



# Finance Act 1982

## 1982 CHAPTER 39

### PART III

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER I

#### GENERAL

#### **20 Charge of income tax for 1982-83**

- (1) Income tax for the year 1982-83 shall be charged at the basic rate of 30 per cent.; and—
- (a) in respect of so much of an individual's total income as exceeds £12,800 at such higher rates as are specified in the Table below; and
  - (b) in respect of so much of the investment income included in an individual's total income as exceeds £6,250 at the additional rate of 15 per cent.

<i>Part of excess over £12,800</i>	<i>Higher rate</i>
The first £2,300	40 per cent.
The next £4,000	45 per cent.
The next £6,200	50 per cent.
The next £6,200	55 per cent.
The remainder	60 per cent.

- (2) Section 24(4) of the Finance Act 1980 (increase of basic rate limit, higher rate bands and investment income threshold) shall not apply for the year 1982-83.

#### **21 Charge of corporation tax for financial year 1981**

Corporation tax shall be charged for the financial year 1981 at the rate of 52 per cent.

## **22 Rate of advance corporation tax for financial year 1982**

The rate of advance corporation tax for the financial year 1982 shall be three-sevenths.

## **23 Corporation tax: small companies**

- (1) The small companies rate for the financial year 1981 shall be 40 per cent., and for that year the fraction mentioned in subsection (2) of section 95 of the Finance Act 1972 (marginal relief for small companies) shall be two twenty-fifths.
- (2) For the financial year 1981 and subsequent financial years subsection (3) of the said section 95 shall have effect with the substitution for any reference to £80,000 of a reference to £90,000 and with the substitution for any reference to £200,000 of a reference to £225,000.
- (3) Where by virtue of subsection (2) above the said section 95 has effect with different relevant amounts in relation to different parts of the same accounting period, those parts shall be treated for the purposes of that section as if they were separate accounting periods and the profits and income of the company for that period (as defined in that section) shall be apportioned between those parts.

## **24 Personal reliefs**

- (1) Section 24(5) of the Finance Act 1980 (increase of personal reliefs) shall not apply for the year 1982-83.
- (2) In section 8 of the Taxes Act (personal reliefs)—
  - (a) in subsection (1)(a) (married) for "£2,145 " there shall be substituted " £2,445 ";
  - (b) in subsections (1)(b) (single) and (2) (wife's earned income relief) for "£1,375" there shall be substituted " £1,565 ";
  - (c) in subsection (1A) (age allowance) for "£2,895" and "£1,820" there shall be substituted " £3,295 " and " £2,070 " respectively ; and
  - (d) in subsection (1B) (income limit for age allowance) for " £5,900 " there shall be substituted " £6,700 ".

## **25 Relief for interest**

- (1) In sub-paragraph (1) of paragraph 5 of Schedule 1 to the Finance Act 1974 (limit on relief for interest on certain loans for the purchase or improvement of land) the references to £25,000 shall have effect for the year 1982-83 as well as for previous years of assessment.
- (2) At the end of that paragraph there shall be added the following sub-paragraph—
  - “(6) In determining whether the amount on which interest is payable under a loan exceeds the limit in sub-paragraph (1) above, no account shall be taken of so much (if any) of that amount as consists of interest which has been added to capital and does not exceed £1,000.”

## 26 Deduction of tax from certain loan interest

- (1) If a person who is a qualifying borrower makes a payment of relevant loan interest to which this section applies, he shall be entitled, on making the payment, to deduct and retain out of it a sum equal to income tax thereon at the basic rate for the year of assessment in which the payment becomes due; and, accordingly, section 75 of the Finance Act 1972 (relief for payment of interest), section 54 of the Taxes Act (certain payments of interest to be made under deduction of tax) and section 343(4) of the Taxes Act (no deduction of income tax from payment of interest to building societies) shall not apply to that payment of relevant loan interest.
- (2) Where a sum is deducted under subsection (1) above from a payment of relevant loan interest.—
  - (a) the person to whom the payment is made shall allow the deduction on receipt of the residue ;
  - (b) the borrower shall be acquitted and discharged of so much money as is represented by the deduction as if the sum had been actually paid; and
  - (c) the sum deducted shall be treated as income tax paid by the person to whom the payment is made.
- (3) Part I of Schedule 7 to this Act shall have effect to determine what is relevant loan interest, Part II of that Schedule shall have effect with respect to the application of this section to any such interest and Parts III and IV of that Schedule shall have effect with respect to qualifying borrowers and qualifying lenders respectively.
- (4) Where payments of relevant loan interest to which this section applies become due in any year, the borrower shall be charged with, tax at the basic rate for that year on an amount of income equal, subject to subsection (5) below, to the deduction which, in computing his total income, falls to be made on account of those payments.
- (5) In any case where—
  - (a) payments of relevant loan interest to which this section applies become due in any year ; and
  - (b) the total income of the borrower for that year is such that he cannot benefit from any or, as the case may be, the full amount of the relevant personal reliefs to which he is entitled,so much of that full amount as cannot be deducted from his total income shall be deducted from the amount of income on which he is chargeable to tax by virtue of subsection (4) above.
- (6) In subsection (5) above " relevant personal relief " means any relief to which the borrower concerned is entitled under Chapter II of Part I of the Taxes Act, other than—
  - (a) relief under section 19 of that Act (premiums on life insurance policies) which is given either by deduction by virtue of paragraph 5 of Schedule 4 to the Finance Act 1976 or in accordance with paragraph 15 of that Schedule; and
  - (b) relief under section 20 of the Taxes Act (deferred annuities) ;and for the purposes of subsection (5) above the full amount of those reliefs means the amount of them determined without regard to section 25 of the Taxes Act (under which reliefs are limited so as not to exceed total income).
- (7) Sections 240(5) and 246(3) of the Taxes Act (which require income tax deducted from payments received by certain companies to be set off against corporation tax and denies the company the right to repayment of income tax) shall not apply to a

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payment of relevant loan interest to which this section applies which is received by any company, but, in accordance with regulations under section 29 below, any person by whom such a payment is received shall be entitled to recover from the Board an amount equal to the sum which, by virtue of subsection (2)(c) above is treated as income tax paid by him; and any amount so recovered shall be treated for the purposes of the Tax Acts in like manner as the payment of relevant loan interest to which it relates.

- (8) Notwithstanding paragraph (f) of section 130 of the Taxes Act (prohibition on deduction of annual payments other than interest in computing profits or gains of a trade etc.) no sum shall be deducted in respect of relevant loan interest in computing the amount of the profits or gains to be charged under Case I or II of Schedule D and, accordingly, no sum shall be so deducted in computing the profits or gains to be charged under Case VI of that Schedule.
- (9) In the Finance Act 1976—
- (a) in section 66 (taxation of benefit of employment linked loans) at the end of subsection (8) there shall be added the words " or which would be so eligible apart from section 26 of the Finance Act 1982 "; and
  - (b) in paragraph 8 of Schedule 8 (provisions supplementary to section 66) the following sub-paragraph shall be substituted for sub-paragraph (1)—

“(1) Interest is eligible for relief for the purposes of this Part of this Schedule if it is eligible for relief under section 75 of the Finance Act 1972 or would be eligible for such relief apart from section 26 of the Finance Act 1982.”

## **27 Termination of the option mortgage schemes**

- (1) Subject to the provisions of this section, Part II of the 1967 Act (assistance for house purchase and improvement in Great Britain) and Part VIII of the 1981 Order (option mortgages in Northern Ireland) shall cease to have effect on 1st April 1983.
- (2) Nothing in this Act affects the continuing operation of—
  - (a) sections 24(2)(a) and 28 of the 1967 Act (entitlement to and calculation of subsidy) with respect to payments falling to be made by the Secretary of State and related to amounts due from the borrower before 1st April 1983 or treated as so due by virtue of section 28(1A) of that Act; or
  - (b) section 28A of the 1967 Act (recovery of subsidy in certain cases) in its application to any such payments ; or
  - (c) Articles 142(2)(a) and 149 of the 1981 Order (entitlement to and calculation of subsidy) with respect to payments falling to be made by the Department of the Environment for Northern Ireland and related to amounts due from the borrower before 1st April 1983 or treated as so due by virtue of Article 149(2) of that Order; or
  - (d) Article 150 of the 1981 Order (recovery of subsidy in certain cases) in its application to any such payments.
- (3) Nothing in this Act affects the continuing operation of Part II of the 1967 Act in relation to a loan in respect of which an option notice is in force on 31st March 1983 if—
  - (a) on that date the residence condition in section 24B of that Act is not fulfilled ; and

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- (b) as a result either of the lender having first become aware of the fact on or before that date or of a notification having been given on or before that date, the option notice will (assuming the continuation in force of the said Part II) cease to have effect after that date by virtue of paragraph (ix) or paragraph (x) of subsection (3) of section 24 of that Act.
- (4) Nothing in this Act affects the continuing operation of Part VIII of the 1981 Order in relation to a loan in respect of which an option notice is in force on 31st March 1983 if—
- (a) on that date the residence condition in Article 145 of that Order is not fulfilled; and
  - (b) as a result either of the lender having first become aware of that fact on or before that date or of a notification having been given on or before that date, the option notice will (assuming the continuation in force of the said Part VIII) cease to have effect after that date by virtue of sub-paragraph (z) or sub-paragraph (f) of paragraph (4) of Article 142 of that Order.
- (5) In this section—
- "the 1967 Act" means the Housing Subsidies Act 1967; and
  - "the 1981 Order" means the Housing (Northern Ireland) Order 1981.

