



Finance (No.2) Act 1987

1987 CHAPTER 51

PART I

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER V

TAXES MANAGEMENT PROVISIONS

Miscellaneous

90 Corporation tax to be payable without assessment.

- (1) With respect to accounting periods ending after the appointed day, corporation tax shall be payable without the making of an assessment and, with respect to such periods—
 - (a) in subsection (3) of section 243 of the Taxes Act (which provides for assessments by reference to accounting periods) for the words from “assessments” to “a company” there shall be substituted “corporation tax shall be computed and chargeable (and any assessments shall accordingly be made)”; and
 - (b) in subsection (4) of that section (which specifies the date when corporation tax assessed for an accounting period is to be paid) the word “assessed” and the words from “or if it is later” onwards shall be omitted and for the words “paid within” there shall be substituted “due and payable on the day following the expiry of”.
- (2) With respect to loans or advances made (or treated as made) in an accounting period ending after the appointed day, in subsection (1) of section 286 of the Taxes Act (loans to participators etc.) for the words “assessed on and recoverable” there shall be substituted “due”.

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- (3) With respect to loans or advances made (or treated as made) as mentioned in subsection (2) above, for subsection (4) of the said section 286 there shall be substituted—

“(4) Tax due by virtue of this section shall be due and payable within fourteen days after the end of the accounting period in which the loan or advance was made”.

- (4) Notwithstanding that, by virtue of the preceding provisions of this section, any corporation tax (or any amount due as if it were corporation tax) is due without the making of an assessment, no proceedings for collecting that tax (or other amount) shall be instituted—

- (a) unless it has been assessed; and
- (b) until the expiry of the period of thirty days beginning on the date on which the notice of assessment is issued;

and the reference in this subsection to proceedings for collecting tax or any other amount includes a reference to proceedings by way of distraint or pouncing for that tax or other amount.

- (5) If, with respect to any accounting period,—

- (a) a company has paid an amount of corporation tax without the making of an assessment; and
- (b) at any time before an assessment to corporation tax for the period becomes final, the company has grounds for believing that, by reason of a change in the circumstances of the case since the tax was paid, the amount paid exceeds the company’s probable liability for corporation tax,

the company may, by notice in writing given to the inspector on or after the date which, under section 87 above, is the material date in relation to that tax, make a claim for the repayment to the company of the amount of that excess; and a notice under this subsection shall state the amount which the company considers should be repaid and the grounds referred to in paragraph (b) above.

- (6) If, apart from this subsection, a claim would fall to be made under subsection (5) above at a time when the company concerned has appealed against such an assessment as is referred to in paragraph (b) of that subsection but that appeal has not been finally determined, that subsection shall have effect as if, for the words from “make a claim” to “excess”, there were substituted “apply to the Commissioners to whom the appeal stands referred for a determination of the amount which should be repaid to the company pending a determination of the company’s liability for the accounting period in question”; and such an application shall be determined in the same way as the appeal.

- (7) Where, on an appeal against an assessment to corporation tax, a company makes an application under subsection (3) or subsection (4) of section 55 of the Management Act (postponement of tax charged but not paid etc.) that application may be combined with an application under subsections (5) and (6) above (relating to tax which was paid prior to the assessment).

91 Close companies: loans to participators.

- (1) In section 109 of the Management Act (close companies: loans to participators) subsection (2) shall be omitted.

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- (2) In subsection (3) of that section for “88” there shall be substituted “87A” and for the words from “charged” onwards there shall be substituted “under the said section 286 became due and payable shall be that determined in accordance with subsection (4) of that section”.
- (3) After subsection (3) of that section there shall be inserted the following subsection—
 - “(3A) If there is such a repayment of the whole or any part of a loan or advance as is referred to in subsection (5) of section 286 of the principal Act, interest under section 87A of this Act on so much of the tax under the said section 286 as is referable to the amount repaid shall not be payable in respect of any period after the date on which the repayment was made.”
- (4) This section has effect with respect to loans or advances made (or treated as made) in any accounting period ending after the appointed day.

92 Amendments relating to PAYE.

- (1) Section 204 of the Taxes Act (pay as you earn) shall be amended in accordance with this section.
- (2) In subsection (2) (regulations) after paragraph (c) there shall be inserted the following paragraph—
 - “(cc) for requiring the payment of interest on sums due to the Board—
 - (i) which are not paid by the due date, and
 - (ii) of which the amount is determined by the inspector (before or after the due date) in accordance with the regulations,and for determining the date (being not less than 14 days after the end of the year of assessment in respect of which the sums are due) from which such interest is to be calculated”.
- (3) After subsection (3) there shall be inserted the following subsection—
 - “(3A) Any reference in the preceding provisions of this section to a payment of, or on account of, any income assessable under Schedule E includes a reference to anything which, in accordance with regulations under subsection (2) above, is to be treated as a payment of, or on account of, any such income.”

93 Sub-contractors in the construction industry.

- (1) Section 70 of the Finance (No. 2) Act 1975 (certificates securing exemption from the deduction scheme applicable to sub-contractors in the construction industry) shall be amended as follows.
- (2) After subsection (4) there shall be inserted the following subsection—
 - “(4A) Where it appears to the Board that there has been a change in the control of a company holding or applying for a certificate, the Board may make any such direction as is referred to in subsection (4) above.”
- (3) In subsection (5) (cancellation of certificates) at the end of paragraph (c) there shall be inserted “or
 - (d) in the case of a certificate issued to a company, there has been a change in the control of the company and information with respect to that

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change has not been furnished in accordance with regulations under subsection (7) below”.

- (4) In subsection (6) (appeals against refusal of certificate)—
- (a) after the words “certificate under this section” there shall be inserted “or the cancellation of such a certificate”; and
 - (b) after the word “refusal”, in the second place where it occurs, there shall be inserted “or as the case may be, cancellation”.
- (5) In subsection (7) after paragraph (c) there shall be inserted the following paragraph—
- “(cc) requiring the furnishing of information with respect to changes in the control of a company holding or applying for such a certificate”;
- and after paragraph (f) there shall be inserted the following paragraph—
- “(ff) with respect to the production, copying and removal of, and the making of extracts from, any records kept by virtue of any such requirement as is referred to in paragraph (f) above and with respect to rights of access to or copies of any such records which are removed; and”.
- (6) At the end of the section there shall be added the following subsection—
- “(13) In this section “control” has the same meaning as in section 534 of the Taxes Act.”

94 Failure to do things within a limited time.

In section 118(2) of the Management Act (cases where persons are deemed not to have failed to do things which are required to be done within a limited time), after the word “deemed”, in the second place where it occurs, there shall be inserted “not to have failed to do it unless the excuse ceased and, after the excuse ceased, he shall be deemed”.

95 Interpretation of Chapter V and consequential and supplementary provisions.

- (1) In this Chapter “the Management Act” means the Taxes Management Act 1970.
- (2) Subject to subsection (3) below, any reference in this Chapter to the appointed day is a reference to such day as the Treasury may by order made by statutory instrument appoint, and different days may be so appointed for different provisions of this Chapter.
- (3) No day may be appointed by virtue of subsection (2) above which falls earlier than 31st March 1992.
- (4) The provisions of Schedule 6 to this Act shall have effect, being provisions consequential on and supplementary to the provisions of this Chapter.