood before the alteration,
 then, for the purposes of the determination of the pool, the amount shown in the earlier account shall be recalculated using the same method as that used to calculate the amount mentioned in paragraph (a) above.
- (8) The alteration of the existing scheme shall be treated as being within subsection (8) of section 177B.
- (9) An order may include such supplementary, incidental or consequential provisions as appear to the Treasury to be necessary or expedient.
- (10) In this paragraph “an existing scheme”, in relation to an order, means a scheme which, immediately before the day on which the order comes into force, is a registered scheme.”]

Textual Amendments

F86 S. 136 repealed (19.3.1997 with effect as mentioned in Sch. 18 Pt. VI(3) Notes 1,2 of the amending Act) by 1997 c. 16, s. 113, **Sch. 18 Pt. VI(3)** Notes 1-3

137 Part-time workers: miscellaneous provisions.

[^{F87}(1) In Schedule 8 to the Taxes Act 1988 (profit-related pay schemes) paragraph 8(a) (employees working less than 20 hours a week excluded by scheme from receiving profit-related pay) shall be omitted.]

^{F88}(2)

^{F88}(3)

(4) In Part V of Schedule 9 to the Taxes Act 1988 (profit sharing schemes) in paragraph 36(1)(a) (certain full-time employees and directors must be eligible to participate in scheme on similar terms) for the words “a full-time employee” there shall be substituted “an employee”.

(5) In Schedule 5 to the ^{M40}Finance Act 1989 (employee share ownership trusts) in paragraph 4(2)(c) (trust deed must provide that certain persons are beneficiaries if they work at rate of at least 20 hours a week) for the words “at that given time he worked

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as an employee or” there shall be substituted “ in the case of a director, at that given time he worked as a ”.

[^{F87}(6) Subsection (1) above shall apply in relation to any scheme not registered before the day on which this Act is passed.]

(7) [^{F89}Subsection] (4) above shall apply in relation to any scheme not approved before the day on which this Act is passed.

^{F90}(8)

(9) Subsection (5) above shall apply in relation to trusts established on or after the day on which this Act is passed; and for this purpose a trust is established when the deed under which it is established is executed.

Textual Amendments

F87 S. 137(1)(6) repealed (19.3.1997 with effect as mentioned in s. 61(2)(3)) by 1997 c. 16, s. 113, **Sch. 18 Pt. VI(3)** Notes 1-3

F88 S. 137(2)(3) repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by **Income Tax (Earnings and Pensions) Act 2003 (c. 1)**, s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

F89 Word in s. 137(7) substituted (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by **Income Tax (Earnings and Pensions) Act 2003 (c. 1)**, s. 723, **Sch. 6 para. 227** (with Sch. 7)

F90 S. 137(8) repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by **Income Tax (Earnings and Pensions) Act 2003 (c. 1)**, s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

Marginal Citations

M40 1989 c. 26.

^{F91}**138 Charities, etc.: lotteries.**

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Textual Amendments

F91 S. 138 repealed (with effect in accordance with s. 1184(1) of the amending Act) by **Corporation Tax Act 2010 (c. 4)**, s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

^{F92}**139 Sub-contractors in the construction industry.**

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Textual Amendments

F92 S. 139 repealed (with effect in accordance with s. 77 of the amending Act) by **Finance Act 2004 (c. 12)**, **Sch. 42 Pt. 2(7)**

^{F93}**140 Valuation of trading stock on discontinuance of trade.**

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Textual Amendments

F93 S. 140 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009](#) (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

^{F94}**141 Incapacity benefit.**

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Textual Amendments

F94 S. 141 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003](#) (c. 1), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))

[^{F95}**142 Annuities purchased where certain claims or actions are settled.**

The following sections shall be inserted after section 329 of the Taxes Act 1988—

“ Annuities purchased for certain persons.

- (1) In a case where—
 - (a) an agreement is made settling a claim or action for damages for personal injury,
 - (b) under the agreement the damages are to consist wholly or partly of periodical payments, and
 - (c) under the agreement the person entitled to the payments is to receive them as the annuitant under one or more annuities purchased for him by the person against whom the claim or action is brought or, if he is insured against the claim concerned, by his insurer,
 the agreement is for the purposes of this section a qualifying agreement.
- (2) In a case where—
 - (a) an agreement is made settling a claim or action for damages for personal injury,
 - (b) under the agreement the damages are to consist wholly or partly of periodical payments, and
 - (c) a later agreement is made under which the person entitled to the payments is from a future date to receive them as the annuitant under one or more annuities purchased for him by the person against whom the claim or action is brought or, if he is insured against the claim concerned, by his insurer,
 the agreement mentioned in paragraph (c) above is for the purposes of this section a qualifying agreement.
- (3) Subsection (4) below applies where—
 - (a) a person receives a sum as the annuitant under an annuity purchased for him pursuant to a qualifying agreement, or
 - (b) a person receives a sum on behalf of the annuitant under an annuity purchased for the annuitant pursuant to a qualifying agreement.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995, Part III. (See end of Document for details)