## **28 Variation of terms of repayment of certain loans**

- (1) If relevant loan interest payable by a qualifying borrower—
- (a) is payable under a loan agreement requiring combined payments, and
  - (b) is payable to a qualifying lender who, in accordance with subsection (5) below, is specified for the purposes of this section, and
  - (c) is interest on a loan made before 1st April 1983, or if it is interest in respect of which the Board have notified an earlier date to the lender under paragraph 2(5) of Schedule 7 to this Act, before that earlier date,
- then, subject to subsection (2) below, the terms of repayment of the loan are by virtue of this section varied in accordance with subsection (3) below.
- (2) Subsection (1) above does not apply to any combined payment unless—
- (a) the qualifying lender concerned has, in accordance with regulations, given notice to the qualifying borrower that this section is to apply to combined payments which the borrower is required to make under the loan agreement; and
  - (b) the qualifying borrower has not, in accordance with regulations, given notice to the qualifying lender that he wishes to continue with combined payments which, allowing for any sums he is entitled to deduct by virtue of section 26 above, do not exceed the combined payments which he would have been required to make but for the provisions of that section.
- (3) Where subsection (1) above applies, the amount of any combined payment payable by the qualifying borrower concerned which includes a payment of relevant loan interest shall be determined by the lender so as to secure, so far as practicable—
- (a) that the principal and interest are repaid over the period which is for the time being agreed between the lender and the borrower ; and
  - (b) that, unless there is a change in that period or in the basic rate of income tax or in the rate of interest charged by the lender, the amount of each net payment due from the borrower to the lender will be of the same amount;

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and for the purposes of paragraph (b) above a "net payment" means a payment which, so far as it is a payment of interest, consists of interest from which the sum provided for by section 26(1) above has been deducted.

- (4) Where the qualifying borrower gives a notice under subsection (2)(b) above, the amount of any combined payment payable by him which includes a payment of relevant loan interest and the period over which the principal and interest on the loan are to be repaid shall be determined by the lender so as to secure, so far as practicable, that, unless there is a change in the basic rate of income tax or in the rate of interest charged by the lender.—

- (a) the amount of each net payment, as defined in subsection (3) above, which is due from the borrower to the lender will be of the same amount; and
- (b) the amount of each such payment does not exceed what, apart from section 26 above, would have been the amount of the first combined payment payable by the borrower after the date referred to in subsection (1)(c) above, less tax at the basic rate for the year 1983-84 on so much of that combined payment as would have consisted of interest;

but nothing in this section or in the loan agreement shall prevent the borrower from making, at such time or times as he chooses, additional repayments of capital of any amount so as to secure that the principal and interest on the loan are repaid within a period which is not shorter than that referred to in subsection (3)(a) above.

- (5) A building society within the meaning of the Building Societies Act 1962 or the Building Societies Act (Northern Ireland) 1967 is by virtue of this subsection specified for the purposes of this section; and the Treasury may by order made by statutory instrument specify any other qualifying lender or class of qualifying lender for the purposes of this section.

- (6) The giving of a notice under paragraph (a) or paragraph (b) of subsection (2) above does not affect the right of the qualifying lender and the qualifying borrower to vary, by agreement, the terms on which interest or capital or both is to be repaid.

- (7) In this section—

"loan agreement" means an agreement governing the terms of payment of interest and repayment of capital of a loan the interest on which is relevant loan interest;

"combined payment" means one of a number of regular payments which are attributable in part to repayment of capital and in part to payment of interest; and

"regulations" means regulations made by the Board under section 29 below;

and other expressions have the same meaning as in section 26 above.

## **29 Supplementary regulations**

- (1) The Treasury may by regulations made by statutory instrument make provision for the application of sections 26 and 28 above and Schedule 7 to this Act in relation to—

- (a) a housing association which is for the time being approved for the purposes of section 341 of the Taxes Act and which borrows or has borrowed from a qualifying lender on the security of a freehold or leasehold estate of that association on land in Great Britain or Northern Ireland; and

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- (b) a self-build society, within the meaning of Part I of the Housing Act 1974, which is for the time being approved for the purposes of section 341A of the Taxes Act and which borrows or has borrowed from a qualifying lender on the security of a freehold or leasehold estate of that society on land in Great Britain.
- (2) Regulations under subsection (1) above—
- (a) may contain such modifications of the provisions of sections 26 and 28 above and Schedule 7 to this Act, and
  - (b) may make the application of any of those provisions subject to such special conditions,  
as appear to the Treasury to be appropriate.
- (3) The Board may by regulations made by statutory instrument make provision—
- (a) for the purposes of any provision of section 26 or section 28 above or Schedule 7 to this Act which relates to any matter or thing to be specified by or done in accordance with regulations ;
  - (b) for the application of sections 26 and 28 above and Schedule 7 to this Act in relation to loan interest paid by personal representatives and trustees ;
  - (c) with respect to the furnishing of information by borrowers or lenders, including, in the case of lenders, the inspection of books, documents and other records on behalf of the Board ;
  - (d) for, and with respect to, appeals to the General Commissioners or the Special Commissioners against the refusal of the Board to issue a notice under paragraph 7(1)(b) of Schedule 7 to this Act or the issue of a notice under paragraph 10 of that Schedule ; and
  - (e) generally for giving effect to sections 26 and 28 above and Schedule 7 to this Act.
- (4) In the application of this section to Scotland—
- (a) " a freehold or leasehold estate " means any interest in land;
  - (b) any reference to a loan on the security of such an estate is a reference to a loan upon a heritable security within the meaning of section 9(8)(a) of the Conveyancing and Feudal Reform (Scotland) Act 1970,
- (5) A statutory instrument by which the power to make regulations conferred by subsection (1) or subsection (3) above is exercised shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

### **30 Exemption from income tax: mobility allowance**

- (1) In section 219(1) of the Taxes Act (social security benefits charged to tax unless specifically exempted) after the words " attendance allowance " there shall be inserted the words " mobility allowance ".
- (2) Paragraph (b)(ii) of subsection (2) of section 8 of the Taxes Act (mobility allowance of wives to be treated as earned income) shall cease to have effect.
- (3) This section shall have effect in relation to mobility allowance paid in respect of periods beginning on or after 6th April 1982.

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### 31 Income taxable under Schedule E

(1) The following section shall be inserted in the Taxes Act after section 219—

**“219A Other payments charged under Schedule E.**

(1) The following payments shall be charged to income tax under Schedule E by virtue of this section if they would not otherwise be, that is to say—

- (a) allowances paid under a scheme of the kind described in the Job Release Act 1977, being a scheme which provides for the payment of allowances for periods beginning earlier than one year before the date on which the recipient attains pensionable age, as defined in that Act;
- (b) maternity pay (whether paid during the subsistence of a contract of employment or not) within the meaning of section 33 of the Employment Protection (Consolidation) Act 1978 or, in Northern Ireland, Article 15 of the Industrial Relations (No. 2) (Northern Ireland) Order 1976 ; and
- (c) payments of statutory sick pay within the meaning of section 1 of the Social Security and Housing Benefits Act 1982 or, in Northern Ireland, any corresponding provision contained in an Order in Council under the Northern Ireland Act 1974.

(2) This section has effect in relation to payments made in respect of periods beginning on or after 6th April 1982.”

(2) In subsection (2)(c) of section 530 of the Taxes Act (certain payments to be " earned income "), after the words " section 219(1) " there shall be inserted the words " or section 219A ".

### 32 Social security benefits

(1) In section 27 of the Finance Act 1981 (provisions relating to the taxation of social security payments)—

- (a) in subsection (3) (taxation of certain supplementary allowances)—
  - (i) the words " (except so far as made by virtue of section 4 of that Act) " shall cease to have effect; and
  - (ii) for paragraph (a) there shall be substituted the following paragraphs: —
    - “(a) his right to the allowance is subject to any condition contained in section 5 of that Act (requirements as to registration and availability for employment); or
    - (aa) the allowance is paid to him under Regulation 12, 16 or 19 of the Supplementary Benefit (Urgent Cases) Regulations 1981, and his right to the allowance is not subject to the said section 5 by virtue only of Regulation 3(2) of those Regulations ; or”;
- (b) after subsection (3) there shall be inserted the following subsection—

“(3A) An allowance shall not be charged to tax under Schedule E by virtue of subsection (3)(b) above to the extent that it is made by virtue of section 4 of the said Act of 1976.”;



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- (c) in subsection (5) (relevant amounts) the following paragraph shall be substituted for paragraph (a)—
- “(a) in a case where the supplementary allowance is paid to a person—
- (i) to whom subsection (3)(a) above applies and he is for the purposes of the said Act of 1976 one of a married or unmarried couple the other one of whom is within section 8 of that Act and the said paragraph 10 applies to him, or
- (ii) to whom subsection (3)(b) above applies, to the amount specified in the said paragraph 10 ;
- and at the end of that subsection there shall be inserted the following words—”;
- “Any reference in this subsection to an amount or rate or increase specified in any provision is a reference to the amount or rate or increase so specified for the week in question.”;
- (d) at the end of paragraph (c) of subsection (8) (Northern Ireland adaptations) there shall be added the words “and
- (d) for any reference to the Supplementary Benefit (Urgent Cases) Regulations 1981 there were substituted a reference to the Supplementary Benefit (Urgent Cases) Regulations (Northern Ireland) 1981”; and
- (e) in subsection (11) (commencement of section 27) for the words " 5th April 1982 " there shall be substituted the words " 4th July 1982 ".
- (2) In section 29 of the Finance Act 1981 (pay as you earn repayments) in paragraph (b) for the words from " to the condition " to " or " there shall be substituted the words " to any condition contained in section 5 of the said Act of 1976 or, in Northern Ireland, Article 7 of the said Order (requirements as to registration and availability for employment); or ".
- (3) Any reference in section 27 or section 29 of the Finance Act 1981 to section 5 of the Supplementary Benefits Act 1976 or to Article 7 of the Supplementary Benefits (Northern Ireland) Order 1977 includes a reference to that section or Article as amended by any other enactment including an enactment passed or made after the passing of this Act.
- (4) Paragraph (e) of subsection (1) above shall be deemed to have come into force on 5th April 1982 and the remainder of this section shall be deemed to have come into force on 5th July 1982.

