Finance Act 1986

1986 CHAPTER 41

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Tax rates and main reliefs

16—22. . . . . . [F1]

Textual Amendments

F1 Ss. 16–22 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

23 Employee share schemes: general amendments.

. . . . . [F2]

Textual Amendments

F2 S. 23 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

24 Approved profit sharing schemes: workers' co-operatives.

(1) . . . . . [F3]

(4) Where, for the purpose of securing (and maintaining) approval of its profit sharing scheme in accordance with Part I of Schedule 9 to the Finance Act 1978, the rules of a society which is a workers' co-operative or which is seeking to be registered under the industrial and provident societies legislation as a workers' co-operative contain—

(a) provision for membership of the society by the trustees of the scheme,

(b) provision denying voting rights to those trustees, or

(c) other provisions which appear to the registrar to be reasonably necessary for that purpose,

those provisions shall be disregarded in determining whether the society should be or continue to be registered under the industrial and provident societies legislation as a bona fide co-operative society.

(5) In subsection (4) above "the industrial and provident societies legislation" means—

(a) the [M1]Industrial and Provident Societies Act 1965, or

(b) the [M2]Industrial and Provident Societies Act (Northern Ireland) 1969,

and "registrar" has the same meaning as in each of those Acts and "co-operative society" has the same meaning as in section 1 of those Acts.

Textual Amendments

F3 S. 24(1)–(3) repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

Marginal Citations

M1 1965 c. 12.

M2 1969 c. 24 (N.I.).

25—32. . . . . . [F4]

Textual Amendments

F4 Ss. 25–32 repealed with savings by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

33 Disclosure of information to Charity Commissioners.

At the end of section 9 of the [M3]Charities Act 1960 (exchange of information between the Commissioners of Inland Revenue and the Charity Commissioners etc.) there shall be added the following subsection—

"(3) Without prejudice to subsection (1) above, no obligation as to secrecy or other restriction upon the disclosure of information shall prevent the Commissioners of Inland Revenue from disclosing to the Commissioners information with respect to any institution which has for any purpose been treated as established for charitable purposes but which appears to the Commissioners of Inland Revenue to be or to have been carrying on activities which are not charitable or to be or to have been applying any of its funds for purposes which are not charitable."

Marginal Citations

M3 1960 c. 58.

Foreign element: expenses

34—54. . . . . . [F5]

Textual Amendments

F5 Ss. 34–54 repealed with savings by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

CHAPTER II

CAPITAL ALLOWANCES

55—57. . . . . . [F6]

Textual Amendments

F6 Ss. 55–57 repealed by Capital Allowances Act 1990 (c. 1, SIF 63:1), s. 164(4), **Sch. 2**

CHAPTER III

CAPITAL GAINS

58 Gifts into dual resident trusts.

(1) This section applies where there is or has been a disposal od an asset to the trustees of a settlement in such circumstances that, on a claim for relief, section **[**[F7]126 or 147A of the Capital Gains Tax Act 1979 (relief**]** for gifts) aplies, or would but for this section apply, so as to reduce the amounts of the chargeable gain and the consideration referred to in **[**[F7]subsection (3)**]** of that section.

(2) In this section—

(a) "a relevant disposal" means such disposal as is referred to in subsection (1) above;*and*

(b) *"the 1980 provision" means section 79 of the Finance Act 1980* [F8].

(3) Relief under **[**[F7]section 126 or 147A of the Capital Gains Tax Act 1979**]** shall not be available on a relevant disposal occurring on or after 18th March 1986 if—

(a) at the material time the trustees to whom the disposal is made fall to be treated, under section 52 of the Capital Gains Tax Act, as resident and ordinarily

resident in the United Kingdom, although the general administration of the rtrust is ordinarily carried on outside the United Kingdom; and

(b) on a notional disposal of the asset concerned occurring on immediately after the material time, the trustees would be regarded for the purposes of any double taxation relief arrangements—

(i) as resident in a territory outside the United Kingdom to tax on a gain arising on that disposal.

