



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

An Act to consolidate certain of the enactments relating to income tax and corporation tax, including certain enactments relating also to capital gains tax; and to repeal as obsolete section 339(1) of the Income and Corporation Taxes Act 1970 and paragraphs 3 and 4 of Schedule 11 to the Finance Act 1980. [9th February 1988]

Editorial Information

X1 EDITORIAL NOTE

The originating text of this Act is derived from the 1990 edition of The Taxes Acts edited by the Inland Revenue and published by Her Majesty's Stationery Office. The style of editing followed in older versions of the revised text may therefore differ from that applicable to most other Acts published in the online edition of the revised statutes. Any references in older footnote annotations to Vol. 1, 2 etc. are to the Volumes of that 1990 edition.

References to Acts in sidenotes and footnote annotations may be abbreviated. The main abbreviations used are listed below. Where a reference to an Act consists of the year, or the year and a series number (such as "1975", or "1975 (No. 2)", etc.), without any following letter(s) in parentheses, the reference is in most cases to the Finance Act, or Finance (No. 2) Act, etc., of that year. Exceptions to this are 1952, 1970, and 1988 (as to which see the list below).

ABBREVIATIONS USED IN SIDENOTES AND FOOTNOTES

- 1828 (R.S.) = Revenue Solicitors Act 1828 (c. 25, SIF 57)
- 1890 (I.R.R.) = Inland Revenue Regulation Act 1890 (c. 21, SIF 63:1)
- 1952 = Income Tax Act 1952 (c. 10, SIF 63:1)
- 1968 (C) = Capital Allowances Act 1968 (c. 3)
- 1970 (M) = Taxes Management Act 1970 (c. 9, SIF 63:1)
- 1970 = Income and Corporation Taxes Act 1970 (c. 10, SIF 63:1)
- 1970 (F) = Finance Act 1970 (c. 24, SIF 63:1,2)
- 1970 (No.2) = Income and Corporation Taxes (No.2) Act 1970 (c. 54)
- 1975 (O) = Oil Taxation Act 1975 (c. 22) (and similarly as respects subsequent years)
- 1976 (D) = Development Land Tax Act 1976 (c. 24)
- 1977 (I.T.R.) = Finance (Income Tax Reliefs) Act 1977 (c. 53)
- 1979 (C) = Capital Gains Tax Act 1979 (c. 14, SIF 63:2)
- 1984 (C) = Capital Transfer Tax Act 1984/Inheritance Tax Act 1984 (c. 51, SIF 65)
- 1988 = Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1)
- 1988 (F) = Finance Act 1988 (c. 39, SIF 63:1,2)

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1990 (C) = Capital Allowances Act 1990 (c. 1, SIF 63:1)

O.J. = Official Journal of the European Communities

SIF = Statutes in Force, the official hard-copy predecessor to the online statutes (and any following numbers refer to the relevant volume)

Modifications etc. (not altering text)

- C1** General amendments, modifications, etc. to Tax Acts (or Income Tax Acts or Corporation Taxes Acts as the case may be):
- Taxes Management Act 1970 (c.9, SIF 63:1), **s. 41A(7)** (as added by Finance Act 1990 (c.29, SIF 63:1), **s. 95(1)(2)**);
- British Telecommunications Act 1981 (c.38, SIF 96), **s. 82(2)(7)**;
- Telecommunications Act 1984 (c.12, SIF 96), **s. 72(3)**;
- Finance Act 1984 (c.43, SIF 63:1), ss. 82(6), 85(2), 89(1)(7), 96(1)(7), 98(7), Sch. 9 para. 3(2)(9), Sch. 16 paras. 6, **12**;
- Finance Act 1985 (c.54, SIF 63:1), ss. 72(1), 74(5), **Sch. 23 para. 15(4)**;
- The Income Tax (Entertainers and Sportsmen) Regulations 1987 (S.I. 1987/530), **regs. 11(2)**, 13(1), 14;
- Income and Corporation Taxes Act 1988 (c.1, SIF 63:1), ss. 4, 6, 7, 9, 32, 34, 78, 134, 135, 141, 142, 185, 191, 193, 194, 195, 200, 203, 209, 212, 213, 219, 247, 253, 272, 287, 314, 315, 317, 318, 325, 326, 327, 345, 350, 351, 368, 375, 381, 397, 414, 432, 440, 442, 446, 458, 460, 461, 463, 463(2)(3) (as added by Finance Act 1990 (c.29, SIF 63:1), **s. 50(2)**), 468, 474, 475, 486, 490, 491, 503, 511, 518, 524, 532, 544, 550, 556, 558, 569, 572, 582, 595, 601, 613, 617, 619, 621, 639, 656, 660, 663, 676, 689, 691, 694, 700, 701, 714, 716, 739, 743, 754, 763, 776, 780, 781, 782, 787, 789, 811, 828, 829, 832, 833, 834, 835, 837, 838, 839, 840, 841, 842, Sch. 2 para. 5, Sch. 4 para. 5, Sch. 13 para. 10, Sch. 16 para. 10, Sch. 21 para. 6, Sch. 26 para. 1, **Sch. 27 para. 20**;
- Finance Act 1988 (c.39, SIF 63:1), ss. 66, 127(1)(6), **Sch. 12 para. 6**;
- Electricity Act 1989 (c. 29, SIF 44:1), s. 90, **Sch. 11 para. 8(2)**; S.I. 1990/117, art. 3, **Sch. 1**;
- Capital Allowances Act 1990 (c.1, SIF 63:1), **ss. 28(1)**, 68(8), 74, 82, 83(5), 148(5), 163(4), 164(2); S.I. 1990/627;
- Finance Act 1990 (c.29, SIF 63:1), **s. 25(10)**;
- Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), **s. 84(3)** (having effect with respect to gifts made on or after 19.3.1991), s. 587A(2)(3) (with application as referred to in Finance Act 1991 (c.31, SIF 63:1), s. 54, **Sch. 12 para. 5** (if the new securities are issued on or after 19.3.1991)), s. 736A, Sch. 23A paras. 2(2), 3(2), 4(4), 5(2), **7(1)**;
- Ports Act 1991 (c. 52, SIF 58), **s. 35(8)**;
- The Official Listing of Securities (Change of Competent Authority) Regulations 1991 (S.I. 1991/2000), **regs. 1(1)**, 4(5);
- British Technology Group Act 1991 (c.66, SIF 64), **s.12(1)(3)(4)**; S.I. 1991/2721, **art.2**;
- The Social Security (Contributions) Regulations 1979 (S.I. 1979/591), **Sch. 1 reg. 28** (as substituted by S.I. 1992/97, **reg. 18**);
- Social Security Contributions and Benefits Act 1992 (c. 4), ss. 16, 177(4), **Sch.2** (with s. 108(5));
- Taxation of Chargeable Gains Act 1992 (c. 12), **ss. 209(3)**, 289 (with ss. 60, 101(1), 171, 201(3)) (with effect for the year 1992-93 and subsequent years of assessment);
- The Lloyd's Underwriters (Tax) (1989-90) Regulations 1992 (S.I. 1992/511), **reg.3** (with effect for the year of assessment 1989-90);
- Finance (No. 2) Act 1992 (c. 48), ss. 66, 77, Sch. 12 paras. 6(2), 7, **Sch. 17 para.9**;
- The Lloyd's Underwriters (Tax) (1990-91) Regulations 1993 (S.I. 1993/415), **regs. 1(1)**, 3(1) (with effect for the year of assessment 1990-91);
- Finance Act 1993 (c. 34), s. 78(3)-(5), 118(1), 146(2)(3), 165, 175, Sch. 20 paras. 8, **9(1)**;
- Finance Act 1993 (c. 34), **ss. 172(1)**, 176(1), 179(4)(5), 180(1)(a)(2), 182(2), 184(3) (with effect for the year 1992-93 and subsequent years of assessment);
- Agriculture Act 1993 (c. 37), ss. 12, 36, Sch. 2, paras. 1, 2(1), 3(2), 16(2)(a), **Sch. 4 para. 1(1)**;

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The Income Tax (Manufactured Overseas Dividends) Regulations 1993 (S.I. 1993/2004), **regs. 1, 4(1), 5(1), 7(1), 8, 11(7)**;
Finance Act 1994 (c. 9), ss. 139(1)(2), 173(2)(b)(4)(a)(b), 174, Sch. 25 paras. 2, **6(1)(2)**;
Finance Act 1994 (c. 9), s. 252(1)(3), Sch. 24 paras. 1(4), 12(2), 15(1)(b), 18(1)-(4), 20(1)(a)(3), **25(1)** (with retrospective effect to 11.1.1994);
Coal Industry Act 1994 (c. 21), ss. 21, 68(4), Sch. 4 paras. 11(1), 14, 17(2)-(4), **19(1)(a)(3)**; S.I. 1994/2189, art. 2, **Sch.**;
The Lloyd's Underwriters (Tax) (1991-92) Regulations 1994 (S.I. 1994/728), **reg.3** (with effect for the year of assessment 1991-92);
Finance Act 1995 (c. 4), **ss. 152**, 157(12);
Finance Act 1995 (c. 4), **s. 154** (with retrospective effect to 29.11.1994);
Income and Corporation Taxes Act 1988 (c. 1), **Sch. 5A** (as inserted by Finance Act 1995 (c. 4), s. 85(2)(3), **Sch. 19**);
Crown Agents Act 1995 (c. 24), **s. 7(3)-(5)**;
Atomic Energy Authority Act 1995 (c. 37), s. 8, Sch. 3 paras. 1, 2, 7, **13**;
Gas Act 1995 (c. 45), s. 17(1)(2), Sch. 5 paras. 1, **10(1)-(3)**;
The Friendly Societies (Taxation of Transfers of Business) Regulations 1995 (S.I. 1995/171), **reg. 3**;
The Lloyd's Underwriters (Tax) Regulations 1995 (S.I. 1995/351), **reg. 4** (with regs. 5-8 and S.I. 1995/352, **regs. 6-12**, 14, 15);
The Lloyd's Underwriters (Tax) (1992-93 to 1996-97) Regulations 1995 (S.I. 1995/352), **regs. 1, 4** (with regs. 6-12, 14, 15 and S.I. 1995/351, **regs. 5-8**) (with effect for the years of assessment 1992-93 to 1996-97);
The Income Tax (Manufactured Dividends) (Tradeport) Regulations 1995 (S.I. 1995/2052), **regs. 1, 10**;
Finance Act 1996 (c. 8), ss. 81(1), 151(1), 152, 154(2)(5)(9), Sch. 10 para. 4(2), **Sch. 11 para. 4(4)**;
Income and Corporation Taxes Act 1988 (c. 1), **s. 689A(2)** (as inserted by Finance Act 1996 (c. 8), Sch. 6 paras. 16, **28**);
Broadcasting Act 1996 (c. 55), Sch. 7 paras. 1(3), 18, **27**;
Finance Act 1997 (c. 16), s. 79(3), Sch. 7 paras. 2(1)(3), 3(2)(5), **7(2)**;
Income and Corporation Taxes Act 1988 (c. 1), Sch. 23A paras. 3, **8(2A)** (as substituted and inserted respectively by Finance Act 1997 (c. 16), Sch. 10 paras. 11(1), 13(3), **16**);
Capital Allowances Act 1990 (c. 1), **ss. 28A**, 29(1)(1A) (as inserted and substituted respectively by Finance Act 1997 (c. 16), Sch. 15 paras. 3, 4);
Finance (No. 2) Act 1997 (c. 58), s. 29(1), **Sch. 6 para. 23**;
Income and Corporation Taxes Act 1988 (c. 1), **s. 1A(5)** (as substituted by Finance (No. 2) Act 1997 (c. 58), **s. 31(4)(6)**);
The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. 1997/473), **reg. 3** (as amended by S.I. 2001/3629, **art. 165(2)(a)**; S.I. 2004/822, **reg. 4**);
The Open-ended Investment Companies (Tax) Regulations 1997 (S.I. 1997/1154), **regs. 1, 3-23** (as amended by S.I. 1997/1715);
The Lloyd's Underwriters (Scottish Limited Partnerships) (Tax) Regulations 1997 (S.I. 1997/2681), **regs. 1, 9**;
Teaching and Higher Education Act 1998 (c. 30), **s. 22(5)(g)**;
Finance Act 1998 (c. 36), ss. 30(3), 31(2), 32(8), 46, 47(3)(a), 117, 161(2)(b)(7), **Sch. 18**;
Income and Corporation Taxes Act 1988 (c. 1), ss. 65A(3), 70A(3), 596C, 754(2), **Sch. 28AA para. 6(2)(b)** (as inserted or substituted (as the case may be) by Finance Act 1998 (c. 36), ss. 38, 93(3)(4), 108(5)(6), Sch. 5 paras. 24, 25, 73, Sch. 16, Sch. 17 paras. 9(4), **37**);
Regional Development Agencies Act 1998 (c. 45), **s. 38**; S.I. 1998/2952, **art. 2(2)**;
Scotland Act 1998 (c. 46), **s. 73(2)**; S.I. 1998/3178, art. 2(2), **Sch. 3**;
The European Single Currency (Taxes) Regulations 1998 (S.I. 1998/3177), **regs. 1, 21**;
Finance Act 1999 (c. 16), **s. 68(4)**;
Income and Corporation Taxes Act 1988 (c. 1), **s. 469A** (as inserted by Finance Act 1999 (c. 16), **s. 68(1)(3)**);

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Commonwealth Development Corporation Act 1999 (c. 20), **ss. 6(2)(c)**, 16(1)(4)(c)(5);
 Finance Act 2000 (c. 17), **Sch. 14 para. 43**;
 Income and Corporation Taxes Act 1988 (c. 1), **s. 587B(2)(b)** (as inserted by Finance Act 2000 (c. 17), **s. 43(1)(3)**);
 Capital Allowances Act 2001 (c. 2), **ss. 253(4)**, 260(5), 579, **Sch. 3 paras. 54, 55**;
 Income and Corporation Taxes Act 1988 (c. 1), **s. 118ZA** (as substituted by Finance Act 2001 (c. 9), **s. 75(1)(6)**);
 Finance Act 2002 (c. 23), **ss. 55(2)-(4)(7)**, 83(1)(a)(3), **Sch. 26 para. 51**;
 Income Tax (Earnings and Pensions) Act 2003 (c. 1), **ss. 56**, 566(2), 723(1) (with **s. 48(2)**, **Sch. 7**);
 Finance Act 2003 (c. 14), **ss. 148(1)-(5)**, 150, 195;
 The Taxation of Benefits under Government Pilot Schemes (Return to Work Credit and Employment Retention and Advancement Schemes) Order 2003 (S.I. 2003/2339), **arts. 1, 3**;
 Finance Act 2004 (c. 12), **ss. 51**, 188(7), 192(8)(10), 205(7), 206(7), 207(7), 208(8), 215(11), 227(5), 254(7), 255(3), 284(1) (with **Sch. 36**);
 Finance Act 2002 (c. 23), **Sch. 26 para. 36(2)** (as substituted by Finance Act 2004 (c. 12), **s. 52(1)(3)**, **Sch. 10 para. 62**);
 Income and Corporation Taxes Act 1988 (c. 1), **s. 837C** (as inserted by Finance Act 2004 (c. 12), **Sch. 27 paras. 1, 3**);
 Income and Corporation Taxes Act 1988 (c. 1), **Sch. 19B para. 15(2)** (as inserted by Finance Act 2004 (c. 12), **Sch. 38**);
 Energy Act 2004 (c. 20), **ss. 27(10)**, 28(5), 29(6), 30(6), 38(2), 44(5), **Sch. 9 para. 37(3)**; S.I. 2004/2575, **art. 2(1)**, **Sch. 1**;
 Horserace Betting and Olympic Lottery Act 2004 (c. 25), **ss. 4(1)**, 5(3)(c)(4); S.I. 2011/462, **art. 2**;
 The Taxation of Benefits under Government Pilot Schemes (Working Neighbourhoods Pilot and In Work Credit) Order 2004 (S.I. 2004/575), **art. 3**;
 Finance Act 2005 (c. 7), **ss. 41(4)**, 50, 53, 54, 56, 83(1);
 Railways Act 2005 (c. 14), **Sch. 10 para. 34(2)**; S.I. 2005/1444, **art. 2(1)**, **Sch. 1**; S.I. 2005/1909, **art. 2**, **Sch.**;
 Finance (No. 2) Act 2005 (c. 22), **ss. 7(2)**, 8, 9;
 Finance Act 1988 (c.39), **s. 66A(2)(4)** (as inserted by Finance (No. 2) Act 2005 (c. 22), **s. 60(1)(3)**);
 The Pension Protection Fund (Tax) (2005-06) Regulations 2005 (S.I. 2005/1907), **reg. 4**;
 The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005 (S.I. 2005/2014), **reg. 3**;
 The Donations to Charity by Individuals (Appropriate Declarations) (Amendment) Regulations 2005 (S.I. 2005/2790), **regs. 6, 7**;
 The Pension Protection Fund (Tax) Regulations 2006 (S.I. 2006/575), **reg. 4**;
 Telecommunications Act 1984 (c. 12), **s. 72(3)** (as substituted by S.I. 2006/745, **art. 2**);
 The Group Relief for Overseas Losses (Modification of the Corporation Tax Acts for Non-resident Insurance Companies) Regulations 2006 (S.I. 2006/3218), **regs. 1(1)(2)**, 2-12;
 The Group Relief for Overseas Losses (Modification of the Corporation Tax Acts for Non-resident Insurance Companies) (No. 2) Regulations 2006 (S.I. 2006/3389), **regs. 1(1)(2)**, 2-10 (as amended by S.I. 2007/2147, **regs. 1-6**);
 Income Tax Act 2007 (c. 3), **ss. 414**, 466, 467, 473(5)(6), 474, 477, 513(4), 573, 576, 578, 586(2), 597(2), 711(2), 959, 963(4), 970(1), 988-1016 (Pt. 16) (with **Sch. 2**);
 Income Tax (Earnings and Pensions) Act 2003 (c. 1), **s. 61G** (as inserted by Finance Act 2007 (c. 11), **s. 25**, **Sch. 3 para. 4**);
 Consumers, Estate Agents and Redress Act 2007 (c. 17), **Sch. 4 para. 11**; S.I. 2007/3546, **art. 3**, **Sch.**;
 The Corporation Tax (Taxation of Films) (Transitional Provisions) Regulations 2007 (S.I. 2007/1050), **regs. 1**, 3-12 (as amended by Corporation Tax Act 2009 (c. 4), **s. 1329(1)**, **Sch. 2 para. 131** (with **Sch. 2 Pts. 1, 2**));
 The Securitisation Companies (Application of Section 83(1) of the Finance Act 2005: Accounting Standards) Regulations 2007 (S.I. 2007/3338), **reg. 3**;
 The Taxation of Insurance Securitisation Companies Regulations 2007 (S.I. 2007/3402), **regs. 1, 6**;