### **33 Small maintenance payments**

- (1) Section 65 of the Taxes Act (certain small maintenance payments to be made without deduction of tax) shall be amended as follows.
- (2) For subsection (1) there shall be substituted the following subsections—
- “(1) In this section 'small maintenance payments' means payments under an order made by a court in the United Kingdom—

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- (a) by one of the parties to a marriage (including a marriage which has been dissolved or annulled) to or for the benefit of the other party to that marriage for that other party's maintenance,
- (b) to any person under 21 years of age for his own benefit, maintenance or education, or
- (c) to any person for the benefit, maintenance or education of a person under 21 years of age,

in respect of which the two conditions mentioned in subsection (1A) below are satisfied; and 'small maintenance order' means an order providing for the making of small maintenance payments.

(1A) The first of the conditions referred to in subsection (1) above is—

- (a) in the case of payments falling within paragraph (a) of that subsection, that the order for the time being requires them to be made—
  - (i) weekly at a rate not exceeding £33 per week, or
  - (ii) monthly at a rate not exceeding £143 per month,
- (b) in the case of payments falling within paragraph (b) (but not within paragraph (a)) of that subsection, that the order for the time being requires them to be made—
  - (i) weekly at a rate not exceeding £33 per week, or
  - (ii) monthly at a rate not exceeding £143 per month,
- (c) in the case of payments falling within paragraph (c) (but not within paragraph (a) or (b)) of that subsection, that the order for the time being requires them to be made—
  - (i) weekly at a rate not exceeding £18 per week, or
  - (ii) monthly at a rate not exceeding £78 per month,

and the second of those conditions is that the payments would, apart from this section, fall within section 52 or section 53 above (deduction of income tax from annual payments).”

(3) For subsection (5) there shall be substituted the following subsection—

“(5) The Treasury may from time to time, by order made by statutory instrument subject to annulment in pursuance of a resolution of the Commons House of Parliament, increase any, or all, of the amounts for the time being specified in subsection (1A) above.”

(4) In subsection (6) for the words from " or further ", where they first occur, to " weekly amount" there shall be substituted the words " the amount for the time being specified in sub-paragraph (i) of paragraph (a), (b) or (c) of subsection (1A) above shall increase the amount for the time being specified in sub-paragraph (ii) of that paragraph so that it is 52 twelfths of the amount specified in sub-paragraph (i) by virtue of the order ".

(5) This section applies—

- (a) in the case of payments under orders made, varied or revived after the passing of this Act, to those falling due after that date, and
- (b) in the case of payments under other orders, to those falling due on or after 6th April 1983.

### **34 Life assurance: variation in life or lives assured**

- (1) Where, as a result of a variation in the life or lives for the time being assured, a qualifying policy (in this section referred to as " the earlier policy ") is replaced by a new policy (in this section referred to as " the later policy") which, in accordance with the rules in paragraph 9 of Schedule 1 to the Taxes Act, is also a qualifying policy, then, subject to subsection (3) below, for the purposes of—
- (a) the enactments specified in subsection (2) below, and
  - (b) any second or subsequent application of this section,
- the later policy and the earlier policy shall be treated as a single policy issued in respect of an insurance made at the time of the making of the insurance in respect of which the earlier policy was issued; and, accordingly, so long as the later policy continues to be a qualifying policy, the single policy shall also be treated as a qualifying policy for those purposes.
- (2) The enactments referred to in subsection (1) above are—
- (a) sections 394 and 395 of the Taxes Act (life policies: chargeable events and computation of gains); and
  - (b) sections 7 to 9 of the Finance Act 1975 (payments becoming due on certain surrenders etc. of life policies).
- (3) Subsection (1) above does not apply unless—
- (a) any sum which would otherwise become payable by the insurer on or in connection with the coming to an end of the earlier policy is retained by the insurer and applied in the discharge of some or all of the liability for any premium becoming due under the later policy; and
  - (b) no consideration in money or money's worth (other than the benefits for which provision is made by the later policy) is receivable by any person on or in connection with the coming to an end of the earlier policy or the coming into existence of the later policy.
- (4) Any sum which is applied as mentioned in subsection (3)(a) above.—
- (a) shall be left out of account in determining, for the purposes of the enactments specified in subsection (2) above, the total amount which at any time has been paid by way of premiums under the single policy referred to in subsection (1) above ; and
  - (b) shall not be regarded, in relation to that single policy, as a relevant capital payment, within the meaning of section 395 of the Taxes Act.
- (5) Any reference in this section to a qualifying policy is a reference to a qualifying policy within the meaning of Part I of Schedule 1 to the Taxes Act.
- (6) This section applies where the later policy comes into existence on or after 25 th March 1982.

### **35 Life assurance: qualifying policies and policies on the lives of children**

- (1) In paragraph 2A of Schedule 4 to the Finance Act 1976 (qualifying life policies: exclusion of accident policies)—
- (a) in sub-paragraph (1), for the words " subsection (2)(a) of section 83 of the Insurance Companies Act 1974" there shall be substituted the words " Class I or Class III in Schedule 1 to the Insurance Companies Act 1981 "; and

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- (b) in sub-paragraph (2), for the words " falling within subsection (2)(b) of the said section 83 " there shall be substituted the words "which—
  - (a) are expressed to be in effect for a period of not less than five years or without limit of time; and
  - (b) either are not expressed to be terminable by the insurer before the expiration of five years from their taking effect or are expressed to be so terminable before the expiration of that period only in special circumstances therein mentioned".
- (2) In paragraph 11(3) of Schedule 4 to the Finance Act 1976 (maximum annual premium for policies on lives of children or grandchildren) for " £52 " there shall be substituted " £64 ".
- (3) In section 30 of the Finance Act 1980 (certain policies not to be qualifying policies) in subsection (3) (definition of " policy " by reference to ordinary long-term insurance business) for the words "within the meaning of section 83(2) of the Insurance Companies Act 1974 " there shall be substituted the words " as defined in section 85(1) of the Insurance Companies Act 1974, as amended by Schedule 4 to the Insurance Companies Act 1981 ".
- (4) This section applies to policies issued in respect of insurances made on or after 25th March 1982.

### **36 Relief in respect of certain income of trade unions**

- (1) In section 338 of the Taxes Act (which, as amended by section 57(3) of the Finance Act 1980, provides for exemption for income and gains of a trade union precluded by Act or rules from assuring to any person a sum exceeding £2,000 by way of a gross sum or £416 a year by way of annuity if the income or gains is or are applied for purpose of provident benefits) for "£2,000" and "£416" there shall be substituted respectively "\* £2,400 " and " £500 ".
- (2) Subsection (1) above has effect in relation to income or gains which are applicable and applied as mentioned in the said section 338 on or after 1st June 1982.

### **37 Retirement annuity relief: Lloyds' underwriters**

- (1) Where for any year of assessment an individual—
  - (a) is chargeable to income tax in respect of relevant earnings derived from Lloyd's underwriting activities; and
  - (b) there is an amount of unused relief attributable to those earnings,
 the individual may, subject to subsection (2) below, elect that there shall be treated as paid in that year any qualifying premium paid by him in the next year of assessment but two.
- (2) An election under this section shall not have effect in relation to so much of any qualifying premium as exceeds the amount of unused relief referred to in subsection (1)(b) above.
- (3) Any election under this section shall be made before the end of the year of assessment in which the premium is paid.
- (4) Where an election is made under this section the provisions of Chapter III of Part IX of the Taxes Act (retirement annuities), other than section 227(1BB), shall have effect

as if the premium or, as the case may be, the part of the premium in question had been paid in the year specified in the election and not in the year in which it was actually paid.

- (5) In this section "qualifying premium" and "relevant earnings" have the same meaning as in the said Chapter III, "unused relief" has the same meaning as in section 227A of the Taxes Act and "relevant earnings derived from Lloyd's underwriting activities" means relevant earnings as an underwriting member of Lloyd's or by way of commission calculated by reference to the profits of Lloyd's underwriting business.
- (6) This section has effect in relation to any premium paid in the year 1982-83 or any subsequent year of assessment.

### **38 Retirement annuity relief: older contributors**

- (1) In subsection (4) of section 228 of the Taxes Act (relief for premiums under retirement annuity contracts limited by reference to percentage of earnings dependent upon age) the words "Subject to subsection (5) below" shall be omitted and for the Table set out in that subsection there shall be substituted the following Table: —

“TABLE

<i>Year of birth</i>	<i>Percentage</i>
1916 to 1933	20
1914 or 1915	21
1912 or 1913	24
1910 or 1911	26½
1908 or 1909	29½
1907	32½”

- (2) Subsection (5) of the said section 228 (which restricts relief in relation to any year in which the individual concerned benefits from pensionable employment) shall cease to have effect.
- (3) This section has effect for the year 1982-83 and subsequent years of assessment.