(4) In subsection (3) above—

(a) "the material time" means the time of the relevant disposal;

(b) a "notional disposal" means a disposal by the trustees of the asset which was the subject of the relevant disposal; and

(c) "double taxation relief arrangements" means arrangements having effect by virtue of section **[**[F9]788 or 789 of the Taxes Act 1988**]** (as extended to capital gains tax by section 10 of the Capital Gains Tax Act 1979).

(5) In any case where—

(a) relief under **[**[F10]section 126 or 147A of the Capital Gains Tax Act 1979**]** has been allowed on a claim relating to a relevant disposal, (whether occurring before, on or after 18th March 1986), and

(b) at a time subsequent to that relevant disposal, but not earlier than 18th March 1986, the circumstances become such that paragraphs (a) and (b) of subsection (3) above would apply if that time were the material time referred to in that subsection, and

(c) section 79 of the Finance Act 1981 (which provides for the recovery of relief under **[**[F10]section 126 or 147A of the Capital Gains Tax Act 1979**]** in the event of the emigration of the donee) has not had effect in relation to the relevant disposal before that time and would not (apart from this subsection) have effect at that time,

section 79 of the Finance Act 1981 shall have effect as if, at that time, the trustees had become neither resident nor ordinarily resident in the United Kingdom.

Textual Amendments

F7 Finance Act 1989 (c. 26, SIF 63:1, 2), s. 124, **Sch. 14 para. 6(5)(a)(b)***in relation to disposals on or after 14 March 1989 (except where relief given under 1980 s. 79 in respect of a disposal before that date). Previously*
"section 79 of the Finance Act 1980 (general relief", "subsectiuon (1)"
and
"the 1980 provision"
respectively.

F8 Repealed by ss. 124 and 187 and Schs. 14 para. 6(5)(b), 17 Part VII in relation to disposals on or after 14 March 1989 (except where relief given under 1980 s. 79 in respect of a disposal before that date).

F9 Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), **Sch. 29 para. 32**.

F10 Finance Act 1989 (c. 26, SIF 63:1, 2), s. 124 , **Sch. 14 para. 6(5)(c)** in relation to disposals on or after 14 March 1989 (except where relief given under 1980 s. 79 in respect of a disposal before that date). Previously "the 1980 provision".

59 Disposals of options and contracts for gilt-edged securities etc.

With respect to the disposals occurring on or after 2nd July 1986, for section 67 of the Capital Gains Tax Act 1979 there shall be substituted the following section—

"**67 Exemptions of options for gilt-edged securities and qualifying corporate bonds etc.**

(1) A gain which accrues on the disposal by any person of—
(a) gilt-edged securities or qualifying corporate bonds, or
(b) any option or contract to acquire or dispose of gilt-edged securities or qualifying corporate bonds,

shallnot be a chargeable gain.

(2) In subsection (1) above the reference to the disposal of a contract to acquire or dispose of gilt-edged securities or qualifying corporate bonds is a reference to the disposal of the outstanding obligations under a contract.

(3) Without prejudice to section 72(3) of the Finance Act 1985 (closing out of certain futures contracts dealt in on a recognised futures exchange), where a person who has entered into any such contract as is referred to in subsection (1)(b) above closes out that contract by entering into another contract with obligations which are reciprocal to those of the first-mentioned contract, that transaction shall for the purposes of this section constitute the disposal of an asset, namely, his outstanding obligations under the first-mentioned contract."

60 Small part disposals.

(1) In section 107 of the Capital Gains Tax Act 1979 (small part disposals) in subsection (1) for the words "is small, as compared with" there shall be substituted " does not exceed one-fifth of ".

(2) This section applies to disposals on or after 6th April 1986.

CHAPTER IV

SECURITIES

61—63. . . . . . F11

Textual Amendments

F11 Ss. 61–63 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

Status:
Point in time view as at 01/02/1991.

Changes to legislation:
There are currently no known outstanding effects for the Finance Act 1986, Part II.