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Income and Corporation Taxes Act 1988 (c. 1), **s. 461D(4)** (as inserted by Finance Act 2008 (c. 9), **Sch. 18 para. 3**);
Income Tax (Trading and Other Income) Act 2005 (c. 5), **s. 840A(3)** (as inserted by Finance Act 2008 (c. 9), Sch. 7 paras. 69, **81**);
Crossrail Act 2008 (c. 18), **Sch. 13 para. 3(2)(4)**;
The Authorised Investment Funds (Tax) Regulations 2006 (S.I. 2006/964), **regs. 69Z15(2)**, 69Z16(2), 69Z17(2) (as inserted by S.I. 2008/705, **reg. 5**);
The Friendly Societies (Transfers of Other Business) (Modification of the Corporation Tax Acts) Regulations 2008 (S.I. 2008/1942), **regs. 1-7**;
The Group Relief for Overseas Losses (Modification of the Corporation Tax Acts for Non-resident Insurance Companies) Regulations 2008 (S.I. 2008/2646), **regs. 1, 2**;
Corporation Tax Act 2009 (c. 4), **ss. 2(4)**, 3, 294(2), 481(2), 490(2), 509(2), 515, 516(1), 521(4)(e)(5), 539(6), 540(3), 545, 550, 592(3), 593(2), 608(7), 799(1)(b), 802(2), 855(7)(8), 969, 1273, 1329 (with Sch. 2);
Income and Corporation Taxes Act 1988 (c. 1), **s. 230A** (as inserted by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 100**);
Finance Act 2009 (c. 10), **s. 25**;
Corporation Tax Act 2009 (c. 4), **s. 521B(2)** (as inserted by Finance Act 2009 (c. 10), Sch. 24 paras. 4, **12-16**);
The Education (Student Loans) (Repayment) Regulations (Northern Ireland) 2009 (S.R. 2009/128), **regs. 1(1)**, 4, 26(2);
The Education (Student Loans) (Repayment) Regulations 2009 (S.I. 2009/470), **regs. 1**, 4-7, 31(2);
The Authorised Investment Funds (Tax) Regulations 2006 (S.I. 2006/964), **reg. 69Z61** (as inserted by S.I. 2009/2036, **reg. 24**);
The Mutual Societies (Transfers of Business) (Tax) Regulations 2009 (S.I. 2009/2971), **regs. 1(1)(2)**, 4;
The Offshore Funds (Tax) Regulations 2009 (S.I. 2009/3001), **regs. 1**, 16(2), 94 (with Sch. 1);
Corporation Tax Act 2010 (c. 4), **ss. 128**, 620, 624, 625, 778, 784, 786, 876, 950(5), 996(1)(2), 1070, 1071, 1166 (with Sch. 2);
Taxation (International and Other Provisions) Act 2010 (c. 8), **s. 79(2)**, 192, 220 (with ss. 213, 214, Sch. 9 paras. 1-9);
Income Tax Act 2007 (c. 3), **s. 809CZB(2)** (as inserted by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), Sch. 5 para. 7 (with **Sch. 9 paras. 1-9**));
Finance Act 2011 (c. 11), s. 53(5)(7)-(10), Sch. 2 paras. 53(4), **54(6)**;
The Taxation of Equitable Life (Payments) Order 2011 (S.I. 2011/1502), **arts. 1, 3**;
Finance Act 2012 (c. 14), **ss. 69(b)**, 71(3), 72, 142(1)(b), 143(1)(b), 144(1), 148, 151, 152, 158(5), 166(5)(6), 167(4) (with Sch. 17);
Corporation Tax Act 2010 (c. 4), **ss. 793(8)**, 812(5A) (as inserted by Finance Act 2012 (c. 14), **s. 22(2)-(4)**);
Taxation (International and Other Provisions) Act 2010 (c. 8), **s. 371SO(2)** (as inserted by Finance Act 2012 (c. 14), **Sch. 20 para. 1**);
Small Charitable Donations Act 2012 (c. 23), **ss. 15**, 21(1);
The Bank Levy (Double Taxation Relief) Regulations 2012 (S.I. 2012/458), **regs. 1**, 13;
The Bank Levy (Double Taxation Arrangements) (Federal Republic of Germany) Regulations 2012 (S.I. 2012/459), **regs. 1(1)(2)**, 11;
Income Tax Act 2007 (c. 3), **Pt. 11ZA** (ss. 614ZA-614ZD) (as inserted by Finance Act 2013 (c. 29), Sch. 29 paras. 1, **51**);
Corporation Tax Act 2010 (c. 4), **Pt. 17A** (ss. 814A-814D) (as inserted by Finance Act 2013 (c. 29), Sch. 29 paras. 2, **51**);
The Taxation of Regulatory Capital Securities Regulations 2013 (S.I. 2013/3209), **regs. 1**, 3 (with reg. 8);
Finance Act 2014 (c. 26), **s. 223(8)(9)(a)**;
Corporation Tax Act 2009 (c. 4), **s. 490(2)** (as substituted by Finance Act 2014 (c. 26), **s. 27(3)(7)-(9)**);

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- Corporation Tax Act 2010 (c. 4), **s. 329N(2)** (as inserted by Finance Act 2014 (c. 26), Sch. 14 paras. 1, 4);
- Social Security Contributions and Benefits Act 1992 (c. 4), **s. 11A(1)(3)** (as inserted by National Insurance Contributions Act 2015 (c. 5), Sch. 1 paras. 3, 35);
- Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7), **s. 11A(1)(3)** (as inserted by National Insurance Contributions Act 2015 (c. 5), Sch. 1 paras. 12, 35);
- Finance Act 2015 (c. 11), **ss. 99(2)**, 116;
- Taxes Management Act 1970 (c. 9), **ss. 12ZH**, 12ZI, 59AB (as inserted by Finance Act 2015 (c. 11), Sch. 7 paras. 43, 51, 60);
- The Education (Postgraduate Master's Degree Loans) Regulations 2016 (S.I. 2016/606), **regs. 1**, 67(1);
- The Bank Levy (Double Taxation Relief) (Single Resolution Fund Levy) Regulations 2016 (S.I. 2016/1212), **regs. 1**, 16;
- Income Tax (Earnings and Pensions) Act 2003 (c. 1), **s. 61R** (as inserted by Finance Act 2017 (c. 10), Sch. 1 paras. 9, 16);
- Finance Act 2012 (c. 14), **ss. 124A(6)**, 124B(7), 124C(7) (as inserted by Finance (No. 2) Act 2017 (c. 32), Sch. 4 paras. 26, 190-192);
- Corporation Tax Act 2010 (c. 4), **ss. 303B(5)**, 303C(7), 303D(6), 321(2A) (as inserted by Finance (No. 2) Act 2017 (c. 32), Sch. 4 paras. 48, 52(3), 190-192);
- Taxes Management Act 1970 (c. 9), **ss. 28A(8)**, 28B(9) (as inserted by Finance (No. 2) Act 2017 (c. 32), Sch. 15 paras. 12(6), 13(6), 44);
- Finance Act 1998 (c. 36), **Sch. 18 para. 32(4)** (as inserted by Finance (No. 2) Act 2017 (c. 32), Sch. 15 paras. 28(4), 44)
- Finance Act 2019 (c. 1), **Sch. 3 paras. 7, 9, 12, 13**;
- Corporation Tax Act 2009 (c. 4), **s. 420A(2)** (as inserted by Finance Act 2019 (c. 1), Sch. 20 paras. 2, 10(a), 16);
- Capital Allowances Act 2001 (c. 2), **s. 270HE** (as inserted by The Capital Allowances (Structures and Buildings Allowances) Regulations 2019 (S.I. 2019/1087), **regs. 1, 2**
- C2** Act (except ss. 201 and 684) amended (1.1.1992) by S.I. 1991/2684, **arts. 2, 4**, Sch. 1
- C3** Act: Coal Industry Act 1994 (c. 21), **Sch. 4 Pt. 1** to be construed as one with this Act (19.9.1994) by virtue of ss. 21, 68(4) of, and Sch. 4 para. 1(2) to, that Act); S.I. 1999/2189, art. 2, **Sch.**
- C4** Act modified (17.9.2004 with effect in accordance with reg. 1 of the modifying S.I.) by The Overseas Life Insurance Companies Regulations 2004 (S.I. 2004/2200), **regs. 3, 4**
- C5** Act modified (12.8.2005 with effect in accordance with reg. 1(2) of the modifying S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005 (S.I. 2005/2014), **reg. 7**
- C6** Act modified (1.4.2006 with effect in accordance with reg. 1(2) of the modifying S.I.) by The Authorised Investment Funds (Tax) Regulations 2006 (S.I. 2006/964), **reg. 94** (as amended by S.I. 2008/3159, **regs. 1(2)(4)**, 28)
- C7** Act modified (31.12.2006 with effect in accordance with reg. 1 of the modifying S.I.) by The Overseas Life Insurance Companies Regulations 2006 (S.I. 2006/3271), **regs. 1, 3-18** (as amended by: S.I. 2007/2146, **regs. 1, 3-13**; S.I. 2007/3449, **regs. 1, 3-6**; S.I. 2008/1924, **regs. 1, 3-12**)
- C8** Act modified (12.12.2006 with effect in accordance with reg. 1(2) of the modifying S.I.) by The Taxation of Securitisation Companies Regulations 2006 (S.I. 2006/3296), **reg. 15** (as amended by S.I. 2018/143, **regs. 1**, 10(1))
- C9** Act modified (with effect in accordance with Sch. 4 para. 2(2)-(4) of the modifying Act) by Finance Act 2007 (c. 11), **Sch. 4 para. 3**
- C10** Act modified (14.8.2007 with effect in accordance with reg. 1(2)(3) of the modifying S.I.) by The Insurance Companies (Tax Exempt Business) Regulations 2007 (S.I. 2007/2145), **regs. 3-12**
- C11** Act modified (21.2.2009) by The Banking Act 2009 (Parts 2 and 3 Consequential Amendments) Order 2009 (S.I. 2009/317), art. 3, **Sch.**
- C12** Act applied (1.4.2010 with effect in accordance with s. 1184(1) of the affecting Act) by Corporation Tax Act 2010 (c. 4), **s. 853**

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- C13** Act amended by [Finance Act 2010 \(c. 13\)](#), **Sch. 8 para. 8(2)(4)**
- C14** Act amended (2006-07) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), **Sch. 14 para. 3(5)**
- C15** Act applied (with modifications) (1.10.2010) by [The Employment and Support Allowance \(Transitional Provisions, Housing Benefit and Council Tax Benefit\) \(Existing Awards\) \(No. 2\) Regulations 2010 \(S.I. 2010/1907\)](#), regs. 1(2), 16(2)(c), **Sch. 2**
- C16** Act amended by [Finance Act 2012 \(c. 14\)](#), **Sch. 15 para. 17(4)(5)**

PART 1

THE CHARGE TO TAX

Income tax

1 The charge to income tax.

^{F1}

Textual Amendments

- F1** [S. 1](#) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 2](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))

[^{F2}1A Application of lower rate to income from savings and distributions.

^{F3}]

Textual Amendments

- F2** [S. 1A](#) inserted (with effect in accordance with s. 73(3) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), **s. 73(1)**
- F3** [S. 1A](#) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 2](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))

[^{F4}1B Rates of tax applicable to [^{F5}distribution] income etc.

^{F6}]

Textual Amendments

- F4** [S. 1B](#) inserted (with effect in accordance with s. 31(6) of the amending Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), **s. 31(5)**
- F5** Words in [s. 1B](#) sidenote substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), **Sch. 1 para. 4(5)** (with [Sch. 2](#))
- F6** [S. 1B](#) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 2](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))

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2 Fractions of a pound, and yearly assessments.

F7

Textual Amendments
F7 S. 2 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 2, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

3 Certain income charged at basic rate.

F8

Textual Amendments
F8 S. 3 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 3, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

4 Construction of references in Income Tax Acts to deduction of tax.

F9

Textual Amendments
F9 S. 4 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 4, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

5 Date for payment.

F10

Textual Amendments
F10 S. 5 repealed (with effect in accordance with s. 199(2) and Sch. 26 Pt. 5(23) Note 2 of the amending Act) by [Finance Act 1994 \(c. 9\), s. 258, Sch. 26 Pt. 5\(23\)](#); S.I. 1998/3173, [art. 2](#)

Corporation tax

6 The charge to corporation tax and exclusion of income tax and capital gains tax.

- (1) F11
- (2) F11
- (3) F11
- (4) F12
- [^{F13}(4A) ^{F14}

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^{F15}(5)

Textual Amendments

- F11** S. 6(1)-(3) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 2(2), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F12** S. 6(4) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 2, **Sch. 3 Pt. 1** (with Sch. 2)
- F13** S. 6(4A) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 6** (with Sch. 2)
- F14** S. 6(4A) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 2(4), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F15** S. 6(5) repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 7 para. 36, **Sch. 10 Pt. 12** (with Sch. 9 Pt. 1)

7 Treatment of certain payments and repayment of income tax.

^{F16}

Textual Amendments

- F16** S. 7 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 3, **Sch. 3 Pt. 1** (with Sch. 2)

8 General scheme of corporation tax.

^{F17}

Textual Amendments

- F17** S. 8 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 3, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F18}8A Resolutions to reduce corporation tax.

^{F19}

Textual Amendments

- F18** S. 8A inserted (27.7.1993) by 1993 c. 34, s. 206(2)
- F19** S. 8A repealed (29.4.1996) by Finance Act 1996 (c. 8), ss. 138, 205, Sch. 24 para. 10, **Sch. 41**

9 Computation of income: application of income tax principles.

(1) ^{F20}

(2) ^{F20}

[^{F21}(2A) ^{F20}

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- (2B) ^{F20}
- (2C) ^{F20}]
- (3) ^{F20}
- (4) ^{F20}
- (5) Where ^{F22} . . . any enactment applies both to income tax and to corporation tax—
 - (a) it shall not be affected in its operation by the fact that they are distinct taxes but, so far as is consistent with the Corporation Tax Acts, shall apply in relation to income tax and corporation tax as if they were one tax, so that, in particular, a matter which in a case involving two individuals is relevant for both of them in relation to income tax shall in a like case involving an individual and a company be relevant for him in relation to that tax and for it in relation to corporation tax; and
 - (b) for that purpose references in any such enactment to a relief from or charge to income tax, or to a specified provision of the Income Tax Acts shall, in the absence of or subject to any express adaptation, be construed as being or including a reference to any corresponding relief from or charge to corporation tax, or to any corresponding provision of the Corporation Tax Acts.
- (6) ^{F23}

Textual Amendments

F20 S. 9(1)-(4) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 4(2), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F21 S. 9(2A)-(2C) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 7(2)** (with Sch. 2)

F22 Words in s. 9(5) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 4(3), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F23 S. 9(6) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 4(4), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Modifications etc. (not altering text)

C17 S. 9 restricted (24.3.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **ss. 881, 883(3)** (b) (with Sch. 2)

10 Time for payment of tax.

^{F24}

Textual Amendments

F24 S. 10 repealed (with effect in accordance with s. 199(2) of the amending Act) by Finance Act 1994 (c. 9), s. 258, **Sch. 26 Part 5(23)**, Note 4; S.I. 1998/3173, **art. 2**

11 Companies not resident in United Kingdom.

[^{F25}(1) ^{F26}

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- (2) ^{F26}
- (2A) ^{F26}]
- (3) ^{F27}
- (4) ^{F27}

Textual Amendments

- F25** S. 11(1)-(2A) substituted for s. 11(1)(2) (with effect in accordance with s. 149(6) of the amending Act) by Finance Act 2003 (c. 14), s. 149(1)
- F26** S. 11(1)-(2A) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 5, Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)
- F27** S. 11(3)(4) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 4, Sch. 3 Pt. 1 (with Sch. 2)

[^{F28} 11AA Determination of profits attributable to permanent establishment

- ^{F29}

Textual Amendments

- F28** S. 11AA inserted (with effect in accordance with s. 149(6) of the amending Act) by Finance Act 2003 (c. 14), s. 149(2)
- F29** S. 11AA repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 6, Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

12 Basis of, and periods for, assessment.

- (1) ^{F30}
- (2) ^{F30}
- (3) ^{F30}
- (4) ^{F30}
- (5) ^{F30}
- [^{F31}(5A) ^{F30}]
- [^{F32}(5B) ^{F33}]
- (6) ^{F30}
- (7) ^{F30}
- [^{F34}(7ZA) ^{F30}]
- [^{F35}(7A) ^{F36}]
- [^{F37}(7B) ^{F38}
- ^{F38}

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F39]

[^{F40}[^{F41}(7C) ^{F36}]]

(8) Where it appears to the inspector that the beginning or end of any accounting period of a company is uncertain, he may make an assessment on the company for such period, not exceeding 12 months, as appears to him appropriate, and that period shall be treated for all purposes as an accounting period of the company unless either—

- (a) the inspector on further facts coming to his knowledge sees fit to revise it; or
- (b) on an appeal against the assessment in respect of some other matter the company shows the true accounting periods;

and if on an appeal against an assessment made by virtue of this subsection the company shows the true accounting periods, the assessment appealed against shall, as regards the period to which it relates, have effect as an assessment or assessments for the true accounting periods, and there may be made such other assessments for any such periods or any of them as might have been made at the time when the assessment appealed against was made.

[^{F42}(9) ^{F43}]

Textual Amendments

- F30** S. 12(1)-(7ZA) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 7, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F31** S. 12(5A) inserted (with effect as mentioned in Sch. 4 para. 11(4) of the amending Act) by Finance Act 1996 (c. 8), s. 79, **Sch. 24 para. 11(3)**
- F32** S. 12(5B) inserted (with effect in accordance with Sch. 41 para. 5(1) of the amending Act) by Finance Act 2003 (c. 14), **Sch. 41 para. 1(3)**
- F33** S. 12(1)-(7ZA) repealed (with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 7, **Sch. 3 Pt. 1** (with Sch. 2 Pt. 12)
- F34** S. 12(7ZA) inserted (with effect in accordance with Sch. 41 para. 5(1) of the amending Act) by Finance Act 2003 (c. 14), **Sch. 41 para. 1(5)**
- F35** S. 12(7A) inserted by Finance Act 1990 (c. 29), s.48, **Sch.9 para.3** (in relation to transfers of business on or after 1.11.1990)
- F36** S. 12(7A)(7C) omitted (19.2.2008 with effect in accordance with art. 1(2) of the repealing S.I.) by virtue of The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), **arts. 1(1), 3**
- F37** S. 12(7B) inserted (with effect in accordance with art. 14(4) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 14(3)**
- F38** S. 12(7B): words and definition of "contracts of long-term insurance" repealed (with effect in accordance with Sch. 10 para. 17(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 10 para. 14(2)(a), **Sch. 27 Pt. 2(10)**, Note
- F39** S. 12(7B): definition of "insurance business transfer scheme" repealed (with effect in accordance with Sch. 9 para. 17(1) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 9 para. 1(2)(a), **Sch. 27 Pt. 2(9)**, Note
- F40** S. 12(7C) inserted (with effect in accordance with Sch. 9 para. 20(7) of the amending Act) by Finance (No. 2) Act 2005 (c. 22), **Sch. 9 para. 20(3)**
- F41** S. 12(7C) substituted (with effect in accordance with Sch. 9 para. 17(1) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 9 para. 3(2)**
- F42** S. 12(9) inserted (with effect in accordance with Sch. 10 para. 2 of the amending Act) by Finance Act 2006 (c. 25), **Sch. 10 para. 43(2)**

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F43 S. 12(9) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 7, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Small companies' rate

13 Small companies' relief.

F44

Textual Amendments

F44 Ss. 13-13A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 5, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F45} 13ZA Interpretation of section 13(7)

F46

Textual Amendments

F45 S. 13ZA inserted (with application in accordance with s. 86(6) of the amending Act) by Finance Act 2001 (c. 9), s. 86(5)

F46 Ss. 13-13A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 5, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F47} 13AA Corporation tax starting rate.

F48

Textual Amendments

F47 S. 13AA inserted (with effect in accordance with s. 28(6)(7) of the amending Act) by Finance Act 1999 (c. 16), s. 28(1)

F48 S. 13AA repealed (with effect in accordance with s. 26(8)-(11) of the repealing Act) by Finance Act 2006 (c. 25), s. 26(1), **Sch. 26 Pt. 3(1)**, Note

[^{F49} 13AB The non-corporate distribution rate

F50

Textual Amendments

F49 S. 13AB inserted (with effect in accordance with s. 28(4)(5) of the amending Act) by Finance Act 2004 (c. 12), s. 28(1)(6)

F50 S. 13AB repealed (with effect in accordance with s. 26(8)-(11) of the repealing Act) by Finance Act 2006 (c. 25), s. 26(2), **Sch. 26 Pt. 3(1)**, Note

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[^{F51}13A Close investment-holding companies.

^{F52}

Textual Amendments

F51 S. 13A inserted (in relation to accounting periods beginning after 31 March 1989) by [Finance Act 1989 \(c. 26\)](#), s. 105(2)(3)

F52 Ss. 13-13A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), Sch. 1 para. 5, [Sch. 3 Pt. 1](#) (with Sch. 2)

Advance corporation tax

14 Advance corporation tax and qualifying distributions.

^{F53}

Textual Amendments

F53 S. 14 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), Sch. 1 para. 6, [Sch. 3 Pt. 1](#) (with Sch. 2)

The six Schedules

15 Schedule A.

^{F54}

Textual Amendments

F54 S. 15 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 8, [Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

^{F55}16 Schedule B.

.....

Textual Amendments

F55 S. 16 repealed (with effect from 6.4.1988) by [Finance Act 1988 \(c. 39\)](#) s.148, Sch.14 Pt. V

^{F56}17 Schedule C.

.....

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Textual Amendments

F56 S. 17 repealed (with effect in accordance with Sch. 7 para. 32 and Sch. 41 Pt. 5(2) Note of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), ss. 79, 205, [Sch. 7 para. 3](#), [Sch. 41 Pt. V\(2\)](#), Note (with Sch. 7 paras. 33-35)

18 Schedule D.

F57

Textual Amendments

F57 S. 18 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 9](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

19 Schedule E.

F58

Textual Amendments

F58 S. 19 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 6 para. 6](#), [Sch 8 Pt. 1](#) (with [Sch. 7](#))

20 Schedule F.

F59

Textual Amendments

F59 S. 20 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 10](#), [Sch. 3](#) (with [Sch. 2](#))

PART II

[^{F60}PROVISIONS RELATING TO THE SCHEDULE A CHARGE]

Textual Amendments

F60 Pt. 2 heading substituted (with effect as mentioned in s. 38(2)(3) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), s. 38(1), [Sch. 5 para. 3](#) (with [Sch. 5 para. 73](#))

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General

[^{F61}21 Persons chargeable and basis of assessment.

^{F62}

Textual Amendments

- F61** Ss. 21-21B substituted (with effect as mentioned in s. 38(2)(3) of the amending Act) for s. 21 by Finance Act 1998 (c. 36), s. 38(1), **Sch. 5 para. 4** (with Sch. 5 paras. 73, 76)
- F62** S. 21 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 11, **Sch. 3** (with Sch. 2)

[^{F63}21A Computation of amount chargeable.

^{F64}

Textual Amendments

- F63** Ss. 21-21B substituted (with effect as mentioned in s. 38(2)(3) of the amending Act) for s. 21 by Finance Act 1998 (c. 36), s. 38(1), **Sch. 5 para. 4** (with Sch. 5 paras. 73, 76)
- F64** S. 21A repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 10, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

21B Application of other rules applicable to Case I of Schedule D.