### **39 Partnership retirement annuities**

- (1) In section 16 of the Finance Act 1974 (partnership retirement annuities) in paragraph (a) of subsection (2) after the word "is" there shall be inserted the words "subject to subsection (2A) below" and at the end of that subsection there shall be inserted—

“(2A) If the retail prices index for the month of December in the last of the seven years referred to in paragraph (c) of subsection (2) above is higher than it was for the month of December in any of the other years referred to in that paragraph, the amount which, for that other year, was the former partner's share of the relevant profits or gains shall be treated for the purposes of that subsection as increased by the same percentage as the percentage increase in the retail prices index.”

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- (2) This section has effect in relation to annual payments falling within section 16(1) of the Finance Act 1974 which are income of the year 1982-83 or any subsequent year of assessment.

#### **40 Share options**

- (1) In any case where—
- (a) for the year 1982-83 or any subsequent year of assessment a person is chargeable to tax under Schedule E, by virtue of section 186 of the Taxes Act (directors and employees of companies granted rights to acquire shares), on an amount equal to a gain realised by the exercise of a right to acquire shares ; and
  - (b) the shares acquired in the exercise of that right were acquired for a consideration which, subject to subsection (2) below, was not less than the market value (determined as for the purposes of the Capital Gains Tax Act 1979) of shares of the same class at the time the right was granted or, if the right was granted before 6th April 1982, 90 per cent, of that market value ; and
  - (c) following an assessment for the year in which that right was exercised (in this section referred to as " the relevant year ") an amount of tax chargeable by virtue of section 186 of the Taxes Act in respect of the amount referred to in paragraph (a) above and exceeding £250 is payable to the collector pursuant to regulations under section 204 of that Act; and
  - (d) the person concerned makes an election in accordance with subsection (3) below,
- he shall be entitled to pay tax by instalments in accordance with subsection (4) below.
- (2) Shares which are acquired for a consideration less than that required by paragraph (b) of subsection (1) above by reason only of a diminution in the market value of shares of that class (determined as aforesaid) which is attributable solely to the share capital of the company issuing the shares being varied after the right to acquire the shares was granted, shall for the purposes of that paragraph be regarded as having been acquired for a consideration not less than that required by that paragraph.
- (3) An election under this section shall be made by notice in writing to the inspector before the expiry of the period of sixty days beginning immediately after the end of the relevant year.
- (4) Where an election has been made under this section the tax referred to in subsection (1) (c) above shall, subject to subsections (5) and (6) below, be paid in three equal instalments as follows—
- (a) the first shall be due and payable at the expiry of the period of fourteen days beginning on the date on which application for the tax is made pursuant to regulations under the said section 204 ;
  - (b) the third shall be due and payable on the last day of the third year following the end of the relevant year; and
  - (c) the second shall be due on such date as falls midway between the dates on which the first and third instalments are due and payable.
- (5) In any case where the date which, apart from this subsection, would be the due date for the third instalment of tax under subsection (4) above is earlier than the due date referred to in paragraph (a) of that subsection, all three instalments shall be due on the later date.

- (6) Tax which, by virtue of an election under this section, is not yet due and payable in accordance with subsection (4) above may nevertheless be paid at any time and shall become due and payable forthwith if the person who made the election becomes bankrupt under the law of any part of the United Kingdom.
- (7) Subject to any other provision of the Income Tax Acts requiring income of any description to be treated as the highest part of a person's income, for the purposes of paragraph (c) of subsection (1) above in determining what tax is chargeable on a person by virtue of section 186 of the Taxes Act in respect of the amount referred to in paragraph (a) of that subsection, that amount shall be treated as the highest part of his income for the relevant year.
- (8) In Schedule 10 to the Finance Act 1980 (savings-related share option schemes) in paragraph 26 (interpretation) at the end of the definition of " associated company " in sub-paragraph (1) there shall be added the words " except that, for the purposes of paragraph 12 of this Schedule, subsection (1) of that section shall have effect with the omission of the words ' or at any time within one year previously ' " .

#### **41 Share options etc.: restrictions on insider dealing**

Paragraph 5 of Schedule 8 to the Finance Act 1973 and paragraph 18 of Schedule 10 to the Finance Act 1980 (certain matters deemed to be restrictions attaching to shares) shall each have effect and shall be deemed always to have had effect as if the references in those paragraphs to any contract, agreement, arrangement or condition did not include a reference to so much of any contract, agreement, arrangement or condition as contains provisions similar in purpose and effect to any of the provisions of the Model Rules set out in the Model Code for Securities Transactions by Directors of Listed Companies issued by the Stock Exchange in April 1981.

#### **42 Approved profit sharing schemes**

- (1) In section 56 of the Finance Act 1978 (capital receipts in respect of approved profit sharing schemes) in subsection (1)—
  - (a) after the words " trustees become ", in each place where they occur, there shall be inserted the words " or the participant becomes ";
  - (b) before the words " the amount or value " there shall be inserted the words " so much of "; and
  - (c) at the end there shall be added the words " as exceeds the appropriate allowance for that year, as determined under subsection (6) below " .
- (2) For subsection (6) of that section there shall be substituted the following subsection—

“(6) For the purposes of subsection (1) above, the appropriate allowance for any year of assessment means a sum which, subject to a maximum of £140, is the product of multiplying £20 by 1 plus the number of years which fall within the period of 7 years immediately preceding the year in question and in which shares were appropriated to the participant under the scheme ; and if in any year (and before the release date) the trustees become or the participant becomes entitled, in respect of or by reference to any of his shares, to more than one capital receipt, the receipts shall be set against the appropriate allowance for that year in the order in which they are received.”

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- (3) In subsections (1) and (2) of section 58 of the Finance Act 1978 (shares in excess of initial market value of £1,000) for " £1,000 " there shall be substituted " £1,250 ".
- (4) In paragraph 1(4) of Schedule 9 to that Act (profit sharing schemes to provide that total initial market values of shares appropriated to one participant yearly must not exceed £1,000) for " £1,000 " there shall be substituted " £1,250 ".
- (5) Subsections (1) and (2) above apply to receipts to which the trustees become or the participant becomes entitled on or after the passing of this Act; subsection (3) above applies in relation to shares appropriated on or after 6th April 1982; and subsection (4) above shall be deemed to have come into force on that date.

#### **43      Payments for loss of employment etc.**

- (1) Schedule 8 to the Taxes Act (tax on payments for loss of employment etc.) shall have effect with the insertion at the beginning of paragraph 7 of the words " Subject to sub-paragraph (2) below " and with the addition, at the end of that paragraph, of the following: —

“(2) In the case of a payment which exceeds £50,000, this paragraph applies as if it were a payment of £50,000 exactly.

- 7A    (1) Subject to sub-paragraph (2) below, in the case of a payment which exceeds £50,000 and in respect of which tax is chargeable under section 187 of this Act, the following relief shall be allowed by way of deduction from the tax chargeable by virtue of that section, that is to say, there shall be ascertained—

- (a) the amount of tax which would be chargeable apart from this paragraph and paragraph 7 above in respect of the income of the holder or past holder of the office or employment for the chargeable period of which the payment is treated as income, and
- (b) the amount of tax which would be so chargeable if the amount of the payment had been £50,000 exactly,

and the amount to be deducted shall be one-quarter of the difference between the amount ascertained at (a) and the amount ascertained at (b).

- (2) In the case of a payment which exceeds £75,000, this paragraph applies as if it were a payment of £75,000 exactly.

- (3) Any relief allowed by virtue of this paragraph shall be in addition to that allowed by virtue of paragraph 7 above.”

- (2) This section has effect in relation to any payment which, by virtue of section 187(4) of the Taxes Act, is treated as income received on or after 6th April 1982.

#### **44      Benefits in kind: vouchers**

- (1) Section 36 of the Finance (No. 2) Act 1975 (taxation of benefits in kind provided by means of vouchers other than cash vouchers) shall be amended as follows.

- (2) In subsection (1)—

- (a) after the words " in relation to a voucher ", in the passage following paragraph (b), there shall be inserted the words " (other than a cheque voucher) "; and



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- (b) at the end there shall be added the words " ; and in relation to a cheque voucher is the one in which the voucher is handed over in exchange for money, goods or services (a voucher which is posted being treated as handed over at the time of posting). "
- (3) For subsection (2) there shall be substituted the following subsection—
- “(2) There shall be deductible under section 189, 192 or 194(3) of the Taxes Act (necessary expenses etc.) from the amount taxable under subsection (1) above such amounts, if any, as would have been so deductible if the cost of the goods or services in question had been incurred by the employee out of his emoluments.”
- (4) After subsection (3) there shall be inserted the following subsection—
- “(3A) Subsection (1) above shall not apply in relation to a transport voucher provided for an employee of a passenger transport undertaking under arrangements in operation on 25th March 1982 and intended to enable that employee or a relation of his to obtain passenger transport services provided by—
- (a) his employer;
  - (b) a subsidiary of his employer ;
  - (c) a body corporate of which his employer is a subsidiary ; or
  - (d) another passenger transport undertaking.”
- (5) For subsections (4) and (4A) there shall be substituted the following subsection—
- “(4) In this section—
- ' cheque voucher ' means a cheque provided for an employee and intended for use by him wholly or mainly for payment for particular goods or services or for goods or services of one or more particular classes; and, in relation to a cheque voucher, references to a voucher being exchanged for goods or services shall be construed accordingly ;
  - ' employee ' means the holder of any office or employment the emoluments in respect of which fall to be assessed under Schedule E; and related expressions shall be construed accordingly ;
  - ' passenger transport undertaking ' means an undertaking whose business consists wholly or mainly in the carriage of passengers and includes a subsidiary of such an undertaking ;
  - ' relation', with respect to an employee, means his spouse, parent or child, the spouse of his child and any dependant of that employee ;
  - ' subsidiary' means a wholly owned subsidiary within the meaning of section 150(4) of the Companies Act 1948;
  - ' transport voucher' means any ticket, pass or other document or token intended to enable a person to obtain passenger transport services (whether or not in exchange for it); and, in relation to a transport voucher, references to a voucher being exchanged for services shall be construed as references to it being exchanged for, or otherwise used to procure, services;
  - ' voucher' does not include a cash voucher within the meaning of section 37 of this Act but, subject to that, means any voucher, stamp or similar document or token capable of being exchanged (whether

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singly or together with other such vouchers, stamps, documents or tokens and whether immediately or only after a time) for money, goods or services (or for any combination of two or more of those things) and includes a transport voucher and a cheque voucher.”