- (4) Where this subsection applies the sum shall not be regarded as the recipient's or annuitant's income for any purposes of income tax and accordingly shall be paid without any deduction under section 349(1).
- (5) Subsections (6) to (10) below apply for the purposes of subsection (1) above.
- (6) The periodical payments may be for the life of the claimant, for a specified period or of a specified number or minimum number or include payments of more than one of those descriptions.
- (7) The amounts of the periodical payments (which need not be at a uniform rate or payable at uniform intervals) may be—
 - (a) specified in the agreement, with or without provision for increases of specified amounts or percentages,
 - (b) subject to adjustment in a specified manner so as to preserve their real value, or
 - (c) partly specified as mentioned in paragraph (a) and partly subject to adjustment as mentioned in paragraph (b) above.
- (8) The annuity or annuities must be such as to provide sums which as to amount and time of payment correspond to the periodical payments described in the agreement.
- (9) Personal injury includes any disease and any impairment of a person's physical or mental condition.
- (10) A claim or action for personal injury includes—
 - (a) such a claim or action brought by virtue of the ^{M41}Law Reform (Miscellaneous Provisions) Act 1934;
 - (b) such a claim or action brought by virtue of the ^{M42}Law Reform (Miscellaneous Provisions) Act (Northern Ireland) 1937;
 - (c) such a claim or action brought by virtue of the ^{M43}Damages (Scotland) Act 1976;
 - (d) a claim or action brought by virtue of the ^{M44}Fatal Accidents Act 1976;
 - (e) a claim or action brought by virtue of the ^{M45}Fatal Accidents (Northern Ireland) Order 1977.
- (11) For the purposes of subsection (2) above—
 - (a) subsections (6), (9) and (10) above apply;
 - (b) subsection (7) above applies as if the reference to the agreement were to that mentioned in subsection (2)(a) above;
 - (c) subsection (8) above applies as if the reference to periodical payments described in the agreement were to periodical payments described in the agreement mentioned in subsection (2)(a) above and falling to be made after the later agreement takes effect.
- (12) This section does not apply unless the sum concerned is received after the day on which the Finance Act 1995 is passed, but it is immaterial when—
 - (a) the agreement mentioned in subsection (1) above is made or takes effect, or
 - (b) either of the agreements mentioned in subsection (2) above is made or takes effect.

*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 1995, Part III. (See end of Document for details)*

Annuities assigned in favour of certain persons.

- (1) In a case where—
- (a) an agreement is made settling a claim or action for damages for personal injury,
 - (b) under the agreement the damages are to consist wholly or partly of periodical payments,
 - (c) the person against whom the claim or action is brought (or, if he is insured against the claim concerned, his insurer) purchases one or more annuities, and
 - (d) a later agreement is made under which the annuity is, or the annuities are, assigned in favour of the person entitled to the payments so as to secure that from a future date he receives the payments as the annuitant under the annuity or annuities,
- the agreement mentioned in paragraph (d) above is for the purposes of this section a qualifying agreement.
- (2) Subsection (3) below applies where—
- (a) a person receives a sum as the annuitant under an annuity assigned in his favour pursuant to a qualifying agreement, or
 - (b) a person receives a sum on behalf of the annuitant under an annuity assigned in the annuitant's favour pursuant to a qualifying agreement.
- (3) Where this subsection applies the sum shall not be regarded as the recipient's or annuitant's income for any purposes of income tax and accordingly shall be paid without any deduction under section 349(1).
- (4) For the purposes of subsection (1) above—
- (a) subsections (6), (9) and (10) of section 329A apply;
 - (b) subsections (7) and (8) of section 329A apply as if references to the agreement were to that mentioned in subsection (1)(a) above.
- (5) This section does not apply unless the sum concerned is received after the day on which the Finance Act 1995 is passed, but it is immaterial when either of the agreements mentioned in subsection (1) above is made or takes effect.”]

Textual Amendments

F95 S. 142 repealed (29.4.1996) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(16)**

Marginal Citations

M41 1934 c. 41.
M42 1937 c. 9 (N.I.).
M43 1976 c. 13.
M44 1976 c. 30.
M45 S.I. 1977/1251 (N.I. 18).

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995, Part III. (See end of Document for details)

143 Lloyd’s underwriters: new-style special reserve funds.

(1) In Schedule 20 to the ^{M46}Finance Act 1993 (Lloyd’s underwriters: special reserve funds) paragraph 2 (general requirements about special reserve funds) shall be deemed to have been enacted with the modification in subsection (2) below.

(2) For sub-paragraphs (2) and (3) there shall be substituted—

“(2) The arrangements must be such as to secure that—

- (a) any income arising to the trustee or trustees of the special reserve fund shall be added to the capital of the fund and held on the same trusts as the fund; and
- (b) except as required or permitted by this Schedule, no payments shall be made into or out of the special reserve fund.”

Marginal Citations

M46 1993 c. 34.

^{F96}**144 Local government residuary body.**

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Textual Amendments

F96 S. 144 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

145 Payment of rent &c., under deduction of tax.

(1) In section 119(1) of the Taxes Act 1988 (rent, &c., payable in connection with mines, quarries and similar concerns), the words from “and, subject to subsection (2) below, shall be subject to deduction of income tax” to the end shall cease to have effect.

^{F97}(2)

(3) The provisions of this section have effect in relation to payments made after the passing of this Act.

Textual Amendments

F97 S. 145(2) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 3** (with [Sch. 2](#))

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1995, Part III.