^{F65}

Textual Amendments

- F63** Ss. 21-21B substituted (with effect as mentioned in s. 38(2)(3) of the amending Act) for s. 21 by Finance Act 1998 (c. 36), s. 38(1), **Sch. 5 para. 4** (with Sch. 5 paras. 73, 76)
- F65** S. 21B repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 11, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F66}21C The Schedule A charge and mutual business.

^{F67}

Textual Amendments

- F66** S. 21C inserted (with effect as mentioned in s. 38(2)(3) of the amending Act) by Finance Act 1998 (c. 36), s. 38(1), **Sch. 5 para. 5** (with Sch. 5 paras. 73, 76)
- F67** S. 21C repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 12, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

22 Assessments.

^{F68}

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Textual Amendments

F68 S. 22 repealed (with effect in accordance with s. 39(4)(5) and Sch. 29 Pt. 8(1) Note of the repealing Act) by [Finance Act 1995 \(c. 4\)](#), ss. 39(3), 162, Sch. 6 para. 3, **Sch. 29 Pt. 8(1)**, Note

23 Collection from lessees and agents.

F69

Textual Amendments

F69 S. 23 repealed (with effect in accordance with s. 39(4)(5) and Sch. 29 Pt. 8(1) Note of the repealing Act) by [Finance Act 1995 \(c. 4\)](#), ss. 39(3), 162, Sch. 6 para. 3, **Sch. 29 Pt. 8(1)**, Note

24 Construction of Part II.

F70

Textual Amendments

F70 S. 24 repealed for the purposes of Corporation Tax (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), Sch. 1 para. 7, **Sch. 3 Pt. 2** (with Sch. 2) S. 24 otherwise repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), Sch. 8 para. 241, **Sch. 10 Pt. 9** (with Sch. 9 paras. 1-9)

Deductions and other allowances

25 Deductions from rent: general rules.

F71

Textual Amendments

F71 S. 25 ceased to have effect except for specified purposes (with effect in accordance with s. 39(4)(5) of the amending Act) by virtue of [Finance Act 1995 \(c. 4\)](#), s. 39(3), **Sch. 6 para. 4(a)**; and s. 25 repealed (with effect as mentioned in s. 38(2)(3) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), ss. 38(1), 165, Sch. 5 para. 6, **Sch. 27 Pt. 3(4)**, Note (with Sch. 5 paras. 65, 68, 73)

26 Deductions from rent: land managed as one estate.

F72

Textual Amendments

F72 S. 26 repealed (with effect as mentioned in s. 39 of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), s. 165, **Sch. 27 Pt. 3(5)**, Note

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27 Deductions from rent: maintenance funds for historic buildings.

F73

Textual Amendments

F73 S. 27 repealed (with effect as mentioned in s. 39 of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), s. 165, [Sch. 27 Pt. 3\(5\)](#), Note

28 Deductions from receipts other than rent.

F74

Textual Amendments

F74 S. 28 ceased to have effect except for specified purposes (with effect in accordance with s. 39(4)(5) of the amending Act) by virtue of [Finance Act 1995 \(c. 4\)](#), s. 39(3), [Sch. 6 para. 4\(a\)](#); and s. 28 repealed (with effect as mentioned in s. 38(2)(3) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), ss. 38(1), 165, [Sch. 5 para. 9](#), [Sch. 27 Pt. 3\(4\)](#), Note (with Sch. 5 paras. 65, 73)

29 Sporting rights.

F75

Textual Amendments

F75 S. 29 ceased to have effect except for specified purposes (with effect in accordance with s. 39(4)(5) of the amending Act) by virtue of [Finance Act 1995 \(c. 4\)](#), s. 39(3), [Sch. 6 para. 4\(b\)](#); and s. 29 repealed (with effect as mentioned in s. 38(2)(3) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), ss. 38(1), 165, [Sch. 5 para. 10](#), [Sch. 27 Pt. 3\(4\)](#), Note (with Sch. 5 paras. 65, 73)

30 Expenditure on making sea walls.

F76

Textual Amendments

F76 S. 30 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 14](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

31 Provisions supplementary to sections 25 to 30.

F77

Textual Amendments

F77 S. 31 ceased to have effect except for specified purposes (with effect in accordance with s. 39(4)(5) of the amending Act) by virtue of [Finance Act 1995 \(c. 4\)](#), s. 39(3), [Sch. 6 para. 4\(c\)](#); and s. 31 repealed

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(with effect as mentioned in s. 38(2)(3) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), ss. 38(1), 165, Sch. 5 para. 12, [Sch. 27 Pt. 3\(4\)](#), Note (with Sch. 5 paras. 65, 68, 73)

[^{F78} 31ZA Deduction for expenditure on energy-saving items

^{F79}

Textual Amendments

- F78** Ss. 31ZA-31ZC inserted (with effect in accordance with s. 17(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 17(1); S.I. 2008/1521, art. 2
- F79** Ss. 31ZA-31ZC repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 15, [Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

31ZB Restrictions on relief

^{F80}

Textual Amendments

- F78** Ss. 31ZA-31ZC inserted (with effect in accordance with s. 17(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 17(1); S.I. 2008/1521, art. 2
- F80** Ss. 31ZA-31ZC repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 15, [Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

31ZC Regulations

^{F81}]

Textual Amendments

- F78** Ss. 31ZA-31ZC inserted (with effect in accordance with s. 17(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 17(1); S.I. 2008/1521, art. 2
- F81** Ss. 31ZA-31ZC repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 15, [Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

[^{F82} 31A Deductions for expenditure by landlords on energy-saving items

^{F83}

Textual Amendments

- F82** Ss. 31A, 31B inserted (with effect in accordance with s. 143(2) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), s. 143(1)
- F83** S. 31A repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), Sch. 1 para. 16, [Sch. 3](#) (with Sch. 2)

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31B Provisions supplementary to section 31A

F84]

Textual Amendments

- F82** Ss. 31A, 31B inserted (with effect in accordance with s. 143(2) of the amending Act) by Finance Act 2004 (c. 12), s. 143(1)
- F84** S. 31B repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 16, Sch. 3 (with Sch. 2)

32 Capital allowances for machinery and plant used in estate management.

F85

Textual Amendments

- F85** S. 32 repealed (with effect as mentioned in Sch. 15 para. 9(1) of the repealing Act) by Finance Act 1997 (c. 16), ss. 85, 113, Sch. 15 para. 1, Sch. 18 Pt. 06(11), Note

33 Agricultural land: allowance for excess expenditure on maintenance.

F86

Textual Amendments

- F86** S. 33 ceased to have effect except for specified purposes (with effect in accordance with s. 39(4)(5) of the amending Act) by virtue of Finance Act 1995 (c. 4), s. 39(3), Sch. 6 para. 4(d); and s. 33 repealed (with effect as mentioned in s. 38(2)(3) of the repealing Act) by Finance Act 1998 (c. 36), ss. 38(1), 165, Sch. 5 para. 13, Sch. 27 Pt. 3(4), Note (with Sch. 5 paras. 65, 73)

[^{F87} Connected persons

Textual Amendments

- F87** Ss. 33A, 33B inserted (16.7.1992 with effect in relation to rents or receipts accruing on or after 10.3.1992) by Finance (No. 2) Act 1992 (c. 48), s. 57(1)(2).

^{F88}33A Rents or receipts payable by a connected person.

F89

Textual Amendments

- F88** S. 33A inserted (16.7.1992 with effect in relation to rents or receipts accruing on or after 10.3.1992) by Finance (No. 2) Act 1992 (c. 48), s. 57(1)(2).
- F89** S. 33A ceased to have effect except for specified purposes (with effect in accordance with s. 39(4)(5) of the amending Act) by virtue of Finance Act 1995 (c. 4), s. 39(3), Sch. 6 para. 4(e); and s. 33A

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repealed (with effect as mentioned in s. 38(2)(3) of the repealing Act) by Finance Act 1998 (c. 36), ss. 38(1), 165, Sch. 5 para. 14, **Sch. 27 Pt. 3(4)**, Note (with Sch. 5 paras. 65, 73)

F90 33B Rents or receipts relating to land in respect of which a connected person makes payments to a third party.

F91

Textual Amendments

F90 S. 33B inserted (16.7.1992 with effect in relation to rents or receipts accruing on or after 10.3.1992) by Finance (No. 2) Act 1992 (c. 48), s. 57(1)(2).

F91 S. 33B ceased to have effect except for specified purposes (with effect in accordance with s. 39(4) (5) of the amending Act) by virtue of Finance Act 1995 (c. 4), s. 39(3), **Sch. 6 para. 4(e)**; and s. 33B repealed (with effect as mentioned in s. 38(2)(3) of the repealing Act) by Finance Act 1998 (c. 36), ss. 38(1), 165, Sch. 5 para. 14, **Sch. 27 Pt. 3(4)**, Note (with Sch. 5 paras. 65, 73)

Premiums, leases at undervalue etc

34 [F92 Treatment of premiums, etc. as rent.]

F93

Textual Amendments

F92 S. 34 sidenote substituted (with effect as mentioned in s. 38(2)(3) of the amending Act) by Finance Act 1998 (c. 36), s. 38(1), **Sch. 5 para. 15(2)**, (with Sch. 5 para. 73)

F93 Ss. 34-39 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 16, **Sch. 3 Pt. 1** (with Sch. 2 paras. 1-10, 39-41)

35 [F94 Charge] on assignment of lease granted at an undervalue.

F95

Textual Amendments

F94 S. 35: word in sidenote substituted (with effect as mentioned in s. 38(2)(3) of the amending Act) by Finance Act 1998 (c. 36), s. 38(1), **Sch. 5 para. 16(2)** (with Sch. 5 para. 73)

F95 Ss. 34-39 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 16, **Sch. 3 Pt. 1** (with Sch. 2 paras. 1-10, 39-41)

36 [F96 Charge] on sale of land with right to reconveyance.

F97

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Textual Amendments

- F96** S. 36: word in sidenote substituted (with effect as mentioned in s. 38(2)(3) of the amending Act) by Finance Act 1998 (c. 36), s. 38(1), **Sch. 5 para. 17(2)** (with Sch. 5 para. 73)
- F97** Ss. 34-39 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 16, **Sch. 3 Pt. 1** (with Sch. 2 paras. 1-10, 39-41)

37 Premiums paid etc: deductions from premiums and rent received.

F98

Textual Amendments

- F98** Ss. 34-39 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 16, **Sch. 3 Pt. 1** (with Sch. 2 paras. 1-10, 39-41)

[^{F99} 37A Section 37(4) and reductions in receipts under ITTOIA 2005

F100]

Textual Amendments

- F99** S. 37A inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 21** (with Sch. 2)
- F100** Ss. 34-39 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 16, **Sch. 3 Pt. 1** (with Sch. 2 paras. 1-10, 39-41)

38 Rules for ascertaining duration of leases.

F101

Textual Amendments

- F101** Ss. 34-39 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 16, **Sch. 3 Pt. 1** (with Sch. 2 paras. 1-10, 39-41)

39 Saving for pre-1963 leases, and special relief for individuals.

F102

Textual Amendments

- F102** Ss. 34-39 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 16, **Sch. 3 Pt. 1** (with Sch. 2 paras. 1-10, 39-41)

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[^{F103} Supplementary provisions]

Textual Amendments

F103 Cross-heading before s. 40 substituted (with effect as mentioned in s. 38(2)(3) of the amending Act) by Finance Act 1998 (c. 36), s. 38(1), **Sch. 5 para. 19**, (with Sch. 5 para. 73)

40 Tax treatment of receipts and outgoings on sale of land.

^{F104}

Textual Amendments

F104 S. 40 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 17, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

41 Relief for rent etc. not paid.

^{F105}

Textual Amendments

F105 S. 41 ceased to have effect except for specified purposes (with effect in accordance with s. 39(4)(5) of the amending Act) by virtue of Finance Act 1995 (c. 4), s. 39(3), **Sch. 6 para. 4(g)**; and s. 41 repealed (with effect as mentioned in s. 38(2)(3) of the repealing Act) by Finance Act 1998 (c. 36), ss. 38(1), 165, Sch. 5 para. 21, **Sch. 27 Pt. 3(4)**, Note (with Sch. 5 paras. 65, 73)

42 Appeals against determinations under ^{F106} . . . [^{F107} Chapter 4 of Part 3 of ITTOIA 2005].

^{F108}

Textual Amendments

F106 S. 42: words in sidenote omitted (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by virtue of Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 18(3)**
F107 S. 42: words in sidenote inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 24(3)** (with Sch. 2)
F108 S. 42 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 7 para. 20, **Sch. 10 Pt. 12** (with Sch. 9 Pt. 1) (subject to the omission of s. 42(7), so far as it continues to have effect, by virtue of Finance Act 2011 (c. 11), Sch. 23 paras. 55(a), 65)

[^{F109} **42A Non-residents and their representatives.**

^{F110}]

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Textual Amendments

F109 S. 42A inserted (1.5.1995) by [Finance Act 1995 \(c. 4\), s. 40\(1\)](#)

F110 S. 42A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 7, Sch. 3 Pt. 1](#) (with Sch. 2)

43 Non-residents.

F111

Textual Amendments

F111 S. 43 repealed (with effect in accordance with s. 40(3) of the repealing Act) by [Finance Act 1995 \(c. 4\), s. 40\(3\), Sch. 29 Pt. 8\(16\)](#), Note 1

F^{F112} Rent factoring

Textual Amendments

F112 Ss. 43A-43G and cross-heading inserted (with effect in accordance with s. 110(2) of the amending Act) by [Finance Act 2000 \(c. 17\), s.110\(1\)](#)

43A Finance agreement: interpretation.

F113

Textual Amendments

F113 Ss. 43A-43G repealed (with effect in accordance with Sch. 6 para. 1(2) of the repealing Act) by [Finance Act 2006 \(c. 25\), Sch. 6 para. 1\(1\), Sch. 26 Pt. 3\(12\)](#), Note

43B Transfer of rent.

F114

Textual Amendments

F114 Ss. 43A-43G repealed (with effect in accordance with Sch. 6 para. 1(2) of the repealing Act) by [Finance Act 2006 \(c. 25\), Sch. 6 para. 1\(1\), Sch. 26 Pt. 3\(12\)](#), Note

43C Transfer of rent: exceptions, &c.

F115

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Textual Amendments

F115 Ss. 43A-43G repealed (with effect in accordance with Sch. 6 para. 1(2) of the repealing Act) by Finance Act 2006 (c. 25), Sch. 6 para. 1(1), **Sch. 26 Pt. 3(12)**, Note

43D Interposed lease.

F116

Textual Amendments

F116 Ss. 43A-43G repealed (with effect in accordance with Sch. 6 para. 1(2) of the repealing Act) by Finance Act 2006 (c. 25), Sch. 6 para. 1(1), **Sch. 26 Pt. 3(12)**, Note

43E Interposed lease: exceptions, &c.

F117

Textual Amendments

F117 Ss. 43A-43G repealed (with effect in accordance with Sch. 6 para. 1(2) of the repealing Act) by Finance Act 2006 (c. 25), Sch. 6 para. 1(1), **Sch. 26 Pt. 3(12)**, Note

43F Insurance business.

F118

Textual Amendments

F118 Ss. 43A-43G repealed (with effect in accordance with Sch. 6 para. 1(2) of the repealing Act) by Finance Act 2006 (c. 25), Sch. 6 para. 1(1), **Sch. 26 Pt. 3(12)**, Note

43G Interpretation.

F119]

Textual Amendments

F119 Ss. 43A-43G repealed (with effect in accordance with Sch. 6 para. 1(2) of the repealing Act) by Finance Act 2006 (c. 25), Sch. 6 para. 1(1), **Sch. 26 Pt. 3(12)**, Note

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PART III

[^{F120}GOVERNMENT SECURITIES]

Textual Amendments

F120 Pt. 3 heading substituted (with effect in accordance with Sch. 7 para. 32 of the amending Act) by Finance Act 1996, s. 79, Sch. 7 para. 6 (with Sch. 7 paras. 33-35)

General

44 Income tax: mode of charge.

^{F121}

Textual Amendments

F121 S. 44 repealed (with effect in accordance with Sch. 7 para. 32 and Sch. 41 Pt. 5(2) Note of the repealing Act) by Finance Act 1996 (c. 8), ss. 79, 205, Sch. 7 para. 7, Sch. 41 Pt. 5(2) (with Sch. 7 paras. 33-35)

45 Interpretation of Part III.

^{F122}

Textual Amendments

F122 S. 45 repealed (with effect in accordance with Sch. 7 para. 32 and Sch. 41 Pt. 5(2) Note of the repealing Act) by Finance Act 1996 (c. 8), ss. 79, 205, Sch. 7 para. 8, Sch. 41 Pt. 5(2) (with Sch. 7 paras. 33-35)

Government securities: exemptions from tax

46 Savings certificates and tax reserve certificates.

^{F123}

Textual Amendments

F123 S. 46 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 19, Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

47 United Kingdom government securities held by non-residents.

^{F124}

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Textual Amendments

F124 S. 47 repealed (with effect in accordance with s. 154(9) of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), ss. 154(7), 205, Sch. 28 para. 1, **Sch. 41 Pt. 5(18)**, Note (with s. 154(2)-(6))

48 Securities of foreign states.

F125

Textual Amendments

F125 S. 48 repealed (with effect in accordance with Sch. 7 para. 32 and Sch. 41 Pt. 5(2) Note of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), ss. 79, 205, Sch. 7 para. 9, **Sch. 41 Pt. 5(2)** (with Sch. 7 paras. 33-35)

49 Stock and dividends in name of Treasury etc.

- [^{F126}(1) No tax shall be chargeable in respect of the stock or dividends—
- (a) transferred, in pursuance of any Act of Parliament, to accounts in the books of the Bank of England in the name of the Treasury or the National Debt Commissioners, or
 - (b) transferred, in pursuance of any Act of Parliament, to the Treasury or the National Debt Commissioners and in respect of which the Treasury or those Commissioners are entered as holder in the registers kept by the Registrar of Government Stock,

but the Bank of England and the Registrar of Government Stock shall each transmit to the Board an account of the total amount thereof in those books or registers as the case may be.]

- (2) No tax shall be chargeable in respect of the stock or dividends belonging to the Crown, in whatever name they may stand in the books of the Bank of England [^{F127}or in the registers kept by the Registrar of Government Stock].

[^{F128}(3) In this section “dividends” means any interest, public annuities, dividends or shares of annuities.]

[^{F129}(4) In this section “Registrar of Government Stock” means the person or persons appointed in accordance with regulations under section 47(1)(b) of the Finance Act 1942 (see regulation 3 of the Government Stock Regulations 2004).]

Textual Amendments

F126 S. 49(1) substituted (15.11.2004) by [The Government Stock \(Consequential and Transitional Provision\) \(No. 3\) Order 2004 \(S.I. 2004/2744\)](#), art. 1, **Sch. para. 2(2)(a)** (with art. 3)

F127 Words in s. 49(2) inserted (15.11.2004) by [The Government Stock \(Consequential and Transitional Provision\) \(No. 3\) Order 2004 \(S.I. 2004/2744\)](#), art. 1, **Sch. para. 2(2)(b)** (with art. 3)

F128 S. 49(3) inserted (with effect in accordance with Sch. 7 para. 32 of the amending Act) by [Finance Act 1996 \(c. 8\)](#), s. 79, **Sch. 7 para. 10** (with Sch. 7 paras. 33-35)

F129 S. 49(4) inserted (15.11.2004) by [The Government Stock \(Consequential and Transitional Provision\) \(No. 3\) Order 2004 \(S.I. 2004/2744\)](#), art. 1, **Sch. para. 2(2)(c)** (with art. 3)

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Government securities: interest payable without deduction of tax

50 United Kingdom securities: Treasury directions for payment without deduction of tax.

F130

Textual Amendments

F130 S. 50 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 8, **Sch. 3 Pt. 1** (with Sch. 2)

51 Treasury directions as respects Northern Ireland securities.

F131

Textual Amendments

F131 S. 51 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 8, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F132}51A Commencement of direction under section 50 or 51.

F133]

Textual Amendments

F132 S. 51AA inserted (29.4.1996) by [Finance Act 1996 \(c. 8\)](#), s. 155

F133 S. 51AA repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 8, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F134}51A Gilt-edged securities held under authorised arrangements.

F135]

Textual Amendments

F134 S. 51A inserted (1.5.1995) by [Finance Act 1995 \(c. 4\)](#), s. 77

F135 S. 51A repealed (with effect in accordance with s. 37(8) and Sch. 8 Pt. 2(13) Note of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), ss. 37(5), 52, **Sch. 8 Pt. 2(13)**

[^{F136}51B Periodic accounting for tax on interest on gilt-edged securities.