(6) After subsection (5) there shall be inserted the following subsection—

“(5A) Subsections (6) and (7) of section 36A of this Act shall apply for the purposes of this section in relation to vouchers as they apply for the purposes of that section in relation to credit-tokens.”

(7) This section has effect for the year 1982-83 and subsequent years of assessment.

#### **45 Benefits in kind: credit-tokens**

(1) Section 36A of the Finance (No. 2) Act 1975 (taxation of benefits in kind provided by means of credit-tokens) shall be amended as follows.

(2) In subsection (1), paragraph (a) and, in paragraph (b), the words " (including any interest paid in connection therewith) " shall cease to have effect; and accordingly in subsection (3) for the words " paragraphs (a) and " there shall be substituted the word " paragraph ".

(3) For subsection (4) there shall be substituted the following subsections—

“(4) In this section ' credit-token ' means, subject to subsection (4B) below, a card, token, document or other thing given to a person by another person who undertakes—

- (a) that on the production of it (whether or not some other action is also required) he will supply money, goods and services (or any of them) on credit; or
- (b) that where, on the production of it to a third party (whether or not some other action is also required), the third party supplies money, goods and services (or any of them), he will pay the third party for them (whether or not taking any discount or commission).

(4A) For the purposes of subsection (4) above, use of an object to operate a machine provided by the person giving the object, or by a third party, shall be treated as production of the object to that person or, as the case may be, third party.

(4B) In this section—

' credit-token ' does not include a voucher within the meaning of section 36, or a cash voucher within the meaning of section 37, of this Act; and

' employee ' has the same meaning as in section 36(4) of this Act.”

(4) This section has effect for the year 1982-83 and subsequent years of assessment.

#### **46 Benefits in kind: cars and car fuel**

(1) In Chapter III of Part IV of the Finance Act 1981 (benefits in kind)—

- (a) subsections (2), (4) and (5) of section 68 (which, for the year 1982-83 and subsequent years of assessment, amend section 64 of the Finance Act 1976 with respect to certain benefits relating to cars available for private use) shall be deemed not to have been enacted and, accordingly, the said section 64 shall

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- have effect for the year 1982-83 and subsequent years of assessment without regard to the amendments made by those subsections; and
- (b) section 69 (new provision relating to car fuel) shall not have effect until the year 1983-84 and, accordingly, in subsection (2) of that section for " 1982-83 " there shall be substituted " 1983-84 " .
- (2) Subsection (2A) of section 64 of the Finance Act 1976 (removal of double or alternative charges for car and car fuel benefits) shall be amended—
- (a) by the substitution, for the words from the beginning to " under this section " , of the words " Subject to subsection (2B) below, where in any year the benefit of a car is chargeable to tax under this section as the employee's income " ; and
- (b) by the substitution, in paragraph (c), for the words " made by him " of the words " made to him " ;
- and in section 69(2)(a) of that Act (calculation of emoluments in relation to benefits in kind) after the words " amounts as come " there shall be inserted the words " or would but for section 64(2A) of this Act come " .
- (3) After the said subsection (2A) there shall be inserted the following subsection: —
- “(2B) If, in the year 1982-83, the benefit of a car is chargeable to tax under this section, subsection (2A) above shall have effect for that year as if—
- (a) the reference in paragraph (a) to a liability in connection with the car did not include a reference to liability for fuel ;
- (b) the references in paragraph (b) to goods or services in connection with the car did not include fuel; and
- (c) the reference in paragraph (c) to expenses incurred in connection with the car did not include expenses incurred in the provision of fuel.”
- (4) In section 64A of the Finance Act 1976 (taxation of amounts equal to value of car fuel benefits), in subsection (1) for the words from " he shall be treated " to the end of the subsection there shall be substituted the words " an amount equal to whatever is the cash equivalent of that benefit in that year shall be treated as emoluments of the employment and, accordingly, shall be chargeable to income tax under Schedule E. " ; and subsections (7) and (8) of that section shall be omitted.
- (5) Few: the Tables in subsection (2) of the said section 64A there shall be substituted the following Tables: —

TABLE A

Cylinder capacity of car in cubic centimetres	Cash equivalent
1300 or less	£325
More than 1300, but not more than 1800	£425
More than 1800	£650

TABLE B

Original market value of car	Cash equivalent
Less than £4,300	£325

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Original market value of car	Cash equivalent
£4,300 or more but less than £6,100	£425
£6,100 or more	£650

- (6) In subsection (4) of the said section 64A (power for Treasury by order to vary Tables of cash equivalents for the year 1983-84 and subsequent years) for "1983-84 " there shall be substituted " 1984-85 ".
- (7) Section 15 of the Taxes Management Act 1970 (returns of employees' emoluments etc.) shall have effect for the year 1982-83 as if the amendments made by section 69 of the Finance Act 1981 (as amended by this section) had effect for that year.

#### **47 Sub-contractors in the construction industry**

Chapter II of Part III of the Finance (No. 2) Act 1975 shall have effect subject to the provisions of Schedule 8 to this Act (which authorises the issue of certificates under section 70 of that Act to certain individuals who would not otherwise qualify, and makes certain minor amendments).

#### **48 Contributions to local enterprise agencies**

- (1) Notwithstanding anything in section 130 of the Taxes Act (general rules as to deductions not allowable in computing profits or gains) but subject to the provisions of this section, where a person carrying on a trade, profession or vocation makes any contribution (whether in cash or in kind) to an approved local enterprise agency, any expenditure incurred by him in making the contribution which would not otherwise be so deductible may be deducted as an expense in computing the profits or gains of the trade, profession or vocation for the purposes of tax.
- (2) Where any such contribution as is referred to in subsection (1) above is made by an investment company, within the meaning of section 304 of the Taxes Act, any expenditure allowable as a deduction under subsection (1) above shall for the purposes of that section be treated as expenses of management.
- (3) Subsection (1) above does not apply in relation to a contribution made by any person if either he or any person connected with him receives, or is entitled to receive, a benefit of any kind whatsoever for or in connection with the making of that contribution, whether from the agency concerned or from any other person.
- (4) In this section " approved local enterprise agency " means a body approved by the Secretary of State for the purposes of this section; but the Secretary of State shall not so approve a body unless he is satisfied that—
- (a) its sole objective is the promotion or encouragement of industrial and commercial activity or enterprise in a particular area in the United Kingdom with particular reference to encouraging the formation and development of small businesses ; or
  - (b) one of its principal objectives is that set out in paragraph (a) above and it maintains or is about to maintain a fund separate from its other funds which is or is to be applied solely in pursuance of that objective ;

and where the Secretary of State approves a body by virtue of paragraph (b) above, the approval shall specify the fund concerned and, in relation to a body so approved,

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any reference in this section to a contribution is a reference to a contribution which is made wholly to or for the purposes of that fund.

- (5) A body may be approved under subsection (4) above whether or not it is a body corporate or a body of trustees or any other association or organisation and whether or not it is described as a local enterprise agency; but no body may be so approved unless it is precluded, by virtue of any enactment, contractual obligation, memorandum or otherwise from making any direct or indirect payment or transfer to any of its members or to any person charged with the control and direction of its affairs of any of its income or profit by way of dividend, gift, division, bonus or otherwise howsoever by way of profit (but for this purpose the payment of reasonable remuneration for goods, labour or power supplied, or for services rendered, of reasonable interest for money lent or of reasonable rent for any premises does not constitute a payment or transfer which is required to be so precluded).
- (6) Any approval given by the Secretary of State may be made conditional upon compliance with such requirements as to accounts, provision of information and other matters as he considers appropriate ; and if it appears to the Secretary of State—
- (a) that an approved local enterprise agency is not complying with any such requirement, or
  - (b) that one or other of the conditions for his approval contained in subsection (4) above or the precondition for his approval in subsection (5) above has ceased to be fulfilled with respect to an approved local enterprise agency,
- he shall by notice in writing withdraw his approval from the body concerned with effect from such date as he may specify in the notice (which may be a date earlier than the date on which the notice is given).
- (7) In any case where—
- (a) a contribution has been made to an approved local enterprise agency in respect of which relief has been given under subsection (1) above, and
  - (b) any benefit received in any chargeable period by the contributor or any person connected with him is in any way attributable to that contribution,
- the contributor shall in respect of that chargeable period be charged to tax under Case I or Case II of Schedule D or, if he is not chargeable to tax under either of those cases for that period, under Case VI of Schedule D on an amount equal to the value of that benefit.
- (8) Section 533 of the Taxes Act (connected persons) applies for the purposes of subsections (3) and (7) above.
- (9) This section applies to contributions made on or after 1st April 1982 and before 1st April 1992.

#### **49 Relief for interest: loans for investment in close companies**

- (1) Paragraphs 9 and 10 of Schedule 1 to the Finance Act 1974 (relief for interest paid on loans for investment in close companies) shall have effect subject to the following provisions of this section.
- (2) In paragraph 9(1) for the words following sub-paragraph (c) there shall be substituted the words—
- “and either the conditions stated in sub-paragraph (1) of paragraph 10 below or those stated in sub-paragraph (2) of that paragraph are satisfied.”.