F137]

Textual Amendments

F136 S. 51B inserted (1.5.1995) by [Finance Act 1995 \(c. 4\)](#), s. 78(1)

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F137 S. 51B repealed (with effect in accordance with s. 37(3) of the repealing Act and S.I. 1999/619) by Finance Act 1998 (c. 36), ss. 37(1), 165, **Sch. 27 Pt. 3(3)**, Note

52 Taxation of interest on converted government securities and interest which becomes subject to deduction.

F138

Textual Amendments

F138 S. 52 repealed (with effect in accordance with Sch. 7 para. 32 of the repealing Act) by Finance Act 1996 (c. 8), ss. 79, 205, Sch. 7 para. 12, **Sch. 41 Pt. 5(2)**, Note (with Sch. 7 paras. 33-35)

PART IV

PROVISIONS RELATING TO THE SCHEDULE D CHARGE

CHAPTER I

SUPPLEMENTARY CHARGING PROVISIONS

53 Farming and other commercial occupation of land (except woodlands).

F139

Textual Amendments

F139 S. 53 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 20, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F140 **54 Woodlands managed on a commercial basis.**

.....

Textual Amendments

F140 S. 54 repealed (15.3.1988) by Finance Act 1988 (c. 39), **Sch. 14 Pt. 5**, Note 2

55 Mines, quarries and other concerns.

F141

Textual Amendments

F141 S. 55 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 21, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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56 Transactions in deposits with and without certificates or in debts.

- (1) ^{M1M2}Subsection (2) below applies to the following rights—
- (a) the right to receive the amount, with or without interest, stated in a certificate of deposit;
 - (b) the right to receive an amount payable with interest—
 - (i) in a transaction in which no certificate of deposit or security is issued, and
 - (ii) which is payable by a bank or similar institution or a person regularly engaging in similar transactions;
 and the right to receive that interest.
- (2) ^{M3}Profits or gains arising to a [^{F142}company] from the disposal of a right to which this subsection applies or, except so far as it is a right to receive interest, from the exercise of any such right (whether by the person to whom the certificate was issued or by some other person, or, as the case may be, by the person who acquired the right in the transaction referred to in subsection (1) above or by some person acquiring it directly or indirectly from that person), shall, if not falling to be taken into account as a trading receipt, be treated as [^{F143}an amount to which the charge to corporation tax on income applies].
- (3) ^{M4}Subsection (2) above [^{F144}and section 551 of ITTOIA 2005 (charge to income tax on profits from disposal of deposit rights) do] not apply in the case of the disposal or exercise of a right to receive an amount stated in a certificate of deposit or interest on such an amount—
- (a) if the [^{F145}company] disposing of the right acquired it before 7th March 1973;
 - (b) to any profits or gains arising to a fund or scheme in the case of which provision is made by section [^{F146}613(4) or 614(2) or (3) or section 186 of the Finance Act 2004] for exempting the whole or part of its income from income tax;
 - (c) ^{F147}
- [^{F148}(3A) ^{F149}
- (3B) ^{F149}
- (3C) ^{F149}
- (3D) ^{F149}]
- (4) ^{F150}
- [^{F151}(4A) This section and section 56A shall not apply for the purposes of corporation tax except in relation to rights in existence before 1st April 1996.
- (4B) For the purposes of corporation tax, where any profits or gains arising from the disposal or exercise of a right in existence before 1st April 1996 are, or (if there were any) would be, chargeable under this section, nothing in [^{F152}Part 5 of CTA 2009] (loan relationships) shall require any amount relating to that disposal, or to the exercise of that right, to be brought into account for the purposes of [^{F152}that Part].]
- (5) ^{M5} In this section—
- “certificate of deposit” means a document relating to money, in any currency, which has been deposited with the issuer or some other person, being a document which recognises an obligation to pay a stated amount to bearer

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or to order, with or without interest, and being a document by the delivery of which, with or without endorsement, the right to receive that stated amount, with or without interest, is transferable; and
“security” has the same meaning as in section [F153]132 of the 1992 Act].

Textual Amendments

- F142** Word in s. 56(2) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 34(2)(a)** (with Sch. 2)
- F143** Words in s. 56(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 22(2)** (with Sch. 2 Pts. 1, 2)
- F144** Words in s. 56(3) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 34(3)(a)** (with Sch. 2)
- F145** Word in s. 56(3)(a) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 34(3)(b)** (with Sch. 2)
- F146** Words in s. 56(3)(b) substituted (6.4.2006) by Finance Act 2004 (c. 12), s. 284(1), **Sch. 35 para. 4** (with Sch. 36)
- F147** S. 56(3)(c) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 8, **Sch. 3 Pt. 1** (with Sch. 2)
- F148** S. 56(3A)-(3D) inserted (27.7.1993) by 1993 c. 34, s. 170, **Sch. 18 para. 2**
- F149** S. 56(3A)-(3D) repealed (with effect in accordance with s. 79(3) of the repealing Act) by Finance Act 2002 (c. 23), s. 141, **Sch. 40 Pt. 3(10)**, Note
- F150** S. 56(4) omitted (21.7.2008) by virtue of Finance Act 2008 (c. 9), **Sch. 17 para. 24(1)**
- F151** S. 56(4A)(4B) inserted (with effect in accordance with s. 105(1) of the amending Act) by Finance Act 1996 (c. 8), s. 104, **Sch. 14 para. 6** (with Sch. 15)
- F152** Words in s. 56(4B) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 22(3)** (with Sch. 2 Pts. 1, 2)
- F153** Words in s. 56(5) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 10 para. 14(3)** (with ss. 60, 101(1), 171, 201(3)).

Modifications etc. (not altering text)

- C18** S. 56(2) modified (24.2.2003) by Proceeds of Crime Act 2002 (c. 29), s. 458, **Sch. 10 para. 6** (with Sch. 10 para. 10); S.I. 2003/120, art. 2, **Sch.** (with arts. 3-7 (as amended by S.I. 2003/333, art. 14))

Marginal Citations

- M1** SOURCE-1973 s. 26(1)
M2 SOURCE-1974 s. 30(1)
M3 SOURCE-1973 s. 26(1); 1974 s. 30(1)
M4 SOURCE-1973 s. 26(1)(a)(b); 1975 (No. 2) s. 50(1)
M5 SOURCE-1973 s. 26(4); 1974 s. 30(2), (1); 1968 s. 55(3); 1979(C) Sch. 7

[F154] 56A Disposal or exercise of rights in pursuance of deposits.

- (1) This section applies where there is an arrangement under which—
- (a) there is a right to receive an amount (with or without interest)
in pursuance of a deposit of money,
 - (b) when the right comes into existence there is no certificate of deposit in respect of the right, and

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- (c) the person for the time being entitled to the right is entitled to call for the issue of a certificate of deposit in respect of the right.
- (2) In such a case—
- (a) the right shall be treated as not falling within section 56(1)(b), and
 - (b) if there is a disposal or exercise of the right before such time (if any) as a certificate of deposit is issued in respect of it, section 56(2) shall apply to it by virtue of this paragraph.
- (3) In the application of section 56 by virtue of this section—
- (a) subsection (2) shall have effect as if the words from “(whether” to “person)” read “(whether by the person originally entitled to the right or by some other person)”, and
 - (b) subsection (3) shall have effect as if the words “stated in a certificate of deposit” read “under an arrangement”.
- (4) In this section “certificate of deposit” has the meaning given by section 56(5).]

Textual Amendments
F154 S. 56A inserted (with application in relation to arrangements made after 16.7.1992) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 34, Sch. 8 paras.1, 6.

57 Deep discount securities.

F155

Textual Amendments
F155 S. 57 repealed (with effect in accordance with s. 105(1) of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 41 Pt. 5\(3\)](#), Note

58 Foreign pensions.

F156

Textual Amendments
F156 S. 58 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), Sch. 6 para. 8, [Sch. 8 Pt. 1](#) (with Sch. 7)

59 Persons chargeable.

- (1) ^{F157}
- (2) ^{F157}
- (3) ^{F158}
- (4) ^{F158}

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Textual Amendments

- F157** S. 59(1)(2) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 35\(2\), Sch. 3 \(with Sch. 2\)](#)
- F158** S. 59(3)(4) repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 8 para. 292, Sch. 10 Pt. 13 \(with Sch. 9 Pts. 1, 2\)](#)

CHAPTER II

INCOME TAX: BASIS OF ASSESSMENT ETC.

Cases I and II

60 Assessment on current year basis.

F159

Textual Amendments

- F159** [Ss. 60-63A](#) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 36, Sch. 3 \(with Sch. 2\)](#)

61 Basis of assessment at commencement.

F160

Textual Amendments

- F160** [Ss. 60-63A](#) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 36, Sch. 3 \(with Sch. 2\)](#)

62 Change of basis period.

F161

Textual Amendments

- F161** [Ss. 60-63A](#) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 36, Sch. 3 \(with Sch. 2\)](#)

[^{F162}62A Conditions for such a change.

F163]

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Textual Amendments

F162 S. 62A inserted (with effect in accordance with s. 218 of the amending Act) by [Finance Act 1994 \(c. 9\), s. 203](#) (with [Sch. 20](#))

F163 Ss. 60-63A repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 36, Sch. 3](#) (with [Sch. 2](#))

63 Basis of assessment on discontinuance.

F164

Textual Amendments

F164 Ss. 60-63A repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 36, Sch. 3](#) (with [Sch. 2](#))

[^{F165} **63A Overlap profits and overlap losses.**

F166]

Textual Amendments

F165 S. 63A inserted (with effect in accordance with s. 218 of the amending Act) by [Finance Act 1994 \(c. 9\), s. 205](#) (with [Sch. 20](#))

F166 Ss. 60-63A repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 36, Sch. 3](#) (with [Sch. 2](#))

Cases III, IV and V

64 Case III assessments.

F167

Textual Amendments

F167 S. 64 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 37, Sch. 3](#) (with [Sch. 2](#))

65 Cases IV and V assessments: general.

F168

Textual Amendments

F168 S. 65 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 38, Sch. 3](#) (with [Sch. 2](#))

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[^{F169} **65A Case V income from land outside UK: income tax.**

F170]

Textual Amendments

- F169** S. 65A inserted (with effect in accordance with s. 41(5)-(10) of the amending Act) by [Finance Act 1995 \(c. 4\), s. 41\(2\)](#)
- F170** S. 65A repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 39, Sch. 3 \(with Sch. 2\)](#)

66 Special rules for fresh income.

F171

Textual Amendments

- F171** S. 66 repealed (with effect in accordance with s. 218(1) of the repealing Act) by [Finance Act 1994 \(c. 9\), ss. 207\(4\), 258, Sch. 26 Pt. 5\(24\), Note 7 \(with Sch. 20\)](#)

67 Special rules where source of income disposed of or yield ceases.

F172

Textual Amendments

- F172** S. 67 repealed (with effect in accordance with s. 218(1) of the repealing Act) by [Finance Act 1994 \(c. 9\), ss. 207\(4\), 258, Sch. 26 Pt. 5\(24\), Note 7 \(with Sch. 20\)](#)

68 Special rules where property etc. situated in Republic of Ireland.

F173

Textual Amendments

- F173** S. 68 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 40, Sch. 3 \(with Sch. 2\)](#)

[^{F174} **68A Share incentive plans: application of section 68B**

F175

Textual Amendments

- F174** Ss. 68A-68C inserted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 10 \(with Sch. 7\)](#)
- F175** Ss. 68A-68C repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 41, Sch. 3 \(with Sch. 2\)](#)

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68B Share incentive plans: cash dividends and dividend shares

F176

Textual Amendments
F174 Ss. 68A-68C inserted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 10](#) (with [Sch. 7](#))
F176 Ss. 68A-68C repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 41](#), [Sch. 3](#) (with [Sch. 2](#))

68C Share incentive plans: interpretation

F177]

Textual Amendments
F174 Ss. 68A-68C inserted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 10](#) (with [Sch. 7](#))
F177 Ss. 68A-68C repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 41](#), [Sch. 3](#) (with [Sch. 2](#))

Case VI

69 Case VI assessments.

F178

Textual Amendments
F178 S. 69 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 42](#), [Sch. 3](#) (with [Sch. 2](#))

CHAPTER III

CORPORATION TAX: BASIS OF ASSESSMENT ETC

70 Basis of assessment etc.

F179

Textual Amendments
F179 S. 70 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 23](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

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[^{F180}**70A Case V income from land outside UK: corporation tax.**

^{F181}]

Textual Amendments

F180 S. 70A inserted (with effect in accordance with s. 38(2)(3) of the amending Act) by [Finance Act 1998](#) (c. 36), s. 38(1), [Sch. 5 para. 25](#) (with [Sch. 5 para. 73](#))

F181 S. 70A repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009](#) (c. 4), [Sch. 1 para. 24](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

CHAPTER IV

PROVISIONS SUPPLEMENTARY TO CHAPTERS II AND III

71 Computation of income tax where no profits in year of assessment.

^{F182}

Textual Amendments

F182 S. 71 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005](#) (c. 5), [Sch. 1 para. 43](#), [Sch. 3](#) (with [Sch. 2](#))

72 Apportionments etc. for purposes of Cases I, II and VI.

^{F183}

Textual Amendments

F183 S. 72 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009](#) (c. 4), [Sch. 1 para. 25](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

73 Single assessments for purposes of Cases III, IV and V.

^{F184}

Textual Amendments

F184 S. 73 repealed (with effect in accordance with s. 103(7) of the repealing Act) by [Finance Act 1995](#) (c. 4), ss. 115(09), 162, [Sch. 29 Pt. 8\(14\)](#), Note 2

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CHAPTER V

COMPUTATIONAL PROVISIONS

Deductions

74 General rules as to deductions not allowable.

F185

Textual Amendments

F185 S. 74 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 26, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

75 Expenses of management: companies with investment business

F186

Textual Amendments

F186 S. 75 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 27, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F187}75A Accounting period to which expenses of management are referable

F188]

Textual Amendments

F187 S. 75A inserted (with effect in accordance with ss. 42, 43 of the amending Act) by Finance Act 2004 (c. 12), **s. 39**

F188 S. 75A repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 28, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F189}75B Amounts reversing expenses of management deducted: charge to tax

F190]

Textual Amendments

F189 S. 75B inserted (22.7.2004) by Finance Act 2004 (c. 12), **s. 45(1)** (with s. 45(2)(3))

F190 S. 75B repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 29, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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[^{F191}76 Expenses of insurance companies

- (1) In computing for the purposes of corporation tax the profits for any accounting period of a company—
- (a) which carries on life assurance business, and
 - (b) which is [^{F192}charged to tax in respect of that business under the I minus E basis],

[^{F193}sections 1219 to 1223 of CTA 2009 (expenses of management of a company's investment business) do not apply] in computing the profits of that business, but a deduction for expenses payable (the “expenses deduction”) is to be allowed in accordance with the following provisions of this section.

^{F194}

- (2) The expenses deduction is to be made from so much of the income and gains of the accounting period referable to basic life assurance and general annuity business as remains after any deduction falling to be made by virtue of [^{F195}section 388 of CTA 2009 (basic rule: deficit set off against income and gains of deficit period)].
- (3) For the purposes of this section “expenses payable” means expenses brought into account in line 12, 22 or 25 of Form 40 (the revenue account) in the periodical return of the company for a period of account, but does not include any of the amounts falling within subsection (4), (5) or (6) below.
- (4) The amounts falling within this subsection are the following—
- (a) reinsurance premiums,
 - (b) refunds of premiums,
 - (c) profit commissions and profit participations (however described),
 - (d) expenses or other amounts payable, to the extent that the company's purpose in incurring the liability to make the payment is not a business or other commercial purpose of the company.

For the purposes of paragraph (d) above, it is not one of the business or commercial purposes of a company to incur a liability to pay an amount of commission or other expenses which exceeds the amount which it could reasonably be expected to pay if the company were charged to tax under [^{F196}section 35 of CTA 2009 (charge on trade profits)] in respect of its life assurance business.

- (5) The amounts falling within this subsection are any amounts payable in connection with a policy or contract to—
- (a) a policy holder or annuitant under the policy or contract (except where the policy holder is an insurance company),
 - (b) any other person who is entitled to receive benefits under the policy or contract,
 - (c) any person acting on behalf of a person falling within paragraph (a) or (b) above,
 - (d) the personal representatives of a deceased person who fell within paragraphs (a) to (c) above.
- (6) The amounts falling within this subsection are expenses of a capital nature.

But this subsection does not apply in the case of an amount which, by virtue of any provision of the Tax Acts other than this section, falls to be treated for the purposes

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of this section as expenses payable which fall to be brought into account at Step 1 in subsection (7) below (the reference to Step 1 being express in the provision).

- (7) The amount of the expenses deduction for an accounting period is found by taking the following steps—

Step 1

Find so much of the expenses payable as are—

- (a) attributable to basic life assurance and general annuity business (see subsection (8) below), and
- (b) referable to the accounting period (see subsection (9) below).

Step 2

Reduce each of the amounts found at Step 1 by excluding so much of the amount as is—

- (a) deductible [^{F197}in computing, for corporation tax purposes, the profits of a UK property business],
- (b) deductible by virtue of section 85(2B) of the Finance Act 1989, ^{F198} . . .
- (c) deductible by virtue of [^{F199}section 272 of CTA 2009] in computing income from the letting of rights to work minerals in the United Kingdom, [^{F200}or
- (d) required to be deducted by subsection (9A) below.]

Step 3

Find the amounts (so far as not included at Step 1) which fall to be treated for the purposes of this section as expenses payable for the accounting period by virtue of any of the following provisions—

section 432AB(3) (Schedule A loss or an overseas property business loss referable to basic life assurance and general annuity business);

section 437(1A) (relief for income element of new annuities);

^{F201}

paragraph 16(1) of Schedule 7 to the Finance Act 1991 (transitional relief for old annuities);

^{F202}

section 256(2)(a) of the Capital Allowances Act (capital allowances on plant and machinery used in the management of life assurance business);

^{F202}

^{F202}

^{F201}

^{F202}

[^{F203}section 391(3)(b) of CTA 2009 (carried forward non-trading deficit on loan relationships);

section 1080(2) of CTA 2009 (30% additional deduction for qualifying R&D expenditure of company carrying on life assurance business);

section [^{F204}1162] of CTA 2009 ([^{F205}50% additional] relief for remediation expenditure on contaminated [^{F206}or derelict] land owned by company carrying on life assurance business).]

Step 4

Give effect to the provisions specified in Step 3 by adding together—

- (a) so much of the amounts found at Step 1 as remains after making any reductions at Step 2, and

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(b) the amounts found at Step 3,
and then deduct the amount of any reversal (wherever brought into account) of an expense included at Step 1 in a previous period,
to give Subtotal 1.

Step 5

If the whole or any part of a loss arising to the company in respect of its life assurance business in the accounting period is [^{F207}relieved under section 37 of CTA 2010 or under Chapter 4 of Part 5 of that Act]—

(a) find the amount (“amount L”) that is equal to so much of the loss as, in the aggregate, is so set off,
(b) find the [^{F208} amount (“amount S”)] by which any losses for that period under section [^{F209}436A] fall to be reduced under section 434A(2)(b),
(c) from amount L deduct amount S, to give the adjusted loss deduction,
then reduce Subtotal 1 by deducting from it the adjusted loss deduction,
to give Subtotal 2.

Step 6

Give effect to subsection (6) of section 86 of the Finance Act 1989 (spreading of acquisition expenses) by—

(a) finding the amount that is equal to six-sevenths of the adjusted amount of the acquisition expenses (within the meaning of that section) for the accounting period, and
(b) deducting that amount from Subtotal 2,
to give Subtotal 3.

Step 7

Add together the following amounts—

(a) Subtotal 3, and
(b) any amounts carried forward to the accounting period under subsection (12) or (13) below (unrelieved excesses from earlier accounting periods),
to give Subtotal 4.

Step 8

Give effect to subsections (8) and (9) of section 86 of the Finance Act 1989 (fraction of adjusted amount of acquisition expenses for earlier accounting periods) by adding together—

(a) Subtotal 4, and
(b) any amounts which are to be relieved under this section by virtue of those subsections,
to give the [^{F210}expenses] deduction.

Step 9

F211

Step 10: the amount of the expenses deduction

F211

(8) For the purposes of Step 1, the expenses that are attributable to basic life assurance and general annuity business are the expenses which are attributable to that business in accordance with proper internal accounting practice.

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In this subsection “proper internal accounting practice” means the practice of insurance companies in allocating all the expenses of the company to particular categories of business in accordance with any applicable requirements of—

- (a) generally accepted accounting practice,^{F212} . . .
- (b) the Prudential Sourcebook (Insurers)^{F213}, or
- (c) the ^{F214}Insurance Prudential Sourcebook].]

- (9) The following rules have effect for determining for the purposes of Step 1 the expenses that are referable to an accounting period.

Rule A

Where a period of account coincides with an accounting period, the expenses brought into account for the period of account are the expenses referable to the accounting period.

Rule B

Where—

- (a) two or more accounting periods fall within the same period of account, and
- (b) that period of account is longer than 12 months,

^{F215}section 1172 of CTA 2010 (apportionment to different periods)] is to apply.

Rule C

In any other case where two or more accounting periods fall within the same period of account, the expenses referable to any of those accounting periods are the expenses that would have been referable to that accounting period if—

- (a) the accounting period had coincided with a period of account, and
- (b) a separate periodical return had been made for that period of account,

and ^{F216}section 1172 of CTA 2010 (apportionment to different periods)] is not to apply.

Rule D

Rules A to C are subject to any provision of the Corporation Tax Acts which provides for an amount to be treated as expenses payable for, or referable to, a particular period.