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(3) In paragraph 10 for all the words preceding sub-paragraph (a) there shall be substituted the following words—

“(1) The conditions first referred to in paragraph 9 above are—”  
and the following shall be inserted in paragraph 10 as sub-paragraph (2)—

“(2) The conditions secondly referred to in paragraph 9 above are-

- (a) that, when the interest is paid, the company continues to satisfy any of the conditions of paragraph 3A(2) of Schedule 16 to the Finance Act 1972 and the individual holds any part of the ordinary share capital of the company ; and
- (b) that in the period from the application of the proceeds of the loan to the payment of the interest the individual has worked for the greater part of his time in the actual management or conduct of the company or of an associated company of the company; and
- (c) that he shows in the period from the application of the proceeds of the loan to the payment of the interest he has not recovered any capital from the company, apart from any amount taken into account under paragraph 13 below.”

(4) This section has effect in relation to interest paid on or after 10th March 1982.

## **50 Relief for pre-trading expenditure**

In section 39(1) of the Finance Act 1980 (relief for pre-trading expenditure incurred within a year of the time the trader began to carry on the trade) for the words " one year " there shall be substituted the words " three years ".

## **51 Investment in new corporate trades**

(1) In section 52 of the Finance Act 1981 (investment in new corporate trades)—

- (a) in subsection (3) (a) (claim for relief not allowed until company has traded for twelve months) for the words " twelve months " there shall be substituted the words " four months ";
- (b) in subsection (6) (effect of subsection (3)(a) where company is wound up before expiry of the twelve month period) for the words " twelve months " there shall be substituted the words " four months ";
- (c) after subsection (8) there shall be inserted the following subsection—

“(8A) No account shall be taken of the relief, in so far as it is not withdrawn, in determining whether any sums are excluded by virtue of section 33 of the Capital Gains Tax Act 1979 (exclusion of expenditure by reference to tax on income) from the sums allowable as a deduction in the computation of gains and losses for the purposes of that Act.”

(2) In section 53 of that Act (limits of the relief) for subsection (2) there shall be substituted the following subsection—

“(2) The relief shall not be given—

- (a) to the extent that the amount or total amount subscribed by an individual for ordinary shares issued to him (whether or not by the same company) in the years 1981-82 and 1982-83 exceeds £30,000; and

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- (b) to the extent that the amount or total amount subscribed by an individual for ordinary shares issued to him (whether or not by the same company) in the year 1983-84 exceeds £20,000 ;  
but paragraph (a) above shall not authorise relief to be given to an individual in respect of so much of the total amount subscribed by him for shares issued to him in the year 1981-82 as exceeds £10,000.”
- (3) In subsection (7) of section 55 of the Finance Act 1981 (restrictions as to share capital for qualifying company for purposes of section 52 of that Act) for the words " at any time in the relevant period include" there shall be substituted the words " include at any time in the period of three years beginning with the date of issue of the shares in respect of which relief is claimed ".
- (4) In subsection (1) of section 64 of that Act (reduction of sums allowable as deductions for capital gains tax) for the words from " reduced" to the end of paragraph (b) there shall be substituted the words
- “determined without regard to that relief, except that where those sums exceed the consideration they shall be reduced by an amount equal to—
- (a) the amount of that relief, or
- (b) the excess,
- whichever is the less”.

## **52 Subsidiaries of qualifying companies**

- (1) In subsection (1) of section 65 of the Finance Act 1981 (application of sections 52 to 67 of that Act to subsidiaries) for the words from " did not commence business " to the end there shall be substituted the words “and if any subsidiary commenced business before the qualifying company did so, it was incorporated or (if later) commenced business not more than five years before the date of issue of the shares in respect of which relief is claimed; and
- (c) the subsidiary or each subsidiary complies with the requirements of subsections (2) to (6) of section 55 above”.
- (2) In paragraph 2(1) of Schedule 12 to that Act (modification of section 54 of that Act in relation to subsidiaries of qualifying companies) for the words from the beginning to " company if " there shall be substituted the following—
- “(1) In subsections (2), (4) and (6) of section 54, references to the company (except, in each subsection, the first such reference) include references to a company which is during the relevant period a subsidiary of that company, whether it becomes a subsidiary before, during or after the year of assessment in respect of which the individual concerned claims relief and whether or not it is such a subsidiary while he is such an employee, partner or director as is mentioned in subsection (2) or while he has or is entitled to acquire such capital or voting power or rights as are mentioned in subsections (4) and (6).
- (1B) Without prejudice to the provisions of section 54 (as it has effect in accordance with sub-paragraph (1) above), an individual shall be treated as connected with a company if—
- (a) he has at any time in the relevant period had control (within the meaning of section 534 of the Taxes Act) of another company

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which has since that time and before the end of the relevant period become a subsidiary of the company ; or

(b)".

- (3) In paragraph 4 of that Schedule (modification of sections 58 and 59 in relation to subsidiaries of qualifying companies) for the words " a subsidiary of the company " there shall be substituted the words " any company which during the relevant period is a subsidiary of that company, whether it becomes a subsidiary before or after the individual concerned receives any value from it, ".
- (4) After that paragraph there shall be inserted the following paragraph—

“4A In subsection (2) of section 59 (redemption etc. of shares by company) the references to the company (except the first) shall include references to a company which during the relevant period is a subsidiary of the company whether it becomes a subsidiary before or after the redemption, repayment, repurchase or payment referred to in that subsection.”

### **53 Purchase of own shares by unquoted trading company**

- (1) References in the Corporation Tax Acts to distributions of a company shall not include references to a payment made by a company on the redemption, repayment or purchase of its own shares if—
- (a) the company is an unquoted company and either a trading company or the holding company of a trading group; and
  - (b) the redemption, repayment or purchase is made wholly or mainly for the purpose of benefiting a trade carried on by the company or by any of its 75 per cent, subsidiaries, and does not form part of a scheme or arrangement the main purpose or one of the main purposes of which is—
    - (i) to enable the owner of the shares to participate in the profits of the company without receiving a dividend, or
    - (ii) the avoidance of tax ; and
  - (c) the conditions in paragraphs 1 to 9 of Schedule 9 to this Act, so far as applicable, are satisfied in relation to the owner of the shares.
- (2) References in the Corporation Tax Acts to distributions of a company shall not include references to a payment made by a company on the redemption, repayment or purchase of its own shares if—
- (a) the company is within subsection (1)(a) above, and
  - (b) the whole or substantially the whole of the payment (apart from any sum applied in paying capital gains tax charged on the redemption, repayment or purchase) is applied by the person to whom it is made in discharging a liability of his for capital transfer tax charged on a death, and is so applied within the period of two years after the death ;
- but this subsection shall not apply to the extent that the liability could without undue hardship have been discharged otherwise than through the redemption, repayment or purchase of shares in the company or another company within subsection (1)(a) above.
- (3) Schedule 9 to this Act shall have effect for supplementing this section ; and in that Schedule " the purchase " means the redemption, repayment or purchase referred to in subsection (1) above, and " the vendor " means the owner of the shares at the time it is made.



(4) This section has effect in relation to payments made on or after 6th April 1982.

#### **54 Purchase of company's own shares from dealer**

(1) Where on or after 6th April 1982 a company purchases its own shares from a dealer, the purchase price shall be taken into account in computing the profits of the dealer chargeable to tax under Case I or II of Schedule D ; and accordingly—

- (a) tax shall not be chargeable under Schedule F in respect of any distribution represented by any part of the price, and
- (b) the dealer shall not be entitled in respect of the distribution to a tax credit under section 86 of the Finance Act 1972, and
- (c) sections 232(4) (duty to provide statements) and 239 (distributions not chargeable to corporation tax) of the Taxes Act shall not apply to the distribution.

(2) For the purposes of subsection (1) above a person is a dealer in relation to shares of a company if the price received on their sale by him otherwise than to the company would be taken into account in computing his profits chargeable to tax under Case I or II of Schedule D.

(3) In subsection (1) above.—

- (a) the reference to the purchase of shares includes a reference to the redemption or repayment of shares and to the purchase of rights to acquire shares, and
- (b) the reference to the purchase price includes a reference to any sum payable on redemption or repayment;

but subject to subsection (4) below.

(4) Subsection (1) above shall not apply in relation to—

- (a) the redemption of fixed-rate preference shares, or
- (b) the redemption, on terms settled or substantially settled before 6th April 1982, of other preference shares issued before that date,

if (in either case) the shares were issued to and continuously held by the person from whom they are redeemed.

(5) In this section—

" fixed-rate preference shares " means shares which—

- (a) were issued wholly for new consideration, and
- (b) do not carry any right either to conversion into shares or securities of any other description or to the acquisition of any additional shares or securities, and
- (c) do not carry any right to dividends other than dividends which—
  - (i) are of a fixed amount or at a fixed rate percent, of the nominal value of the shares, and
  - (ii) together with any sum paid on redemption, represent no more than a reasonable commercial return on the consideration for which the shares were issued ;

" new consideration " has the same meaning as in Part X of the Taxes Act; and

" shares " includes stock.

## **55 Application of advance corporation tax on purchase of company's own shares**

In section 92 of the Finance Act 1972 (setting of company's advance corporation tax in respect of dividends against subsidiary's liability) after subsection (7) there shall be inserted—

“(7A) References in this section to dividends shall be construed as including references to distributions made on or after 6th April 1982 on the redemption, repayment or purchase by a company of its own shares, and references to the payment of dividends shall be construed accordingly.”

## **56 Close companies: apportionment of income**

(1) In Schedule 16 to the Finance Act 1972 references to distributions shall be construed as including references to anything that would be a distribution but for one or both of—

- (a) paragraph 1 of Schedule 18 to the Finance Act 1980 (demergers), and
- (b) section 53 of this Act.

(2) In paragraph 12 of that Schedule, after sub-paragraph (2A) there shall be inserted—

“(2B) References in sub-paragraphs (1)(a) and (2)(b) above to the redemption or repayment of a company's share capital shall be construed as including references to the purchase by the company of its own shares.”

(3) This section has effect in relation to events occurring on or after 6th April 1982.

## **57 Eurobond dealers: exemption from bond-washing provisions**

Section 472 of the Taxes Act (application of bond-washing provisions to dealers in securities) shall have effect, and be deemed always to have had effect, with the addition, at the end of the section, of the following subsection: —

“(5) Subsection (1) of this section shall not apply if the securities are Eurobonds bought by the first buyer in the ordinary course of his trade as a dealer in Eurobonds ; and in this subsection " Eurobond " means a security—

- (a) which is neither preference stock nor preference share capital; and
- (b) which is issued in bearer form; and
- (c) which carries a right to interest either at a fixed rate or at a rate bearing a fixed relationship to a standard published base rate ; and
- (d) which does not carry a right to any other form of benefit, whether in the nature of interest, participation in profits or otherwise ; and
- (e) the interest on which is payable without any deduction in respect of income tax or of any tax of a similar character imposed by the laws of a territory outside the United Kingdom ;

but, notwithstanding anything in paragraph (d) above, a security is not prevented from being a Eurobond by reason only that it carries a right to convert into a security of another description or to subscribe for further securities (whether of the same description or not).”

## **58 Index-linked Treasury Stock**

(1) This section has effect with respect to the following Treasury Stock, namely—

- (a) 2 per cent. Index-linked Treasury Stock 1996 ; and

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- (b) 2 per cent. Index-linked Treasury Stock 2006 ; and
  - (c) 2½ per cent. Index-linked Treasury Stock 2011;
- and in this section any such stock is referred to as " existing index-linked stock " .
- (2) The variation of the prospectuses relating to existing index-linked stock which was effected by a supplement to those prospectuses dated 9th March 1982 shall not be regarded as having affected the status of such stock as restricted government securities for the purposes of section 41 of the Finance Act 1981 (treatment of any income, gains or losses of insurance companies relating to such securities).
  - (3) Subject to subsection (4) below, on or after 27th March 1982 existing index-linked stock shall not be regarded as restricted government securities for the purposes of section 41 of the Finance Act 1981.
  - (4) If any existing index-linked stock was on 27th March 1982 held by an insurance company against and applied solely towards meeting the liabilities of its pension business, then, if and so long as the stock continues to be so held by that company, it shall continue to be treated as restricted government securities for the purposes of section 41 of the Finance Act 1981.
  - (5) If, on or after 27th March 1982, any existing index-linked stock which on that date was held by an insurance company ceases to be restricted government securities for the purposes of section 41 of the Finance Act 1981, otherwise than by virtue of being actually disposed of or being redeemed, then, on the day on which it so ceases, the stock shall be deemed for the purposes of corporation tax, including, subject to subsection (6) below, corporation tax on chargeable gains, to have been disposed of and immediately re-acquired at its market value on that date.
  - (6) For the purposes of sections 67 and 68 of the Capital Gains Tax Act 1979 (gilt-edged securities)—
    - (a) in ascertaining the date on which securities were acquired, no account shall be taken of any deemed disposal and re-acquisition resulting from subsection (5) above ; and
    - (b) so long as any existing index-linked stock continues, by virtue of subsection (4) above, to be treated on and after 27th March 1982 as restricted government securities for the purposes of section 41 of the Finance Act 1981, it shall be regarded as being stock of a different kind from existing index-linked stock which is not so treated.
  - (7) In this section " insurance company " and " pension business " have the same meaning as in section 323 of the Taxes Act.

## **59 Manufactured dividends: extension to certain securities issued by building societies**

- (1) In section 477 of the Taxes Act (manufactured dividends: treatment of tax deducted) in subsection (2) (exclusion of cases where interest is payable without deduction of tax) after the word " where ", in the first place where it occurs, there shall be inserted the words " otherwise than by virtue of section 343(3)(a) of this Act " .
- (2) This section has effect in relation to contracts for the sale of securities entered into after 9th March 1982.

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## **60 Limitation on meaning of " distribution " for corporation tax**

- (1) Any interest or other distribution which—
- (a) is paid out of the assets of a company (in this section referred to as " the borrower ") on or after the relevant day to another company which is within the charge to corporation tax, and
  - (b) which is so paid in respect of securities of the borrower which fall within any of sub-paragraphs (i) to (iii) and (v) of paragraph (d) of subsection (2) of section 233 of the Taxes Act (meaning of " distribution " ),
- shall not be a distribution for the purposes of the Corporation Tax Acts unless the application of this subsection is excluded by subsection (2), subsection (3) or subsection (4) below.
- (2) Subsection (1) above does not apply in a case where the consideration given by the borrower for the use of the principal secured represents more than a reasonable commercial return for the use of that principal; but, where this subsection does apply, nothing in section 233(2)(a) of the Taxes Act shall operate so as to treat as a distribution for the purposes of the Corporation Tax Acts so much of the interest or other distribution as represents a reasonable commercial return for the use of that principal.
- (3) Subsection (1) above does not apply in the case of any interest or other distribution which is paid in respect of a security of the borrower falling within section 233(2)(d)(iii) of the Taxes Act if—
- (a) the principal secured does not exceed £100,000 ; and
  - (b) the borrower is under an obligation to repay the principal and interest before the expiry of the period of five years beginning on the date on which the principal was paid to the borrower ; and
  - (c) that obligation either was entered into before 9th March 1982 or was entered into before 1st July 1982 pursuant to negotiations which were in progress on 9th March 1982 ; and
  - (d) where the period for repayment of either principal or interest is extended on or after 9th March 1982 (but paragraph (b) above still applies), the interest or other distribution is paid within the period which was applicable immediately before that date ;
- and for the purposes of paragraph (c) above negotiations shall not be regarded as having been in progress on 9th March 1982 unless, before that date, the borrower had applied to the lender for a loan and had supplied the lender with any documents required by him to support the application.
- (4) Subsection (1) above does not apply in a case where the company to which the interest or other distribution is paid is entitled under any enactment, other than section 239 of the Taxes Act (U.K. company distributions not chargeable to corporation tax), to an exemption from tax in respect of that interest or distribution.
- (5) In subsection (1)(a) above " the relevant day " means—
- (a) in the case of any interest or other distribution which is payable before 1st April 1983 pursuant to an obligation entered into before 9th March 1982, 1st April 1983 ; and
  - (b) in any other case, 9th March 1982.
- (6) This section shall be construed as if it were included in Part X of the Taxes Act.

## **61 Maintenance funds for historic buildings: reimbursement of settlor**

- (1) This section applies to income arising from settled property in respect of which a direction under section 93 below has effect if the income—
  - (a) is treated by virtue of Part XVI of the Taxes Act as income of the settlor for the year 1982-83 or a subsequent year of assessment, and
  - (b) is applied in reimbursing the settlor for expenditure incurred by him for a purpose within subsection (3)(a)(i) of section 93, and if that expenditure is (or would apart from the reimbursement be) deductible in computing the profits of a trade carried on by the settlor.
- (2) Income to which this section applies shall not be treated as reducing the expenditure deductible in computing the profits referred to in subsection (1) above, and shall not be regarded as income of the settlor otherwise than by virtue of Part XVI of the Taxes Act.

## **62 Maintenance funds: miscellaneous amendments**

- (1) Where settled property in respect of which a direction has effect under section 93 below constitutes part only of the property comprised in a settlement, it and the other property shall be treated as comprised in separate settlements for the purposes of the enactments specified in subsection (2) below.
- (2) The enactments referred to in subsection (1) above are—
  - (a) sections 168 to 173 of the Taxes Act;
  - (b) Part XVI of the Taxes Act;
  - (c) sections 16 and 17 of the Finance Act 1973 ;
  - (d) section 38 of the Finance Act 1977 ;
  - (e) sections 52 and 53 of the Finance Act 1980.
- (3) Schedule 10 to this Act (which makes amendments relating to maintenance funds) shall have effect.

## **63 Sums paid to settlor otherwise than as income**

- (1) In section 451 of the Taxes Act (sums paid to settlor otherwise than as income) subsection (1) shall have effect in accordance with subsections (2) and (3) below and shall be presumed so to have had effect in relation to any capital sum paid to the settlor on or after 6th April 1981.
- (2) In paragraph (b) the amendment made by section 42(2)(c) of the Finance Act 1981 shall be presumed not to have been made and, accordingly, the words following " up to the end of " shall read " the next following year, be treated for the purposes aforesaid as income of the settlor for the next following year ".
- (3) In the words following paragraph (b) (as amended by section 42(2)(6) of the Finance Act 1981) after the words " each subsequent year " there shall be inserted the words " up to a maximum of ten subsequent years ".
- (4) Where a capital sum was paid in a relevant year ending before 6th April 1981 (the operative date for sections 42 and 43 of the Finance Act 1981) and the circumstances are such that—
  - (a) subsection (1) of section 451 of the Taxes Act applies to that sum, but

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(b) on that date the whole or some part of that sum (in this subsection referred to as " the balance ") had not been treated, in accordance with that subsection, as the income of the settlor for any relevant year ending before that date, the balance shall be deemed for the purposes of that section to have been paid not at the time the capital sum was in fact paid but on 6th April 1981.