- ^{F217}(9A) The amount required to be deducted at paragraph (d) of Step 2 is the total of the amounts (if any) arrived at under subsection (9C) below in relation to the fronting reinsurance contracts (if any) made by the company.

- (9B) A fronting reinsurance contract is a contract of reinsurance forming part of a fronting reinsurance arrangement; and a fronting reinsurance arrangement is an arrangement under which the company—

- (a) enters into a contract constituting term assurance with a person, and
- (b) reinsures all, or substantially all, of the liabilities under that contract with a reinsurer which—
 - (i) does not meet the BLAGAB group reinsurance conditions in paragraph 1(3) of Schedule 19ABA to this Act, and
 - (ii) is connected with that person or with a person entitled to commission from the company in respect of the contract.

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(9C) The amount referred to in subsection (9A) above in relation to any fronting reinsurance contract made by the company is the relevant reinsurance fraction of so much of the amount found at Step 1 as relates to policies and contracts which are relevant reinsured policies and contracts in relation to the fronting reinsurance contract.

(9D) For the purposes of subsection (9C) above “the relevant reinsurance fraction” is—

$$\frac{RL}{TL}$$

where—

RL is so much of TL as is reinsured under the fronting reinsurance contract, and

TL is the amount of the total liabilities under the relevant reinsured policies and contracts at the end of the accounting period.

(9E) For the purposes of subsections (9B) and (9C) above policies and contracts are relevant reinsured policies and contracts in relation to a fronting reinsurance contract if—

- (a) they are attributable to the company's basic life assurance and general annuity business, and
- (b) any or all of the risks under them are reinsured under the fronting reinsurance contract.]

(10) ^{F218}

(11) ^{F218}

(12) Where for any accounting period—

- (a) the amount of the expenses deduction (see [^{F219}Step 8]), exceeds
- (b) the amount from which that deduction is to be made (see subsection (2) above),

the excess is to be carried forward to the next accounting period [^{F220} for which the company is charged to tax in respect of its life assurance business under the I minus E basis] and brought into account for that period in accordance with Step 7.

[^{F221}(13) Where for any accounting period excess adjusted Case I profits are charged to tax under section 85A of the Finance Act 1989, an amount equal to the profits is to be carried forward to the next accounting period for which the company is charged to tax in respect of its life assurance business under the I minus E basis and brought into account for that period in accordance with Step 7.]

(14) ^{F222}

(15) In this section—

^{F223}

“expenses payable” has the meaning given by subsection (3) above;

[^{F224}“profits” means income and chargeable gains.]

^{F225}

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Textual Amendments

- F191** S. 76 substituted (with effect in accordance with ss. 42, 44 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [s. 40](#)
- F192** Words in s. 76(1)(b) substituted (with effect in accordance with s. 39(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 8 para. 2\(2\)](#) (with [Sch. 8 Pt. 2](#))
- F193** Words in s. 76(1) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 30\(2\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F194** Words in s. 76(1) repealed (with effect in accordance with s. 38(2) of the repealing Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 3\(2\)](#), [Sch. 27 Pt. 2\(7\)](#), Note (with [Sch. 7 Pt. 2](#))
- F195** Words in s. 76(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 30\(3\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F196** Words in s. 76(4) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 30\(4\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F197** Words in s. 76(7) Step 2 para. (a) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 30\(5\)\(a\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F198** Word in s. 76(7) Step 2 omitted (with effect in accordance with [Sch. 17 para. 5\(4\)-\(7\)](#) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 17 para. 5\(2\)](#)
- F199** Words in s. 76(7) Step 2 para. (c) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 30\(5\)\(b\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F200** S. 76(7) Step 2 para. (d) and preceding word inserted (with effect in accordance with [Sch. 17 para. 5\(4\)-\(7\)](#) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 17 para. 5\(2\)](#)
- F201** S. 76(7): entries in Step 3 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 10 para. 16\(3\)\(a\)](#), [Sch. 27 Pt. 2\(10\)](#), Note
- F202** S. 76(7): entries in Step 3 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 30\(6\)\(a\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))
- F203** S. 76(7): entries in Step 3 inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 30\(6\)\(b\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F204** Words in s. 76(7) Step 3 substituted (with effect in accordance with [Sch. 7 paras. 27, 28](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 24\(a\)](#)
- F205** Words in s. 76(7) Step 3 substituted (with effect in accordance with [Sch. 7 paras. 27, 28](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 24\(b\)](#)
- F206** Words in s. 76(7) Step 3 inserted (with effect in accordance with [Sch. 7 paras. 27, 28](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 24\(c\)](#)
- F207** Words in s. 76(7) Step 5 substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 9\(2\)](#) (with [Sch. 2](#))
- F208** Words in s. 76(7) Step 5 substituted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 3\(3\)\(a\)](#) (with [Sch. 7 Pt. 2](#))
- F209** Words in s. 76(7) Step 5 substituted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 3\(3\)\(b\)](#) (with [Sch. 7 Pt. 2](#))
- F210** Word in s. 76(7) Step 8 substituted (with effect in accordance with s. 39(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 8 para. 2\(3\)\(a\)](#) (with [Sch. 8 Pt. 2](#))
- F211** S. 76(7) Steps 9, 10 repealed (with effect in accordance with s. 39(2) of the repealing Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 8 para. 2\(3\)\(b\)](#), [Sch. 27 Pt. 2\(8\)](#), Note (with [Sch. 8 Pt. 2](#))
- F212** Word in s. 76(8) repealed (with effect in accordance with [Sch. 11 Pt. 2\(10\)](#) Note 1 of the repealing Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 11 Pt. 2\(10\)](#)
- F213** Words in s. 76(8) inserted (with effect in accordance with [Sch. 9 para. 1\(3\)](#) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 9 para. 1\(2\)](#)
- F214** Words in s. 76(8) substituted (31.12.2006 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Miscellaneous Amendments\) Order 2006 \(S.I. 2006/3270\)](#), [arts. 1\(1\), 3](#)

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- F215** Words in s. 76(9) Rule B substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 9(3)(a)** (with Sch. 2)
- F216** Words in s. 76(9) Rule C substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 9(3)(b)** (with Sch. 2)
- F217** S. 76(9A)-(9E) inserted (with effect in accordance with Sch. 17 para. 5(4)-(7) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 5(3)**
- F218** S. 76(10)(11) repealed (with effect in accordance with s. 39(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 8 para. 2(4), **Sch. 27 Pt. 2(8)**, Note (with Sch. 8 Pt. 2)
- F219** Words in s. 76(12)(a) substituted (with effect in accordance with s. 39(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 8 para. 2(5)(a)** (with Sch. 8 Pt. 2)
- F220** Words in s. 76(12) inserted (with effect in accordance with s. 39(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 8 para. 2(5)(b)** (with Sch. 8 Pt. 2)
- F221** S. 76(13) substituted (with effect in accordance with s. 39(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 8 para. 2(6)** (with Sch. 8 Pt. 2)
- F222** S. 76(14) repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 7 para. 3(4), **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)
- F223** S. 76(15): definition of "capital redemption business" repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 7 para. 3(5), **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)
- F224** S. 76(15): definition of "profits" inserted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 9(4)** (with Sch. 2)
- F225** Words in s. 76(15) repealed (with effect in accordance with Sch. 10 para. 17(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 10 para. 14(2)(b), **Sch. 27 Pt. 2(10)**, Note

Modifications etc. (not altering text)

- C19** S. 76 modified (12.8.2005 with effect in accordance with reg. 1(2) of the modifying S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005 (S.I. 2005/2014), **regs. 1(1), 5** (as amended: (14.8.2007 with effect in accordance with reg. 1(2) of the amending S.I.) by S.I. 2007/2134, **regs. 1(1), 5**; (12.8.2008 with effect in accordance with reg. 1(2) of the amending S.I.) by S.I. 2008/1937, **regs. 1(1), 3**)
- C20** S. 76 modified (6.4.2006) by Finance Act 2004 (c. 12), **ss. 196(4), 199(2)(c)(5), 246(3)(b), 284(1)** (with Sch. 36)
- C21** S. 76 modified by Capital Allowances Act 2001 (c. 2), **Sch. A1 para. 22(2)** (as inserted (with effect in accordance with Sch. 25 para. 9 of the 2008 amending Act) by Finance Act 2008 (c. 9), **Sch. 25 para. 5**)
- C22** S. 76 modified by The Authorised Investment Funds (Tax) Regulations 2006 (S.I. 2006/964), **reg. 69Z24A(4)(c)** (as inserted (1.1.2009 with effect in accordance with reg. 1(2)(3) of the amending S.I.) by The Authorised Investment Funds (Tax) (Amendment No. 3) Regulations 2008 (S.I. 2008/3159), **regs. 1(1), 27**)
- C23** S. 76 modified (1.4.2009 with effect in accordance with s. 1329(1) of the modifying Act) by Corporation Tax Act 2009 (c. 4), **s. 1168(2)** (with Sch. 2 Pts. 1, 2)
- C24** S. 76(7) modified (6.4.2006) by Finance Act 2004 (c. 12), **ss. 200(c), 246(2)(c), 284(1)** (with Sch. 36)

^{F226} Payments for restrictive undertakings

Textual Amendments

- F226** S. 76ZA and cross-heading inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 31** (with Sch. 2 Pts. 1, 2)

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76ZA Payments for restrictive undertakings

- (1) This section applies if a payment—
- (a) is treated as earnings of an employee by virtue of section 225 of ITEPA 2003 (payments for restrictive undertakings), and
 - (b) is made, or treated as made for the purposes of section 226 of that Act (valuable consideration given for restrictive undertakings), by a company in relation to which section 76 applies.
- (2) The payment is treated as expenses payable which fall to be brought into account at Step 1 in section 76(7), so far as it otherwise would not be.]

[^{F227}Seconded employees

Textual Amendments

F227 S. 76ZB and cross-heading inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 32** (with Sch. 2 Pts. 1, 2)

76ZB Employees seconded to charities and educational establishments

- (1) This section applies if a company to which section 76 applies makes the services of a person employed for the purposes of the company's life assurance business available to—
- (a) a charity, or
 - (b) an educational establishment,
- on a basis that is stated and intended to be temporary.
- (2) Expenses of the employer that are attributable to the employee's employment during the period of the secondment are treated as expenses payable which fall to be brought into account at Step 1 in section 76(7).
- (3) In this section—
- “educational establishment” has the same meaning as in section 70 of CTA 2009, and
- “the period of the secondment” means the period for which the employee's services are made available to the charity or educational establishment.]

[^{F228}Counselling and retraining expenses

Textual Amendments

F228 S. 76ZC and cross-heading inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 33** (with Sch. 2 Pts. 1, 2)

76ZC Counselling and other outplacement services

- (1) This section applies if—
- (a) a company carrying on life assurance business (“the employer”) incurs counselling expenses,

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- (b) the expenses are incurred in relation to a person (“the employee”) who holds or has held an office or employment under the employer, and
 - (c) the relevant conditions are met.
- (2) The expenses are brought into account under section 76 as expenses payable (so far as they otherwise would not be).
- (3) In this section “counselling expenses” means expenses incurred—
- (a) in the provision of services to the employee in connection with the cessation of the office or employment,
 - (b) in the payment or reimbursement of fees for such provision, or
 - (c) in the payment or reimbursement of travelling expenses in connection with such provision.
- (4) In this section “the relevant conditions” means—
- (a) conditions A to D for the purposes of section 310 of ITEPA 2003 (employment income exemptions: counselling and other outplacement services), and
 - (b) in the case of travel expenses, condition E for those purposes.

[^{F229}76Z]Retraining courses

- (1) This section applies if—
- (a) a company carrying on life assurance business (“the employer”) incurs training course expenses,
 - (b) they are incurred in relation to a person (“the employee”) who holds or has held an office or employment under the employer, and
 - (c) the relevant conditions are met.
- (2) The expenses are brought into account under section 76 as expenses payable (so far as they otherwise would not be).
- (3) In this section—
- “retraining course expenses” means expenses incurred in the payment or reimbursement of retraining course expenses within the meaning given by section 311(2) of ITEPA 2003, and
- “the relevant conditions” means—
- (a) the conditions in subsections (3) and (4) of section 311 of ITEPA 2003 (employment income exemptions: retraining courses), and
 - (b) in the case of travel expenses, the conditions in subsection (5) of that section.]

Textual Amendments

F229 S. 76ZD inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 34 (with Sch. 2 Pts. 1, 2)

[^{F230}76Z]Retraining courses: recovery of tax

- (1) This section applies if—
- (a) an employer's liability to corporation tax for an accounting period is determined on the assumption that it is entitled by virtue of section 76ZD to

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- bring an amount into account in determining the amount of a deduction to be made under section 76, and
 - (b) without section 76ZD the employer would not have been so entitled.
- (2) If, subsequently—
- (a) the condition in section 311(4)(a) of ITEPA 2003 is not met because of the employee's failure to begin the course within the period of one year after ceasing to be employed, or
 - (b) the condition in section 311(4)(b) of ITEPA 2003 is not met because of the employee's continued employment or re-employment,
- an assessment of an amount or further amount of corporation tax due as a result of the condition not being met may be made under paragraph 41 of Schedule 18 to FA 1998.
- (3) Such an assessment must be made before the end of the period of 6 years immediately following the end of the accounting period in which the failure to meet the condition occurred.
- (4) If subsection (2) applies, the employer must give an officer of Revenue and Customs a notice containing particulars of—
- (a) the employee's failure to begin the course,
 - (b) the employee's continued employment, or
 - (c) the employee's re-employment,
- within 60 days of coming to know of it.
- (5) ^{F231}
- (6) ^{F231}]

Textual Amendments

F230 S. 76ZE inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 35** (with Sch. 2 Pts. 1, 2)

F231 S. 76ZE(5)(6) omitted (13.8.2009) by virtue of The Finance Act 2009, Schedule 47 (Consequential Amendments) Order 2009 (S.I. 2009/2035), art. 1, Sch. para. 12

Modifications etc. (not altering text)

C25 S. 76ZE applied (with modifications) (1.4.2009 with effect in accordance with s. 1329(1) of the affecting Act) by Corporation Tax Act 2009 (c. 4), **Sch. 2 para. 139(3)(4)** (with Sch. 2 Pts. 1, 2)

^{F232}Redundancy payments etc

Textual Amendments

F232 S. 76ZF and cross-heading inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 36** (with Sch. 2 Pts. 1, 2)

76ZF Redundancy payments and approved contractual payments

- (1) Sections 76ZG to 76ZI apply if—

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- (a) a company to which section 76 applies (“the employer”) makes a redundancy payment or an approved contractual payment to another person (“the employee”), and
 - (b) the payment is in respect of the employee's employment wholly in the employer's life assurance business or partly in the employer's life assurance business and partly in one or more other capacities.
- (2) For the purposes of this section and sections 76ZG to 76ZH “redundancy payment” means a redundancy payment payable under—
- (a) Part 11 of the Employment Rights Act 1996, or
 - (b) Part 12 of the Employment Rights (Northern Ireland) Order 1996.
- (3) For the purposes of this section and those sections—
- “contractual payment” means a payment which, under an agreement, an employer is liable to make to an employee on the termination of the employee's contract of employment, and
- a contractual payment is “approved” if, in respect of that agreement, an order is in force under—
- (a) section 157 of the Employment Rights Act 1996, or
 - (b) Article 192 of the Employment Rights (Northern Ireland) Order 1996.

[^{F233}76ZP] Payments in respect of employment wholly in employer's business

- (1) This section applies if the payment is in respect of the employee's employment wholly in the employer's life assurance business.
- (2) The payment is treated as expenses payable which fall to be brought into account at Step 1 in section 76(7), so far as it otherwise would not be.
- (3) The amount brought into account by virtue of this section for an approved contractual payment must not exceed the amount which would have been due to the employee if a redundancy payment had been payable.
- (4) If the payment is referable to an accounting period beginning after the business has permanently ceased to be carried on, it is treated as referable to the last accounting period in which the business was carried on.]

Textual Amendments

F233 S. 76ZG inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 37 (with Sch. 2 Pts. 1, 2)

[^{F234}76ZI] Payments in respect of employment in more than one capacity

- (1) This section applies if the payment is in respect of the employee's employment with the employer—
 - (a) partly in the employer's life assurance business, and
 - (b) partly in one or more other capacities.
- (2) The amount of the redundancy payment, or the amount which would have been due if a redundancy payment had been payable, is to be apportioned on a just and reasonable basis between—

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- (a) the employment in the life assurance business, and
 - (b) the employment in the other capacities.
- (3) The part of the payment apportioned to the employment in the life assurance business is treated as a payment in respect of the employee's employment wholly in the life assurance business for the purposes of section 76ZG.]

Textual Amendments

F234 S. 76ZH inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 38 (with Sch. 2 Pts. 1, 2)

[^{F235}76ZI Additional payments

- (1) This section applies if the employer's business, or part of it, ceases (permanently) to be carried on and the employer makes a payment to the employee in addition to—
- (a) the redundancy payment, or
 - (b) if an approved contractual payment is made, the amount that would have been due if a redundancy payment had been payable.
- (2) If—
- (a) the additional payment would not otherwise be regarded as expenses payable for the purposes of section 76, but
 - (b) that is only because the business, or the part of the business, has ceased to be carried on,
- the additional payment is regarded as expenses payable for the purposes of section 76.
- (3) So far as the additional payment would, apart from this subsection, be regarded as expenses payable for the purposes of Step 5 in subsection (7) of section 76, it is not to be so regarded for the purposes of that subsection (or of subsection (2) above so far as relating to section 76).
- (4) The amount treated under this section as expenses payable for the purposes of section 76 is limited to 3 times the amount of—
- (a) the redundancy payment, or
 - (b) if an approved contractual payment is made, the amount that would have been due if a redundancy payment had been payable.
- (5) If the payment is referable to an accounting period beginning after the business or the part of the business has ceased to be carried on, it is treated as referable to the last accounting period in which the business, or the part concerned, was carried on.]

Textual Amendments

F235 S. 76ZI inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 39 (with Sch. 2 Pts. 1, 2)

[^{F236}76ZJ Payments by the Government]

- (1) This section applies if—

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- (a) a redundancy payment or an approved contractual payment is payable by a company to which section 76 applies (“the employer”), and
 - (b) a payment to which subsection (2) applies is made in respect of the payment.
- (2) This subsection applies to—
- (a) payments made by the Secretary of State under section 167 of the Employment Rights Act 1996, and
 - (b) payments made by the Department for Employment and Learning under Article 202 of the Employment Rights (Northern Ireland) Order 1996.
- (3) So far as the employer reimburses the Secretary of State or Department for the payment, sections 76ZG to 76ZI apply as if the payment were—
- (a) a redundancy payment, or
 - (b) an approved contractual payment,
made by the employer.]

Textual Amendments

F236 S. 76ZJ inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 40** (with Sch. 2 Pts. 1, 2)

^{F237}Contributions to local enterprise organisations or urban regeneration companies

Textual Amendments

F237 S. 76ZK and cross-heading inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 41** (with Sch. 2 Pts. 1, 2)

76ZK Contributions to local enterprise organisations or urban regeneration companies

- (1) This section applies if a company to which section 76 applies (“the contributor”) incurs expenses in making a contribution (whether in cash or in kind)—
 - (a) to a local enterprise organisation, or
 - (b) to an urban regeneration company.
- (2) The expenses are treated for the purposes of section 76 as expenses payable which fall to be brought into account at Step 1 in section 76(7).
- (3) But if, in connection with the making of the contribution, the contributor or a connected person—
 - (a) receives a disqualifying benefit of any kind, or
 - (b) is entitled to receive such a benefit,the amount treated in accordance with subsection (2) is restricted to the amount of the expenses less the value of the benefit.
- (4) For this purpose it does not matter whether a person receives, or is entitled to receive, the benefit—
 - (a) from the local enterprise organisation or urban regeneration company concerned, or
 - (b) from anyone else.

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- (5) Subsection (6) applies if—
- (a) an amount has been brought into account in accordance with subsection (2), and
 - (b) the contributor or a connected person receives a disqualifying benefit that is in any way attributable to the contribution.
- (6) The contributor is to be treated as receiving, when the benefit is received, an amount—
- (a) which is equal to the value of the benefit (so far as not brought into account in determining the amount of the deduction), and
 - (b) to which the charge to corporation tax on income applies.
- (7) In this section—
- “disqualifying benefit” means a benefit the expenses of obtaining which, if incurred by the contributor directly in a transaction at arm's length, would not be expenses payable for the purposes of section 76,
- “local enterprise organisation” has the meaning given by section 83 of CTA 2009,
- “urban regeneration company” has the meaning given by section 86 of CTA 2009.
- (8) [^{F238}Section 1122 of CTA 2010 (connected persons)] applies for the purposes of subsections (3) and (5).]

Textual Amendments

F238 Words in s. 76ZK(8) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 10** (with Sch. 2)

[^{F239}Unpaid remuneration

Textual Amendments

F239 S. 76ZL and cross-heading inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 42** (with Sch. 2 Pts. 1, 2)

76ZL Unpaid remuneration

- (1) This section applies if—
- (a) an amount is charged in respect of employees' remuneration in the accounts for a period of a company to which section 76 applies,
 - (b) the amount would apart from this section be brought into account under section 76 as expenses payable, and
 - (c) the remuneration is not paid before the end of the period of 9 months immediately following the end of the period of account.
- (2) If the remuneration is paid after the end of that period of 9 months, the amount is brought into account for the period of account in which it is paid.
- (3) But—

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- (a) subsection (2) is subject to section 86 of FA 1989 (spreading of relief for acquisition expenses), and
 - (b) in interpreting that section the remuneration is treated as expenses payable which fall to be included at Step 1 in section 76(7) for the period of account in which the remuneration is paid.
- (4) The amount is not brought into account under section 76 as expenses payable if it is not paid.

[^{F240}76ZM] **Unpaid remuneration: supplementary**

- (1) For the purposes of section 76ZL an amount charged in the accounts in respect of employees' remuneration includes an amount for which provision is made in the accounts with a view to its becoming employees' remuneration.
- (2) For the purposes of section 76ZL it does not matter whether an amount is charged for—
 - (a) particular employments, or
 - (b) employments generally.
- (3) If the profits of the company are calculated before the end of the 9 month period mentioned in section 76ZL(1)(c)—
 - (a) it must be assumed, in making the calculation, that any remuneration which is unpaid when the calculation is made will not be paid before the end of that period, but
 - (b) if the remuneration is subsequently paid before the end of that period, nothing in this subsection prevents the calculation being revised and any tax return being amended accordingly.
- (4) For the purposes of this section and section 76ZL remuneration is paid when it—
 - (a) is treated as received by an employee for the purposes of ITEPA 2003 by section 18 or 19 of that Act (receipt of money and non-money earnings), or
 - (b) would be so treated if it were not exempt income.
- (5) In this section and section 76ZL—
 - “employee” includes an office-holder and “employment” therefore includes an office, and
 - “remuneration” means an amount which is or is treated as earnings for the purposes of Parts 2 to 7 of ITEPA 2003.]

Textual Amendments

F240 S. 76ZM inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 43** (with Sch. 2 Pts. 1, 2)

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[^{F241}Car or motor cycle hire]

Textual Amendments

F241 S. 76ZN and cross-heading inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 44 (with Sch. 2 Pts. 1, 2)

[^{F242}76ZN] **Car or motor cycle hire**

(1) Subsection (2) applies if—

(a) in calculating the corporation tax to which a company is liable for an accounting period, an amount representing expenses incurred on the hiring of a car ^{F243} . . . can be brought into account under section 76 as expenses payable, and

[^{F244}(b) the car is not—

- (i) a car that is first registered before 1 March 2001,
- (ii) a car that has low CO₂ emissions (as defined in section 104AA of the Capital Allowances Act),
- (iii) a car that is electrically propelled (as defined in section 268B of that Act), or
- (iv) a qualifying hire car.]

[Subsection (2) does not apply if condition A or condition B in section 58A of CTA ^{F245}(1A) 2009 (short-term hiring in and long-term hiring out) is met.]

(2) The amount that would otherwise be capable of being brought into account as expenses payable is reduced by [^{F246}15%].

(3) Subsection (4) applies if an amount is reduced as a result of subsection (2), or a corresponding provision, and—

(a) subsequently—

- (i) there is a rebate (however described) of the hire charges, or
- (ii) a debt in respect of any of the hire charges is released otherwise than as part of a statutory insolvency agreement, and

(b) an amount is brought into account in respect of the rebate or release.

(4) For the purposes of subsection (3)(b) an amount is brought into account in respect of a rebate of hire charges or the release of a debt if—

(a) the amount of a reversal representing the rebate or release falls to be deducted under Step 4 in section 76(7), or

(b) (in the case of a rebate of hire charges) an amount representing the rebate is chargeable under section 85(1) of the Finance Act 1989 (c. 26).

(5) The amount that would otherwise be deductible as mentioned in subsection (4)(a) or chargeable as mentioned in subsection (4)(b) is reduced by [^{F247}15%].

(6) In this section “corresponding provision” means—

(a) section 56(2) of CTA 2009 (car ^{F248} . . . hire: trade profits and property income),

(b) section 1251(2) of CTA 2009 (car ^{F248} . . . hire: companies with investment business), and

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(c) section 48(2) of ITTOIA 2005 (car ^{F248} . . . hire: trade profits and property income).

(7) ^{F249}

(8) In this section “car ^{F250} . . . ” and “qualifying hire car ^{F250} . . . ” have the meanings given by section 57 of CTA 2009.

[For the purposes of section 50B of ITTOIA 2005 and section 58B of CTA 2009 ^{F251}(9) (connected persons: application of restrictions), this section is to be treated as if it were part of section 56 of CTA 2009.]]

Textual Amendments

- F242** S. 76ZN and cross-heading inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 44** (with Sch. 2 Pts. 1, 2)
- F243** Words in s. 76ZN(1)(a) omitted (with effect in accordance with Sch. 11 paras. 65-67 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 11 para. 60(2)(a)**
- F244** S. 76ZN(1)(b) substituted for s. 76ZN(1)(b)(c) (with effect in accordance with Sch. 11 paras. 65-67 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 11 para. 60(2)(b)**
- F245** S. 76ZN(1A) inserted (with effect in accordance with Sch. 11 paras. 65-67 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 11 para. 60(3)**
- F246** Words in s. 76ZN(2) substituted (with effect in accordance with Sch. 11 paras. 65-67 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 11 para. 60(4)**
- F247** Words in s. 76ZN(5) substituted (with effect in accordance with Sch. 11 paras. 65-67 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 11 para. 60(5)**
- F248** Words in s. 76ZN(6) omitted (with effect in accordance with Sch. 11 paras. 65-67 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 11 para. 60(6)**
- F249** S. 76ZN(7) omitted (with effect in accordance with Sch. 11 paras. 65-67 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 11 para. 60(7)**
- F250** Words in s. 76ZN(8) omitted (with effect in accordance with Sch. 11 paras. 65-67 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 11 para. 60(8)**
- F251** S. 76ZN(9) inserted (with effect in accordance with Sch. 11 paras. 65-67 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 11 para. 60(9)**

[^{F252}76ZO] **Hiring cars (but not motor cycles) with low CO₂ emissions before 1 April 2013**

^{F253}]

Textual Amendments

- F252** S. 76ZO inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 45** (with Sch. 2 Pts. 1, 2)
- F253** S. 76ZO omitted (with effect in accordance with Sch. 11 paras. 65-67 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 11 para. 61**

[^{F254}76A] **Levies and repayments under the Financial Services and Markets Act 2000.**

^{F255}]

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Textual Amendments

- F254** Ss. 76A, 76B inserted (1.12.2001) by [Financial Services and Markets Act 2000 \(c. 8\)](#), **ss. 411(2), 431(2)**; S.I. 2001/3538, **art. 2(1)**
- F255** S. 76A repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 46, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F256}**76B Levies and repayments under the Financial Services and Markets Act 2000: investment companies.**

^{F257}

Textual Amendments

- F256** Ss. 76A, 76B inserted (1.12.2001) by [Financial Services and Markets Act 2000 \(c. 8\)](#), **ss. 411(2), 431(2)**; S.I. 2001/3538, **art. 2(1)**
- F257** S. 76B repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 47, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

77 Incidental costs of obtaining loan finance.

^{F258}

Textual Amendments

- F258** S. 77 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), Sch. 1 para. 47, **Sch. 3** (with Sch. 2)

78 Discounted bills of exchange.

^{F259}

Textual Amendments

- F259** S. 78 repealed with saving (with effect in accordance with s. 105(1) of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), Sch. 14 para. 10, **Sch. 41 Pt. 5(3)**, Note (with Sch. 15)

79 Contributions to local enterprise agencies.

^{F260}

Textual Amendments

- F260** S. 79 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 48, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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[^{F261}**79A Contributions to training and enterprise councils and local enterprise companies.**

F262]

Textual Amendments

F261 S. 79A inserted by Finance Act 1990 (c. 29), s.76

F262 S. 79A repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 49, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F263}**79B Contributions to urban regeneration companies**

F264]

Textual Amendments

F263 S. 79B inserted (10.7.2003) by Finance Act 2003 (c. 14), s. 180(1)

F264 S. 79B repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 50, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

80 Expenses connected with foreign trades etc.

F265

Textual Amendments

F265 S. 80 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 51, **Sch. 3** (with Sch. 2)

81 Travel between trades etc.

F266

Textual Amendments

F266 S. 81 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 52, **Sch. 3** (with Sch. 2)

82 Interest paid to non-residents.

F267

Textual Amendments

F267 S. 82 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 53, **Sch. 3** (with Sch. 2)

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[^{F268}82A Expenditure on research and development.

F269

Textual Amendments

F268 Ss. 82A, 82B inserted (with effect in accordance with s. 68(2) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 19 para. 5\(1\)](#) (with [Sch. 19 para. 5\(2\)\(3\)](#))

F269 S. 82A repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 51](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

[^{F270}82B Payments to research associations, universities etc.

F271

Textual Amendments

F270 Ss. 82A, 82B inserted (with effect in accordance with s. 68(2) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 19 para. 5\(1\)](#) (with [Sch. 19 para. 5\(2\)\(3\)](#))

F271 S. 82B repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 52](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pt. 12](#))

83 Patent fees etc. and expenses.

F272

Textual Amendments

F272 S. 83 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 53](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

[^{F273}83A Gifts in kind to charities etc.

F274

Textual Amendments

F273 S. 83A inserted (with effect in accordance with s. 55(3) of the amending Act) by [Finance Act 1999 \(c. 16\)](#), [s. 55\(1\)](#)

F274 S. 83A repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 54](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

84 Gifts to educational establishments.

F275

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Textual Amendments

F275 S. 84 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 55, Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

[^{F276}**84A Costs of establishing share option or profit sharing schemes: relief.**

^{F277}

Textual Amendments

F276 S. 84A inserted by [Finance Act 1991 \(c. 31\), s. 42](#)
F277 S. 84A repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 7 para. 26, Sch. 10 Pt. 12](#) (with Sch. 9)

85 Payments to trustees of approved profit sharing schemes.

^{F278}

Textual Amendments

F278 S. 85 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 57, Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

[^{F279}**85A Costs of establishing employee share ownership trusts: relief.**

^{F280}

Textual Amendments

F279 S. 85A inserted by [Finance Act 1991 \(c. 31\), s. 43](#)
F280 S. 85A repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 58, Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

[^{F281}**85B Approved share incentive plans**

^{F282}

Textual Amendments

F281 S. 85B inserted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 12](#) (with Sch. 7)
F282 S. 85B repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 59, Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

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86 Employees seconded to charities and educational establishments.

F283

Textual Amendments
F283 S. 86 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 60, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F284}**86A Charitable donations: contributions to agent’s expenses.**

F285]

Textual Amendments
F284 S. 86A inserted (27.7.1993) by Finance Act 1993 (c. 34), s. 69
F285 S. 86A repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 61, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

87 Taxable premiums etc.

F286

Textual Amendments
F286 S. 87 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 62, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F287}**87A Section 87(2) and (3) and reductions in receipts under ITTOIA 2005**

F288]

Textual Amendments
F287 S. 87A inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 63** (with Sch. 2)
F288 S. 87A repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 62, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

88 Payments to Export Credit Guarantee Department.

F289

Textual Amendments
F289 S. 88 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 63, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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[^{F290} **88A Debts of overseas governments etc.**

F291]

Textual Amendments

F290 Ss. 88A-88C inserted by [Finance Act 1990 \(c. 29\), s. 74](#)

F291 Ss. 88A-88C repealed (with effect in accordance with s. 105(1) of the repealing Act) by [Finance Act 1996 \(c. 8\), Sch. 41 Pt. 5\(3\)](#), Note (with Sch. 15)

[^{F292} **88B Section 88A debts: restriction on deductions under section 74(j).**

F293]

Textual Amendments

F292 Ss. 88A-88C inserted by [Finance Act 1990 \(c. 29\), s. 74](#)

F293 Ss. 88A-88C repealed (with effect in accordance with s. 105(1) of the repealing Act) by [Finance Act 1996 \(c. 8\), Sch. 41 Pt. 5\(3\)](#), Note (with Sch. 15)

[^{F294} **88C Section 88A debts: restriction on other deductions.**

F295]

Textual Amendments

F294 Ss. 88A-88C inserted by [Finance Act 1990 \(c. 29\), s. 74](#)

F295 Ss. 88A-88C repealed (with effect in accordance with s. 105(1) of the repealing Act) by [Finance Act 1996 \(c. 8\), Sch. 41 Pt. 5\(3\)](#), Note (with Sch. 15)

[^{F296} **88D Restriction of deductions in respect of certain debts**

F297]

Textual Amendments

F296 S. 88D inserted (with effect in accordance with s. 80(3)(4) of the amending Act) by [Finance Act 2005 \(c. 7\), Sch. 4 para. 2](#)

F297 S. 88D repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 64, Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

89 Debts proving to be irrecoverable after discontinuance etc

F298

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Textual Amendments

F298 S. 89 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 65, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

90 Additional payments to redundant employees.

F299

Textual Amendments

F299 S. 90 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 66, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

91 Cemeteries.

F300

Textual Amendments

F300 S. 91 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 67, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F301}91A Waste disposal: restoration payments.

F302]

Textual Amendments

F301 Ss. 91A, 91B inserted by [Finance Act 1990 \(c. 29\)](#), s. 78
F302 S. 91A repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 68, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F303}91B Waste disposal: preparation expenditure.

F304]

Textual Amendments

F303 Ss. 91A, 91B inserted by [Finance Act 1990 \(c. 29\)](#), s. 78
F304 S. 91B repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 69, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F305}91BA Waste disposal: entitlement of successor to allowances.

F306]

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Textual Amendments

- F305** S. 91BA inserted (28.7.2000) by [Finance Act 2000 \(c. 17\), s. 89](#)
- F306** S. 91BA repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 69, Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

[^{F307}**91C Mineral exploration and access.**

F308]

Textual Amendments

- F307** S. 91C inserted (with application in accordance with s. 66(3)(4) of the amending Act) by [Finance Act 1997 \(c. 16\), s. 66\(1\)](#)
- F308** S. 91C repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 70, Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

Treatment of regional development and other grants and debts released etc.

92 Regional development grants.

F309

Textual Amendments

- F309** S. 92 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 71, Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

93 Other grants under Industrial Development Act 1982 etc.

F310

Textual Amendments

- F310** S. 93 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 72, Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

94 Debts deducted and subsequently released.

F311

Textual Amendments

- F311** S. 94 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 73, Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

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95 ^{F312}Taxation of dealers in respect of distributions etc.]

^{F313}

Textual Amendments

F312 S. 95 sidenote substituted (with effect in accordance with s. 24(15) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), s. 24(9)

F313 S. 95 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 74, Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

^{F314}95ZA Taxation of UK distributions received by insurance companies

- (1) If the total amount of relevant distributions received by a company in an accounting period exceeds £50,000, those distributions are to be taken into account in calculating for corporation tax purposes the profits of the company in that period (and accordingly ^{F315}^{F316}section 130(2)] of CTA 2009] does not apply in relation to those distributions).
- (2) A company (“company A”) receives a “relevant distribution” if—
 - (a) it receives a distribution made by a company ^{F317}. . . (“company B”),
 - (b) the value of the shares or stock in respect of which the distribution is made (“the holding”) is materially reduced by reason of the distribution,
 - (c) a profit on the sale of the holding (to anyone other than company B) would be taken into account in calculating company A's profits in respect of relevant insurance business, and
 - (d) either—
 - (i) the holding amounts to, or is an ingredient in a holding amounting to, 10% of all holdings of the same class in company B, or
 - (ii) the period between the acquisition by company A of the holding and that company first taking steps to dispose of the holding does not exceed 30 days.
- (3) In this section “relevant insurance business” means any kind of insurance business other than life assurance business.
- (4) Section 177(7) of TCGA 1992 (provision supplementing provision corresponding to subsection (2)(d)(i) above) applies for the purposes of subsection (2)(d)(i).
- (5) Section 731(4) below (interpretation of “taking steps to dispose of securities”) applies for the purposes of subsection (2)(d)(ii) as if the reference to the securities were to the holding.]

Textual Amendments

F314 S. 95ZA inserted (with effect in accordance with Sch. 17 para. 16(2) of the amending Act) by Finance Act 2008 (c. 9), Sch. 17 para. 16(1)

F315 Words in s. 95ZA(1) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 75 (with Sch. 2 Pts. 1, 2)

F316 Words in s. 95ZA(1) substituted (with effect in accordance with Sch. 14 para. 31 of the amending Act) by Finance Act 2009 (c. 10), Sch. 14 para. 5(2)

F317 Words in s. 95ZA(2)(a) omitted (with effect in accordance with Sch. 14 para. 31 of the repealing Act) by virtue of Finance Act 2009 (c. 10), Sch. 14 para. 5(3)

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Special provisions

[^{F318}95A Creative artists: relief for fluctuating profits

F319]

Textual Amendments

F318 S. 95A inserted (11.5.2001) by Finance Act 2001 (c. 9), s. 71(1)

F319 S. 95A repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 75, **Sch. 3** (with Sch. 2)

96 Farming and market gardening: relief for fluctuating profits.

F320

Textual Amendments

F320 S. 96 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 76, **Sch. 3** (with Sch. 2)

97 Treatment of farm animals etc.

F321

Textual Amendments

F321 S. 97 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 76, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F322}98 Tied premises: receipts and expenses treated as those of trade.

F323]

Textual Amendments

F322 S. 98 substituted (17.3.1998) by Finance Act 1998 (c. 36), s. 41(1)(3) (with s. 41(4)-(7))

F323 S. 98 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 77, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

99 Dealers in land.

F324

Textual Amendments

F324 S. 99 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 78, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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CHAPTER VI

DISCONTINUANCE ^{F325} . . .

Textual Amendments

F325 Words in Pt. 4 Ch. 6 heading repealed (with application in accordance with Sch. 27 Pt. 3(6) Note of the repealing Act) by Finance Act 1998 (c. 36), Sch. 27 Pt. 3(6)

Valuation of trading stock etc.

100 Valuation of trading stock at discontinuance of trade.

F326

Textual Amendments

F326 S. 100 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 79, Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

101 Valuation of work in progress at discontinuance of profession or vocation.

F327

Textual Amendments

F327 S. 101 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 80, Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

102 Provisions supplementary to sections 100 and 101.

F328

Textual Amendments

F328 S. 102 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 81, Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

Case VI charges on receipts

103 Receipts after discontinuance: earnings basis charge and related charge affecting conventional basis.

F329

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Textual Amendments

F329 Ss. 103-106 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 82, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

104 Conventional basis: general charge on receipts after discontinuance^{F330}

F331

Textual Amendments

F330 Words in s. 104 sidenote repealed (with effect in accordance with Sch. 27 Pt. 3(6) Note of the repealing act) by Finance Act 1998 (c. 36), **Sch. 27 Pt. 3(6)**

F331 Ss. 103-106 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 82, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

105 Allowable deductions.

F332

Textual Amendments

F332 Ss. 103-106 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 82, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

106 Application of charges where rights to payments transferred.

F333

Textual Amendments

F333 Ss. 103-106 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 82, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Reliefs

107 Treatment of receipts as earned income.

F334

Textual Amendments

F334 S. 107 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 86, **Sch. 3** (with Sch. 2)

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108 Election for carry-back.

F335

Textual Amendments

F335 S. 108 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 87, Sch. 3](#) (with Sch. 2)

109 Charge under section 104: relief for individuals born before 6th April 1917.

F336

Textual Amendments

F336 S. 109 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 88, Sch. 3](#) (with Sch. 2)

[^{F337} Relief for post-cessation expenditure

Textual Amendments

F337 S. 109A and preceding cross-heading inserted (with effect in accordance with s. 90(7) of the amending Act) by [Finance Act 1995 \(c. 4\), s. 90\(1\)](#)

109A Relief for post-cessation expenditure.

F338]

Textual Amendments

F338 S. 109A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 11, Sch. 3 Pt. 1](#) (with Sch. 2)

Supplemental

110 Interpretation etc.

F339

Textual Amendments

F339 S. 110 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 83, Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

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[^{F340}^{F341} Change of residence]

Textual Amendments

- F340** S. 110A and preceding cross-heading inserted (with effect in accordance with s. 124(2) of the amending Act) by Finance Act 1995 (c. 4), s. 124(1)
- F341** S. 110A and preceding cross-heading repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 91, Sch. 3 (with Sch. 2)

110A Change of residence.

^{F342}]

Textual Amendments

- F342** S. 110A and preceding cross-heading repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 91, Sch. 3 (with Sch. 2)

CHAPTER VII

PARTNERSHIPS AND SUCCESSIONS

General

[^{F343}111 Treatment of partnerships.