(5) Expressions used in subsections (1) and (4) above have the same meaning as in section 451(1) of the Taxes Act.

#### **64 Payments of interest in currencies other than sterling**

(1) In section 131 (2)(c)(ii) (deduction of certain interest payments to non-residents in computing profits or gains) and section 249(1)(c)(ii) (similar provision in relation to corporation tax) of the Taxes Act, for the words " the currency of a territory outside the scheduled territories " there shall be substituted, in each case, the words " a currency other than sterling ".

(2) In section 416(1) of the Taxes Act (local authority borrowing in foreign currencies) for the words from " the currency " to " territories " there shall be substituted the words " a currency other than sterling ".

(3) Subsection (1) has effect in relation to payments of interest made, and subsection (2) has effect in relation to securities issued, on or after 6th April 1982.

#### **65 Double taxation relief: interest on certain overseas loans**

(1) This section applies in a case where—

- (a) in any chargeable period the profits of any person (in this section referred to as " the lender ") which are brought into charge to income tax or corporation tax include an amount, computed in accordance with section 503 of the Taxes Act, in respect of interest (in this section referred to as " foreign loan interest ") on a loan made to a person resident in a territory outside the United Kingdom; and
- (b) in determining the liability of the lender to income tax or corporation tax, expenditure related to the earning of the foreign loan interest is deductible in computing the profits referred to in paragraph (a) above ; and
- (c) the lender is entitled in accordance with Chapter II of Part XVIII of the Taxes Act (double taxation relief) to credit for foreign tax chargeable on or by reference to the foreign loan interest.

(2) If, in a case where this section applies, the foreign tax referred to in subsection (1)(c) above is or includes an amount of spared tax, then, for the purposes of income tax or corporation tax, the amount which, apart from this subsection, would be the amount of the foreign loan interest shall be treated as increased by so much of the spared tax as does not exceed the permitted amount, as defined in subsection (3) below; but nothing in this subsection prejudices the operation of section 503 of the Taxes Act in relation to foreign tax which is not spared tax.

(3) In this section " spared tax " means foreign tax which, although not payable, falls to be taken into account for the purposes of credit by virtue of section 497(3) of the Taxes Act; and the permitted amount, in relation to spared tax which is referable to the whole or any part of the foreign loan interest, is an amount which does not exceed—

- (a) 15 per cent, of the interest to which the spared tax is referable, computed without regard to any increase under subsection (2) above ; or

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- (b) if it is less, the amount of that spared tax for which, in accordance with any arrangements applicable to the case in question, credit falls to be given as mentioned in subsection (1)(c) above.
- (4) If, in a case where this section applies.—
- (a) the foreign tax referred to in subsection (1)(c) above is or includes an amount of tax which is not spared tax, and
  - (b) that amount of tax exceeds the amount of the credit which, by virtue of Chapter II of Part XVIII of the Taxes Act and subsection (5) below, is allowed for that foreign tax against income tax or corporation tax,
- then, for the purposes of income tax or corporation tax, the amount which, apart from this subsection, would be the amount of the foreign loan interest shall be treated as reduced by a sum equal to the excess.
- (5) Where this section applies, the amount of the credit for foreign tax referred to in subsection (1)(c) above which, in accordance with Chapter II of Part XVIII of the Taxes Act, is to be allowed against income tax or corporation tax shall not exceed 15 per cent, of the foreign loan interest, computed without regard to any increase under subsection (2) or any reduction under subsection (4) above.
- (6) This section shall be construed as if it were included in Chapter II of Part XVIII of the Taxes Act.
- (7) Where the loan on which the foreign loan interest is payable was made pursuant to an agreement entered into before 1st April 1982, this section does not apply in relation to interest payable before 1st April 1983, but subject thereto, this section applies in relation to interest payable on or after 1st April 1982.

## **66 Double taxation relief: underlying tax reflecting interest on loans**

- (1) This section applies in a case where
- (a) a bank or a company connected with a bank makes a claim for an allowance by way of credit in accordance with Chapter II of Part XVIII of the Taxes Act; and
  - (b) the claim relates to underlying tax on a dividend paid by the overseas company, within the meaning of section 508 of that Act; and
  - (c) that underlying tax is or includes tax payable under the law of a territory outside the United Kingdom on or by reference to interest on a loan made in the course of its business by that overseas company or by such a third, fourth or successive company as is referred to in subsection (2) or subsection (3) of that section; and
  - (d) if the company which made the loan had been resident in the United Kingdom, then, in determining its liability to corporation tax, expenditure related to the earning of the interest on the loan would be deductible in computing the profits of the company brought into charge to tax.
- (2) If, in a case where this section applies, the underlying tax is or includes an amount of spared tax, then, for the purposes of corporation tax, the amount which, apart from this subsection, would be the amount of the dividend shall be treated as increased by an amount equal to so much of that spared tax as does not exceed the permitted amount, as defined in subsection (3) below; but nothing in this subsection prejudices the operation of section 503 of the Taxes Act in relation to foreign tax which is not spared tax.

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- (3) In this section "spared tax" has the same meaning as in section 65 above; and the permitted amount, in relation to spared tax which is referable to the whole or any part of the interest referred to in subsection (1)(c) above, is an amount which does not exceed—
- (a) 15 per cent, of the interest to which that spared tax is referable; or
  - (b) if it is less, the amount of that spared tax which under any arrangements is to be taken into account for the purpose of allowing credit against corporation tax in respect of the dividend concerned.
- (4) If, in a case where this section applies.—
- (a) the underlying tax is or includes an amount of tax which is not spared tax, and
  - (b) that amount of tax exceeds 15 per cent, of the interest to which it is referable, then, for the purposes of corporation tax, the amount which, apart from this subsection, would be the amount of the dividend shall be treated as reduced by a sum equal to the excess.
- (5) Where this section applies, the amount of the credit referred to in paragraph (a) of subsection (1) above which is referable to the underlying tax payable as mentioned in paragraph (c) of that subsection shall not exceed 15 per cent, of so much of the interest referred to in that paragraph as is included in the relevant profits of the company paying the dividend; and for the purposes of this subsection—
- (a) "relevant profits" has the same meaning as, by virtue of section 506 of the Taxes Act, it has for the purposes of the computation of underlying tax; and
  - (b) the amount of the interest shall be determined without making any deduction in respect of any foreign tax.
- (6) In subsection (1) above "bank" means a company carrying on, in the United Kingdom or elsewhere.—
- (a) a banking business; or
  - (b) another business which includes the making of loans where the circumstances of the business are such that, in determining the liability of the company to corporation tax, expenditure related to the earning of the interest on those loans is deductible in computing the profits brought into charge to tax;
- and section 533 of the Taxes Act (connected persons) applies for the purposes of subsection (1) above.
- (7) This section shall be construed as if it were included in Chapter II of Part XVIII of the Taxes Act.
- (8) Where the loan referred to in subsection (1)(c) above was made pursuant to an agreement entered into before 1st April 1982 this section does not apply to any underlying tax which is referable to interest on that loan payable before 1st April 1983 but, subject thereto, this section applies where the underlying tax is referable to interest payable on or after 1st April 1982.

## 67 **Double taxation relief: branches of non-resident banks**

At the end of paragraph (b) of the proviso to section 502 of the Taxes Act (exceptions, in relation to unilateral relief, from the requirement that the person claiming relief must be resident in the United Kingdom) there shall be added "and

- (c) for tax paid under the law of any territory in respect of interest on a loan where the following conditions are fulfilled, namely.—



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- (i) that the person in question is a company which, for the chargeable period in question, carries on a banking business in the United Kingdom through a branch or agency ; and
- (ii) that the loan was made by the company through the branch or agency in the United Kingdom ; and
- (iii) that the territory under whose law the tax was paid is not one in which the company is liable to tax by reason of domicile, residence or place of management; and
- (iv) that the amount of relief claimed does not exceed (or is by the claim expressly limited to) that which would have been available if the branch or agency had been a company resident in the United Kingdom and the loan had been made by it in the course of its banking business.”

## **68 Postponement of recovery of tax**

- (1) In section 55 of the Taxes Management Act 1970 (postponement of recovery of tax) in subsection (2) for the words " If no application is made under subsection (3) below " there shall be substituted the words " Except as otherwise provided by the following provisions of this section " .
- (2) After subsection (3) of that section there shall be inserted the following subsection—
  - “(3A) An application under subsection (3) above may be made more than thirty days after the date of the issue of the notice of assessment if there is a change in the circumstances of the case as a result of which the appellant has grounds for believing that he is over-charged to tax by the assessment.”
- (3) In subsection (6) of that section (determination of application) in paragraph (a) after the words " subsection (3) above " there shall be inserted the words " other than an application made by virtue of subsection (3A) above " .
- (4) This section has effect in relation to notices of assessment to tax issued after the passing of this Act.

## **69 Interest on unpaid tax**

- (1) In section 86 of the Taxes Management Act 1970 (interest on overdue tax) in subsection (3) (date when interest becomes payable)—
  - (a) the following paragraph shall be inserted after paragraph (a)—
    - “(aa) in relation to any tax payable in accordance with the determination of an appeal against an assessment but which had not been charged by the assessment, the date which if it had been charged would be by virtue of paragraph (a) above have been the reckonable date; and”;
  - and
  - (b) in paragraph (b) after the words " paragraph (a)" there shall be inserted the words " or paragraph (aa) " .
- (2) This section has effect in relation to notices of assessment to tax issued after the passing of this Act.