- (1) ^{F344}
- (2) ^{F345}
- (3) ^{F345}
- (4) ^{F345}
- (5) ^{F345}
- (6) ^{F345}
- (7) ^{F345}
- (8) ^{F345}
- (9) ^{F345}
- (10) ^{F345}
- (11) ^{F345}
- (12) ^{F345}
- (13) ^{F345}]

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Textual Amendments

F343 S. 111 substituted (with effect in accordance with s. 215(4)(5) of the 1994 amending Act) by [Finance Act 1994 \(c. 9\)](#), [s. 215\(1\)](#) (as amended (retrospectively) by [Finance Act 1995 c. 4](#), [s. 117\(1\)\(a\)\(2\)\(4\)](#)) (with Sch. 20)

F344 S. 111(1) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 84](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

F345 S. 111(2)-(13) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 92\(3\)](#), [Sch. 3](#) (with [Sch. 2](#))

112 Partnerships controlled abroad.

F346

Textual Amendments

F346 S. 112 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 93](#), [Sch. 3](#) (with [Sch. 2](#))

113 Effect, for income tax, of change in ownership of trade, profession or vocation.

F347

Textual Amendments

F347 S. 113 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 94](#), [Sch. 3](#) (with [Sch. 2](#))

Partnerships involving companies

114 Special rules for computing profits and losses.

F348

Textual Amendments

F348 S. 114 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 85](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

115 Provisions supplementary to section 114.

F349

Textual Amendments

F349 S. 115 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 85](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

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116 Arrangements for transferring relief.

F350

Textual Amendments

F350 S. 116 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 11, **Sch. 3 Pt. 1** (with Sch. 2)

Limited partners

117 Restriction on relief: individuals.

F351

Textual Amendments

F351 S. 117 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 13, **Sch. 3 Pt. 1** (with Sch. 2)

118 Restriction on relief: companies.

F352

Textual Amendments

F352 Ss. 118-118ZD repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 12, **Sch. 3 Pt. 1** (with Sch. 2)

^{F353}Limited liability partnerships

Textual Amendments

F353 Ss. 118ZA-118ZD and preceding cross-heading inserted (6.4.2001) by Limited Liability Partnerships Act 2000 (c. 12), **ss. 10(1)**, 19(1); S.I. 2000/3316, **art. 2**

118ZA Treatment of limited liability partnerships.

F354

Textual Amendments

F354 S. 118ZA repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 87, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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118ZB Restriction on relief: companies

F355

Textual Amendments

F355 Ss. 118-118ZD repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 12, **Sch. 3 Pt. 1** (with Sch. 2)

118ZC Member's contribution to trade.

F356

Textual Amendments

F356 Ss. 118-118ZD repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 12, **Sch. 3 Pt. 1** (with Sch. 2)

118ZD Carry forward of unrelieved losses.

F357]

Textual Amendments

F357 Ss. 118-118ZD repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 12, **Sch. 3 Pt. 1** (with Sch. 2)

^{F358}Non-active general partners and non-active members of limited liability partnerships

Textual Amendments

F358 Ss. 118ZE-118ZK and preceding cross-heading inserted (22.7.2004) by Finance Act 2004 (c. 12), **s. 124(1)**

118ZE Restriction on relief for non-active partners

F359

Textual Amendments

F359 Ss. 118ZE-118ZK repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 18, **Sch. 3 Pt. 1** (with Sch. 2)

118ZF Meaning of “the aggregate amount”

F360

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Textual Amendments

F360 Ss. 118ZE-118ZK repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 18, **Sch. 3 Pt. 1** (with Sch. 2)

118ZG “The individual’s contribution to the trade”

F361

.....

Textual Amendments

F361 Ss. 118ZE-118ZK repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 18, **Sch. 3 Pt. 1** (with Sch. 2)

118ZH “A significant amount of time”

F362

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Textual Amendments

F362 Ss. 118ZE-118ZK repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 18, **Sch. 3 Pt. 1** (with Sch. 2)

118ZI Carry forward of unrelieved losses of non-active partners

F363

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Textual Amendments

F363 Ss. 118ZE-118ZK repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 18, **Sch. 3 Pt. 1** (with Sch. 2)

18ZJ Commencement: the first restricted year

F364

.....

Textual Amendments

F364 Ss. 118ZE-118ZK repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 18, **Sch. 3 Pt. 1** (with Sch. 2)

118ZK Transitional provision for years after the first restricted year

F365]

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Textual Amendments

F365 Ss. 118ZE-118ZK repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 18, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F366}Partnerships exploiting films

Textual Amendments

F366 Ss. 118ZL, 118ZM and preceding cross-heading inserted (22.7.2004) by Finance Act 2004 (c. 12), s. 125

118ZL Partnerships exploiting films

F367

Textual Amendments

F367 Ss. 118ZL, 118ZM repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 19, **Sch. 3 Pt. 1** (with Sch. 2)

118ZM Partnerships exploiting films: supplementary

F368]

Textual Amendments

F368 Ss. 118ZL, 118ZM repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 19, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F369}Partners: meaning of “contribution to the trade”

Textual Amendments

F369 Ss. 118ZN, 118ZO and preceding cross-heading inserted (retrospective to 2.12.2004) by Finance Act 2005 (c. 7), s. 73(1)(5)

118ZN Partners: meaning of “contribution to the trade”

F370

Textual Amendments

F370 Ss. 118ZN, 118ZO repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 20, **Sch. 3 Pt. 1** (with Sch. 2)

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118ZO Meaning of “relevant loss” in section 118ZN

F371]

Textual Amendments

F371 Ss. 118ZN, 118ZO repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 20, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F372}^{F373}CHAPTER VIIA

PAYING AND COLLECTING AGENTS]

Textual Amendments

F372 Pt. 4 Ch. 7A (ss. 118A-118K) inserted (29.4.1996) by Finance Act 1996 (c. 8), **Sch. 29 para. 1**
F373 Pt. 4 Ch. 7A (ss. 118A-118K) repealed (with effect in accordance with s. 111(6)(a) of the repealing Act) by Finance Act 2000 (c. 17), s. 111(1), **Sch. 40 Pt. 2(17)**, Note 1

118A Definitions.

F374

Textual Amendments

F374 Pt. 4 Ch. 7A (ss. 118A-118K) repealed (with effect in accordance with s. 111(6)(a) of the repealing Act) by Finance Act 2000 (c. 17), s. 111(1), **Sch. 40 Pt. 2(17)**, Note 1

118B Paying agents.

F375

Textual Amendments

F375 Pt. 4 Ch. 7A (ss. 118A-118K) repealed (with effect in accordance with s. 111(6)(a) of the repealing Act) by Finance Act 2000 (c. 17), s. 111(1), **Sch. 40 Pt. 2(17)**, Note 1

118C Collecting agents.

F376

Textual Amendments

F376 Pt. 4 Ch. 7A (ss. 118A-118K) repealed (with effect in accordance with s. 111(6)(a) of the repealing Act) by Finance Act 2000 (c. 17), s. 111(1), **Sch. 40 Pt. 2(17)**, Note 1

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118D Chargeable payments and chargeable receipts.

F377

Textual Amendments
F377 Pt. 4 Ch. 7A (ss. 118A-118K) repealed (with effect in accordance with s. 111(6)(a) of the repealing Act) by Finance Act 2000 (c. 17), s. 111(1), Sch. 40 Pt. 2(17), Note 1

118E Deduction of tax from chargeable payments and chargeable receipts.

F378

Textual Amendments
F378 Pt. 4 Ch. 7A (ss. 118A-118K) repealed (with effect in accordance with s. 111(6)(a) of the repealing Act) by Finance Act 2000 (c. 17), s. 111(1), Sch. 40 Pt. 2(17), Note 1

118F Accounting for tax on chargeable payments and chargeable receipts.

F379

Textual Amendments
F379 Pt. 4 Ch. 7A (ss. 118A-118K) repealed (with effect in accordance with s. 111(6)(a) of the repealing Act) by Finance Act 2000 (c. 17), s. 111(1), Sch. 40 Pt. 2(17), Note 1

118G Relevant securities of eligible persons.

F380

Textual Amendments
F380 Pt. 4 Ch. 7A (ss. 118A-118K) repealed (with effect in accordance with s. 111(6)(a) of the repealing Act) by Finance Act 2000 (c. 17), s. 111(1), Sch. 40 Pt. 2(17), Note 1

118H Relevant securities of eligible persons: administration.

F381

Textual Amendments
F381 Pt. 4 Ch. 7A (ss. 118A-118K) repealed (with effect in accordance with s. 111(6)(a) of the repealing Act) by Finance Act 2000 (c. 17), s. 111(1), Sch. 40 Pt. 2(17), Note 1

118I Deduction of tax at reduced rate.

F382

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Textual Amendments

F382 Pt. 4 Ch. 7A (ss. 118A-118K) repealed (with effect in accordance with s. 111(6)(a) of the repealing Act) by Finance Act 2000 (c. 17), s. 111(1), **Sch. 40 Pt. 2(17)**, Note 1

118J Prevention of double accounting.

F383

Textual Amendments

F383 Pt. 4 Ch. 7A (ss. 118A-118K) repealed (with effect in accordance with s. 111(6)(a) of the repealing Act) by Finance Act 2000 (c. 17), s. 111(1), **Sch. 40 Pt. 2(17)**, Note 1

118K Regulations.

F384]

Textual Amendments

F384 Pt. 4 Ch. 7A (ss. 118A-118K) repealed (with effect in accordance with s. 111(6)(a) of the repealing Act) by Finance Act 2000 (c. 17), s. 111(1), **Sch. 40 Pt. 2(17)**, Note 1

CHAPTER VIII

MISCELLANEOUS AND SUPPLEMENTAL

119 Rent etc. payable in connection with mines, quarries and similar concerns.

F385

Textual Amendments

F385 S. 119 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 88, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

120 Rent etc. payable in respect of electric line wayleaves.

F386

Textual Amendments

F386 S. 120 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 89, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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121 Management expenses of owner of mineral rights.

F387

Textual Amendments

F387 S. 121 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 90, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

122 Relief in respect of mineral royalties.

F388

Textual Amendments

F388 S. 122 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 91, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

123 Foreign dividends.

F389

Textual Amendments

F389 S. 123 repealed (with effect in accordance with Sch. 7 para. 32 of the repealing Act) by Finance Act 1996 (c. 8), Sch. 7 para. 13, **Sch. 41 Pt. 5(2)**, Note (with Sch. 7 paras. 33-35)

124 Interest on quoted Eurobonds.

F390

Textual Amendments

F390 S. 124 repealed (with effect in accordance with s. 111(6)(b) of the repealing Act) by Finance Act 2000 (c. 17), s. 111(2), **Sch. 40 Pt. 2(17)**, Note 2

125 [^{F391}Annual payments for dividends or non-taxable consideration]

F392

Textual Amendments

F391 S. 125 title substituted (retrospective to 2.12.2004) by virtue of Finance Act 2005 (c. 7), s. **91(3)**
F392 S. 125 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 92, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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126 Treasury securities issued at a discount.

F393

Textual Amendments

F393 Ss. 126, 126A repealed (with effect in accordance with s. 105(1) of the repealing Act) by Finance Act 1996, Sch. 41 Pt. 5(3), Note

126A Charge to tax on appropriation of securities and bonds.

F394

Textual Amendments

F394 Ss. 126, 126A repealed (with effect in accordance with s. 105(1) of the repealing Act) by Finance Act 1996, Sch. 41 Pt. 5(3), Note

127 Enterprise allowance.

F395

Textual Amendments

F395 S. 127 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 108, Sch. 3 (with Sch. 2)

[^{F396} 127A Futures and options: transactions with guaranteed returns.

F397]

Textual Amendments

F396 S. 127A inserted (with effect in accordance with s. 80(6) of the amending Act) by Finance Act 1997 (c. 16), s. 80(1)

F397 S. 127A repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 109, Sch. 3 (with Sch. 2)

128 Commodity and financial futures etc.: losses and gains.

(1) ^{F398}

[^{F399} (2) ^{F400}]

(3) ^{F400}

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Textual Amendments
F398 S. 128(1) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 110, Sch. 3 \(with Sch. 2\)](#)
F399 S. 128(2) inserted (with effect in accordance with s. 83(3) of the amending Act) by [Finance Act 2002 \(c. 23\), Sch. 27 para. 3\(2\) \(with Sch. 28\)](#)
F400 S. 128(2)(3) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 93, Sch. 3 Pt. 1 \(with Sch. 2 Pts. 1, 2\)](#)

129 Stock lending.

F401

Textual Amendments
F401 Ss. 129, 129A repealed (with effect in accordance with Sch. 10 para. 7(1) of the repealing Act) by [Finance Act 1997 \(c. 16\), Sch. 10 para. 1, Sch. 18 Pt. 6\(10\), Note 1; S.I. 1997/991, art. 2](#)

[^{F402}129A Stock lending: interest on cash collateral.

F403]

Textual Amendments
F402 S. 129A inserted (with application in accordance with s. 85(3) of the amending Act) by [Finance Act 1995 \(c. 4\), s. 85\(1\)](#)
F403 Ss. 129, 129A repealed (with effect in accordance with Sch. 10 para. 7(1) of the repealing Act) by [Finance Act 1997 \(c. 16\), Sch. 10 para. 1, Sch. 18 Pt. 6\(10\), Note 1; S.I. 1997/991, art. 2](#)

[^{F404}129B Stock lending fees.

- (1) The income which, as income deriving from investments of a description specified in any of the relevant provisions, is eligible for relief from tax by virtue of that provision shall be taken to include any relevant stock lending fee.
- (2) For the purposes of this section the relevant provisions are [^{F405}sections 613(4) and 614(3) and section 186 of the Finance Act 2004].
- (3) In this section “relevant stock lending fee”, in relation to investments of any description, means any amount, in the nature of a fee, which is payable in connection with [^{F406}any] stock lending arrangement relating to investments which, but for any transfer under the arrangement, would be investments of that description.
- [^{F407}(4) In this section “stock lending arrangement” has the same meaning as in section 263B of the 1992 Act.]

Textual Amendments
F404 S. 129B inserted (with effect in accordance with s. 157(2) of the amending Act) by [Finance Act 1996 \(c. 8\), s. 157\(1\)](#)

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- F405** Words in s. 129B(2) substituted (6.4.2006) by Finance Act 2004 (c. 12), s. 284(1), **Sch. 35 para. 6** (with Sch. 36)
- F406** Word in s. 129B(3) substituted (with effect in accordance with Sch. 10 para. 7(1) of the amending Act) by Finance Act 1997 (c. 16), **Sch. 10 para. 2(1)**; S.I. 1997/991, **art. 2**
- F407** S. 129B(4) substituted (with effect in accordance with Sch. 10 para. 7(1) of the amending Act) by Finance Act 1997 (c. 16), **Sch. 10 para. 2(2)**; S.I. 1997/991, **art. 2**

130 [F408 Meaning of “investment company” in Part 4]

^{M6}In this Part of this Act [F409—

^{F410}

“investment company”, means any company whose business consists wholly or mainly in the making of investments and the principal part of whose income is derived therefrom, but includes any savings bank or other bank for savings except any which, for the purposes of the ^{M7}Trustee Savings Bank Act 1985, is a successor or a further successor to a trustee savings bank.

Textual Amendments

- F408** S. 130 title substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 94(3)** (with Sch. 2 Pts. 1, 2)
- F409** S. 130: definition of “company with investment business” inserted (with effect in accordance with ss. 38(5), 42, 43 of the amending Act) by Finance Act 2004 (c. 12), **s. 38(3)**
- F410** S. 130: definition of “company with investment business” repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 94(2)**, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Marginal Citations

- M6** Source—1970 s.304(5); 1980 Sch.11
- M7** 1985 c. 58.

PART V

PROVISIONS RELATING TO THE SCHEDULE E CHARGE

CHAPTER I

SUPPLEMENTARY CHARGING PROVISIONS OF GENERAL APPLICATION

Miscellaneous provisions

131 Chargeable emoluments.

^{F411}

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Textual Amendments

F411 Ss. 131-134 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 14, **Sch. 8 Pt. 1** (with Sch. 7)

132 Place of performance, and meaning of emoluments received in the U.K.

F412

Textual Amendments

F412 Ss. 131-134 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 14, **Sch. 8 Pt. 1** (with Sch. 7)

133 Voluntary pensions.

F413

Textual Amendments

F413 Ss. 131-134 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 14, **Sch. 8 Pt. 1** (with Sch. 7)

134 Workers supplied by agencies.

F414

Textual Amendments

F414 Ss. 131-134 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 14, **Sch. 8 Pt. 1** (with Sch. 7)

Shareholdings, loans etc.

135 Gains by directors and employees from share options.

F415

Textual Amendments

F415 Ss. 135-137 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 15, **Sch. 8 Pt. 1** (with Sch. 7)

136 Provisions supplementary to section 135.

F416

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Textual Amendments

F416 Ss. 135-137 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), Sch. 6 para. 15, **Sch. 8 Pt. 1** (with Sch. 7)

137 Payment of tax under section 135 by instalments.

F417

Textual Amendments

F417 Ss. 135-137 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), Sch. 6 para. 15, **Sch. 8 Pt. 1** (with Sch. 7)

138 Share acquisitions by directors and employees.

F418

Textual Amendments

F418 Ss. 138, 139 omitted (with effect in accordance with s. 50(3) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **s. 50(1)**

^{F419}139 Provisions supplementary to section 138.

.....

Textual Amendments

F419 Ss. 138, 139 omitted (with effect in accordance with s. 50(3) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **s. 50(1)**

140 Further interpretation of sections 135 to 139.

F420

Textual Amendments

F420 S. 140 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), Sch. 6 para. 17, **Sch. 8 Pt. 1** (with s. 418(4), Sch. 7)

[^{F421}140A Conditional acquisition of shares.

F422

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Textual Amendments

- F421** Ss. 140A-140C inserted (with application in accordance with s. 50(4) of the amending Act) by Finance Act 1998 (c. 36), s. 50(1)
- F422** Ss. 140A-140H repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 18, Sch. 8 Pt. 1 (with Sch. 7)

140B Consideration for shares conditionally acquired.

F423

Textual Amendments

- F421** Ss. 140A-140C inserted (with application in accordance with s. 50(4) of the amending Act) by Finance Act 1998 (c. 36), s. 50(1)
- F423** Ss. 140A-140H repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 18, Sch. 8 Pt. 1 (with Sch. 7)

140C Cases where interest to be treated as only conditional.

F424]

Textual Amendments

- F421** Ss. 140A-140C inserted (with application in accordance with s. 50(4) of the amending Act) by Finance Act 1998 (c. 36), s. 50(1)
- F424** Ss. 140A-140H repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 18, Sch. 8 Pt. 1 (with Sch. 7)

[^{F425}140D Convertible shares.

F426

Textual Amendments

- F425** Ss. 140D-140F inserted (with application in accordance with s. 51(3) of the amending Act) by Finance Act 1998 (c. 36), s. 51(1)
- F426** Ss. 140A-140H repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 18, Sch. 8 Pt. 1 (with Sch. 7)

140E Consideration for convertible shares.

F427

Textual Amendments

- F425** Ss. 140D-140F inserted (with application in accordance with s. 51(3) of the amending Act) by Finance Act 1998 (c. 36), s. 51(1)

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F427 Ss. 140A-140H repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 18, **Sch. 8 Pt. 1** (with Sch. 7)

140F Supplemental provision with respect to convertible shares.

F428]

Textual Amendments

F425 Ss. 140D-140F inserted (with application in accordance with s. 51(3) of the amending Act) by Finance Act 1998 (c. 36), **s. 51(1)**

F428 Ss. 140A-140H repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 18, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F429}140G Information for the purposes of sections 140A to 140F.

F430]

Textual Amendments

F429 S. 140G inserted (31.7.1998) by Finance Act 1998 (c. 36), **s. 52(1)**

F430 Ss. 140A-140H repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 18, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F431}140H Construction of sections 140A to 140G.

F432]

Textual Amendments

F431 S. 140H inserted (31.7.1998) by Finance Act 1998 (c. 36), **s. 53**

F432 Ss. 140A-140H repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 18, **Sch. 8 Pt. 1** (with Sch. 7)

Vouchers etc.

141 Non-cash vouchers.

F433

Textual Amendments

F433 Ss. 141-144 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 19, **Sch. 8 Pt. 1** (with Sch. 7)

142 Credit-tokens.

F434

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Textual Amendments

F434 Ss. 141-144 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 19, **Sch. 8 Pt. 1** (with Sch. 7)

143 Cash vouchers taxable under P.A.Y.E.

F435

Textual Amendments

F435 Ss. 141-144 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 19, **Sch. 8 Pt. 1** (with Sch. 7)

144 Supplementary provisions.

F436

Textual Amendments

F436 Ss. 141-144 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 19, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F437}144A Payments etc. received free of tax.

F438]

Textual Amendments

F437 S. 144A inserted (3.5.1994) by Finance Act 1994 (c. 9), s. 132

F438 S. 144A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 20, **Sch. 8 Pt. 1** (with Sch. 7)

Living accommodation

145 Living accommodation provided for employee.

F439

Textual Amendments

F439 Ss. 145-147 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 21, **Sch. 8 Pt. 1** (with Sch. 7)

146 Additional charge in respect of certain living accommodation.

F440

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Textual Amendments

F440 Ss. 145-147 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 21, Sch. 8 Pt. 1](#) (with Sch. 7)

[^{F441}**146** **Priority of rules applying to living accommodation.**

^{F442}

Textual Amendments

F441 S. 146A inserted (with application in accordance with s. 106(3) of the amending Act) by [Finance Act 1996 \(c. 8\), s. 106\(2\)](#)

F442 Ss. 145-147 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 21, Sch. 8 Pt. 1](#) (with Sch. 7)

147 Occupation of Chevening House.

^{F443}

Textual Amendments

F443 Ss. 145-147 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 21, Sch. 8 Pt. 1](#) (with Sch. 7)

Payments on retirement, sick pay etc.

148 Payments and other benefits in connection with termination of employment, etc.

^{F444}

Textual Amendments

F444 Ss. 148-151A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 22, Sch. 8 Pt. 1](#) (with Sch. 7)

149 Sick pay.

^{F445}

Textual Amendments

F445 Ss. 148-151A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 22, Sch. 8 Pt. 1](#) (with Sch. 7)

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150 Job release scheme allowances, maternity pay and statutory sick pay.

F446

Textual Amendments

F446 Ss. 148-151A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 22, **Sch. 8 Pt. 1** (with Sch. 7)

151 Income support etc.

F447

Textual Amendments

F447 Ss. 148-151A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 22, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F448}151A]Jobseeker's allowance.

F449]

Textual Amendments

F448 S. 151A inserted (2.9.1996) by Jobseekers Act 1995 (c. 18), s. 41(2)(4), **Sch. 2 para. 12**; S.I. 1996/2208, **art. 2(a)**

F449 Ss. 148-151A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 22, **Sch. 8 Pt. 1** (with Sch. 7)

152 [^{F450}Notification of taxable amount of certain benefits].

F451

Textual Amendments

F450 S. 152 sidenote substituted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), **Sch. 6 para. 23** (with Sch. 7)

F451 S. 152 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 7 para. 34, **Sch. 10 Pt. 12** (with Sch. 9)

CHAPTER II

[^{F452}EMPLOYEES EARNING £8,500 OR MORE AND DIRECTORS]

Textual Amendments

F452 Pt. 5 Ch. 2 heading substituted by Finance Act 1989 (c. 26), **s. 53(2)(a)**

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Expenses

153 Payments in respect of expenses.

F453

Textual Amendments

F453 Ss. 153-159AC repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

Benefits in kind

154 General charging provision.

F454

Textual Amendments

F454 Ss. 153-159AC repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

155 Exceptions from the general charge.

F455

Textual Amendments

F455 Ss. 153-159AC repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F456} 155ZA Accommodation, supplies or services used in performing duties of employment.

F457]

Textual Amendments

F456 S. 155ZA inserted (with effect in accordance with s. 57(2) of the amending Act) by Finance Act 2000 (c. 17), s. 57(1), **Sch. 10 para. 2(1)**

F457 Ss. 153-159AC repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F458} 155ZB Power to provide for exemption of minor benefits.

F459]

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Textual Amendments

- F458** S. 155ZB inserted (with effect in accordance with s. 57(2) of the amending Act) by [Finance Act 2000](#) (c. 17), s. 57(1), **Sch. 10 para. 3(1)**
- F459** Ss. 153-159AC repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003](#) (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F460}155A] Mobile telephones.

^{F461}

Textual Amendments

- F460** S. 155AA inserted (with effect in accordance with s. 44(6) of the amending Act) by [Finance Act 1999](#) (c. 16), s. 44(1)
- F461** Ss. 153-159AC repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003](#) (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F462}155A] Care for children.

^{F463}

Textual Amendments

- F462** S. 155A inserted (1990-91 and subsequent years of assessment) by [Finance Act 1990](#) (c. 29), s. 21(1) (3)
- F463** Ss. 153-159AC repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003](#) (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

156 Cash equivalent of benefits charged under section 154.

^{F464}

Textual Amendments

- F464** Ss. 153-159AC repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003](#) (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F465}156A] Limited exemption for computer equipment.

^{F466}

Textual Amendments

- F465** S. 156A inserted (with application in accordance with s. 45(3) of the amending Act) by [Finance Act 1999](#) (c. 16), s. 45(1)
- F466** Ss. 153-159AC repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003](#) (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

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157 Cars available for private use.

F467

Textual Amendments

F467 Ss. 153-159AC repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F468}157A] Cars available for private use: cash alternative, etc.

F469]

Textual Amendments

F468 S. 157A inserted (with effect in accordance with s. 43(4) of the amending Act) by Finance Act 1995 (c. 4), s. 43(1)

F469 Ss. 153-159AC repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

158 Car fuel.

F470

Textual Amendments

F470 Ss. 153-159AC repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

159 Pooled cars.

F471

Textual Amendments

F471 Ss. 153-159AC repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F472}159AA] Cars available for private use.

F473]

Textual Amendments

F472 Ss. 159AA, 159AB inserted after s. 159 (27.7.1993 with effect for the year 1993-94 and subsequent years of assessment) by 1993 c. 34, s. 73, Sch. 4 paras. 4, 8

F473 Ss. 153-159AC repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

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F474 159AB Boiled vans.

F475

Textual Amendments

F474 Ss. 159AA, 159AB inserted after s. 159 (27.7.1993 with effect for the year 1993-94 and subsequent years of assessment) by 1993 c. 34, s. 73, Sch. 4 paras. 4, 8

F475 Ss. 153-159AC repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

[F476 159AC Cavier commercial vehicles available for private use.

F477]

Textual Amendments

F476 S. 159AC inserted (27.7.1993 with effect for the year 1993-94 and subsequent years of assessment) by 1993 c. 34, s. 74(1)(3)

F477 Ss. 153-159AC repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

[F478 159A

F479]

Textual Amendments

F478 S. 159A inserted (1991-92 and subsequent years of assessment) by Finance Act 1991 (c. 31), s. 30(2)(3)

F479 S. 159A repealed (with effect in accordance with s. 44(6) of the repealing Act) by Finance Act 1999 (c. 16), ss. 44(2), 139, **Sch. 20 Pt. 3(9)**, Note

160 Beneficial loan arrangements.

F480

Textual Amendments

F480 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

161 Exceptions from section 160.

F481

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Textual Amendments

F481 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F482} **161A** Treatment of qualifying loans.

^{F483}

Textual Amendments

F482 S. 161A inserted (with effect in accordance with s. 57(2) of the amending Act) by Finance Act 2000 (c. 17), s. 57(1), **Sch. 10 para. 4(1)**

F483 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F484} **161B** Beneficial loans: loans on ordinary commercial terms.

^{F485}

Textual Amendments

F484 S. 161B inserted (with effect in accordance with s. 57(2) of the amending Act) by Finance Act 2000 (c. 17), s. 57(1), **Sch. 10 para. 5(1)**

F485 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

162 Employee shareholdings.

^{F486}

Textual Amendments

F486 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

163 Expenses connected with living accommodation.

^{F487}

Textual Amendments

F487 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

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164 Director's tax paid by employer.

F488

Textual Amendments

F488 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

165 Scholarships.

F489

Textual Amendments

F489 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

General supplementary provisions

166 Notice of nil liability under this Chapter.

F490

Textual Amendments

F490 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

167 Employment to which this Chapter applies.

F491

Textual Amendments

F491 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

168 Other interpretative provisions.

F492

Textual Amendments

F492 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

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[^{F493} **168A** Price of a car as regards a year.

F494]

Textual Amendments

F493 Ss. 168A-168G inserted (with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 4, 7

F494 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F495} **168AA** Equipment to enable disabled person to use car.

F496]

Textual Amendments

F495 S. 168AA inserted (with effect in accordance with s. 44(3) of the amending Act) by Finance Act 1995 (c. 4), s. 44(2)

F496 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F497} **168AB** Equipment etc. to enable car to run on road fuel gas.

F498]

Textual Amendments

F497 S. 168AB inserted (with effect in accordance with s. 60(6) of the amending Act) by Finance Act 1998 (c. 36), s. 60(3)

F498 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

^{F499} **168B** Price of a car: accessories not included in list price.

F500

Textual Amendments

F499 Ss. 168A-168G inserted (with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 4, 7

F500 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

^{F501} **168C** Price of a car: accessories available after car first made available.

F502

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Textual Amendments

F501 Ss. 168A-168G inserted (with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 4, 7

F502 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

F503 168D Price of a car: capital contributions.

F504

Textual Amendments

F503 Ss. 168A-168G inserted (with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 4, 7

F504 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

F505 168E Price of a car: replacement accessories.

F506

Textual Amendments

F505 Ss. 168A-168G inserted (with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 4, 7

F506 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

F507 168F Price of a car: classic cars.

F508

Textual Amendments

F507 Ss. 168A-168G inserted (with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 4, 7

F508 Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

F509 168G Price of a car: cap for expensive car.

F510

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Textual Amendments

- F509** Ss. 168A-168G inserted (with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 4, 7
- F510** Ss. 160-168G repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 24, **Sch. 8 Pt. 1** (with Sch. 7)

CHAPTER III

PROFIT-RELATED PAY

Preliminary

169 Interpretation.

F511

Textual Amendments

- F511** Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

170 Taxation of profit-related pay.

F512

Textual Amendments

- F512** Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

The relief

171 Relief from tax.

F513

Textual Amendments

- F513** Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

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172 Exceptions from tax.

F514

Textual Amendments

F514 Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

Registration

173 Persons who may apply for registration.

F515

Textual Amendments

F515 Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

174 Excluded employments.

F516

Textual Amendments

F516 Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

175 Applications for registration.

F517

Textual Amendments

F517 Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

176 Registration.

F518

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Textual Amendments

F518 Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

177 Change of scheme employer.

F519

Textual Amendments

F519 Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

[^{F520}**177A** **Death of scheme employer.**

F521]

Textual Amendments

F520 Ss. 177A, 177B inserted by Finance Act 1989 (c. 26), **Sch. 4 para. 3**
F521 Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

177B Alteration of scheme's terms.

F522

Textual Amendments

F522 Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

178 Cancellation of registration.

F523

Textual Amendments

F523 Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

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Administration

179 Recovery of tax from scheme employer.

F524

Textual Amendments

F524 Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

180 Annual returns etc.

F525

Textual Amendments

F525 Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

181 Other information.

F526

Textual Amendments

F526 Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

182 Appeals.

F527

Textual Amendments

F527 Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

Supplementary

183 Partnerships.

F528

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Textual Amendments

F528 Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

184 Independent accountants.

F529

Textual Amendments

F529 Ss. 169-184 (Pt. 5 Ch. 3) repealed (with effect in accordance with s. 61(2)(3) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(3)**, Note 1 (with saving in Note 2; and Ch. 3 modified, as so saved, by s. 61(1) of the repealing Act)

CHAPTER IV

OTHER EXEMPTIONS AND RELIEFS

Share option and profit sharing schemes

185 Approved share option schemes.

F530

Textual Amendments

F530 S. 185 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 25, **Sch. 8 Pt. 1** (with Sch. 7)

186 Approved profit sharing schemes.

- (1) ^{M8}The provisions of this section apply where, after 5th April 1979 [^{F531}and before 1st January 2003], the trustees of an approved profit sharing scheme appropriate shares—
 - (a) which have previously been acquired by the trustees, and
 - (b) as to which the conditions in Part II of Schedule 9 are fulfilled,to an individual who participates in the scheme (“the participant”).
- (2) ^{M9}Notwithstanding that, by virtue of such an appropriation of shares as is mentioned in subsection (1) above, the beneficial interest in the shares passes to the participant to whom they are appropriated—
 - (a) the value of the shares at the time of the appropriation shall be treated as not being income of his chargeable to tax under Schedule E; and
 - (b) he shall not be chargeable to income tax under that Schedule by virtue of [^{F532}section 78 or 79 of the Finance Act 1988 in respect of the shares] or by

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virtue of section 162 in any case where the shares are appropriated to him at an undervalue within the meaning of that section.

- (3) ^{M10}Subject to the provisions of this section and paragraph 4 of Schedule 10, if, in respect of or by reference to any of a participant's shares, the trustees become or the participant becomes entitled, before the release date, to receive any money or money's worth ("a capital receipt"), ^{F533} . . . the appropriate percentage (determined as at the time the trustees become or the participant becomes so entitled) of so much of the amount or value of the receipt as exceeds the appropriate allowance for that year, as determined under subsection (12) below [^{F534} counts as employment income of the participant for the year of assessment in which the entitlement arises].
- (4) ^{M11}If the trustees dispose of any of a participant's shares at any time before the release date or, if it is earlier, the date of the participant's death, then, subject to subsections (6) and (7) below, ^{F535} . . . the appropriate percentage of the locked-in value of the shares at the time of the disposal [^{F536} counts as employment income of the participant for the year of assessment in which the disposal takes place].
- (5) ^{M12}Subject to paragraphs 5 and 6(6) of Schedule 10, the locked-in value of a participant's shares at any time is—
- (a) if prior to that time he has become [^{F537} entitled to a capital receipt (within the meaning of subsection (3) above) which is referable to those shares and—
 - (i) an amount calculated by reference to that capital receipt counts as his employment income by virtue of subsection (3) above, or
 - (ii) if the entitlement to the capital receipt arose before 6th April 2003, he was chargeable to income tax by virtue of that subsection (as it had effect before that date) in respect of that capital receipt,]

the amount by which their initial market value exceeds the amount or value of that capital receipt or, if there has been more than one such receipt, the aggregate of them; and
 - (b) in any other case, their initial market value.
- (6) Subject to subsection (7) below, if, on a disposal of shares falling within subsection (4) above, the proceeds of the disposal are less than the locked-in value of the shares at the time of the disposal, subsection (4) above shall have effect as if that locked-in value were reduced to an amount equal to the proceeds of the disposal.
- (7) If, at any time prior to the disposal of any of a participant's shares, a payment was made to the trustees to enable them to exercise rights arising under a rights issue, then, subject to subsection (8) below, subsections (4) and (6) above shall have effect as if the proceeds of the disposal were reduced by an amount equal to that proportion of that payment or, if there was more than one, of the aggregate of those payments which, immediately before the disposal, the market value of the shares disposed of bore to the market value of all the participant's shares held by the trustees at that time.
- (8) ^{M13}For the purposes of subsection (7) above—
- (a) no account shall be taken of any payment to the trustees if or to the extent that it consists of the proceeds of a disposal of rights arising under a rights issue; and
 - (b) in relation to a particular disposal the amount of the payment or, as the case may be, of the aggregate of the payments referred to in that subsection shall be taken to be reduced by an amount equal to the total of the reduction (if any) previously made under that subsection in relation to earlier disposals;

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and any reference in subsection (7) or paragraph (a) above to the rights arising under a rights issue is a reference to rights conferred in respect of a participant's shares, being rights to be allotted, on payment, other shares or securities or rights of any description in the same company.

(9) ^{M14}If at any time the participant's beneficial interest in any of his shares is disposed of, the shares in question shall be treated for the purposes of the relevant provisions as having been disposed of at that time by the trustees for (subject to subsection (10) below) the like consideration as was obtained for the disposal of the beneficial interest; and for the purposes of this subsection there is no disposal of the participant's beneficial interest if and at the time when—

- (a) in England and Wales or Northern Ireland, that interest becomes vested in any person on the insolvency of the participant or otherwise by operation of law, or
- (b) in Scotland, that interest becomes vested in a judicial factor, in a trustee on the participant's sequestrated estate or in a trustee for the benefit of the participant's creditors.

(10) If—

- (a) a disposal of shares falling within subsection (4) above is a transfer to which paragraph 2(2)(c) of Schedule 9 applies, or
- ^{F538}(b) any other disposal falling within that subsection is not at arm's length,
- (c) a disposal of shares falling within ^{F539}that subsection] is one which is treated as taking place by virtue of subsection (9) above and takes place within the period of retention,

then for the purposes of the relevant provisions the proceeds of the disposal shall be taken to be equal to the market value of the shares at the time of the disposal.

(11) ^{M15}Where the trustees of an approved scheme acquire any shares as to which the requirements of Part II of Schedule 9 are fulfilled and, within the period of 18 months beginning with the date of their acquisition, those shares are appropriated in accordance with the scheme, section 686 shall not apply to income consisting of dividends on those shares received by the trustees; and, for the purpose of determining whether any shares are appropriated within that period, shares which were acquired at an earlier time shall be taken to be appropriated before shares of the same class which were acquired at a later time.

(12) ^{M16}For the purposes of subsection (3) above, “the appropriate allowance”, in relation to any year of assessment, means a sum which, subject to a maximum of ^{F540}£60], is the product of multiplying £20 by 1 plus the number of years which fall within the period of ^{F541}three 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.

(13) Schedule 10 shall have effect with respect to profit sharing schemes.

Textual Amendments

F531 Words in s. 186(1) inserted (28.7.2000) by [Finance Act 2000 \(c. 17\), s. 49\(3\)](#)

F532 Words in s. 186(2)(b) substituted (in respect of acquisitions of shares on or after 26.10.1987) by [Finance Act 1988 \(c. 39\), s. 89](#)

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- F533** Words in s. 186(3) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 26(2)(a), **Sch. 8 Pt. 1** (with Sch. 7)
- F534** Words in s. 186(3) added (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), **Sch. 6 para. 26(2)(b)** (with Sch. 7)
- F535** Words in s. 186(4) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 26(3)(a), **Sch. 8 Pt. 1** (with Sch. 7)
- F536** Words in s. 186(4) added (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), **Sch. 6 para. 26(3)(b)** (with Sch. 7)
- F537** Words in s. 186(5)(a) substituted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), **Sch. 6 para. 26(4)** (with Sch. 7)
- F538** S. 186(10)(b) substituted (with effect in accordance with s. 134(2) of the amending Act) by Finance Act 1996 (c. 8), s. 134(1), **Sch. 20 para. 11(a)**
- F539** Words in s. 186(10)(c) substituted (with effect in accordance with s. 134(2) of the amending Act) by Finance Act 1996 (c. 8), s. 134(1), **Sch. 20 para. 11(b)**
- F540** Words in s. 186(12) substituted (with effect in accordance with s. 118(2) of the amending Act) by Finance Act 1996 (c. 8), **s. 118(1)(a)**
- F541** Words in s. 186(12) substituted (with effect in accordance with s. 118(2) of the amending Act) by Finance Act 1996 (c. 8), **s. 118(1)(b)**

Modifications etc. (not altering text)

- C26** S. 186 modified (29.4.1996) by Finance Act 1996 (c. 8), **ss. 115(1), 116(3)**
- C27** S. 186 continued (6.4.2003 with effect in accordance with s. 723(1) of the affecting Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), **s. 418(3)** (with Sch. 7)

Marginal Citations

- M8** Source—1978 s.53(1)
- M9** Source—1978 s.53(3)
- M10** Source—1978 s.56(1); 1982 s.42(1)
- M11** Source—1978 s.55(1)
- M12** Source—1978 s.55(2)-(4)
- M13** Source—1978 s.55(5), (9)
- M14** Source—1978 s.55(7), (8)
- M15** Source—1978 s.53(6)
- M16** Source—1978 s.56(6); 1980 s.46(6); 1982 s.42(2); 1985 s.45(4)

187 Interpretation of sections 185 and 186 and Schedules 9 and 10.

- (1) [^{F542M17}In sections 185 and 186, this section and Schedules 9 and 10 “the relevant provisions” means those sections (including this section) and Schedules.]
- (2) [^{F542}For the purposes of the relevant provisions, except where the context otherwise requires—
- “appropriate percentage” shall be construed in accordance with paragraph 3 of Schedule 10;
- “approved”, in relation to a scheme, means approved under Schedule 9;
- “associated company” has the same meaning as in section 416, except that, for the purposes of paragraph 23 of Schedule 9, subsection (1) of that section shall have effect with the omission of the words “ or at any time within one year previously ”;
- “bonus date” has the meaning given by paragraph 17 of Schedule 9;

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“capital receipt” means money or money’s worth to which the trustees of or a participant in a profit sharing scheme become or becomes entitled as mentioned in section 186(3), but subject to paragraph 4 of Schedule 10;

“certified contractual savings scheme” has the meaning given by section 326;

“control” has the same meaning as in section 840;

“grantor”, in relation to any scheme, means the company which has established the scheme;

“group scheme” and, in relation to such a scheme, “participating company” have the meanings given by paragraph 1(3) and (4) of Schedule 9;

“initial market value”, in relation to shares in a profit sharing scheme, has the meaning given by paragraph 30(4) of Schedule 9;

“locked-in value”, in relation to any shares, shall be construed in accordance with section 186(5);

“market value” has the same meaning as in Part VIII of the [^{F543}1992 Act];

“new holding” has the meaning given by section [^{F543}126(1)(b) of the 1992 Act];

“participant”, in relation to a profit sharing scheme, means an individual to whom the trustees of the scheme have appropriated shares;

“participant’s shares”, in relation to a participant in a profit sharing scheme, means, subject to paragraph 5(4) of Schedule 10, shares which have been appropriated to the participant by the trustees;

^{F544}
.....

“period of retention” has the meaning given by paragraph 2 of Schedule 10;

“release date”, in relation to any of the shares of a participant in a profit sharing scheme, means the [^{F545}third] anniversary of the date on which they were appropriated to him;

“relevant amount”, in relation to a participant in a profit sharing scheme, means an amount which is [^{F546}not less than £3,000 and not more than £8,000] but which, subject to that, is 10 per cent. of his salary (determined under subsection (5) below) for the year of assessment in question or the preceding year of assessment, whichever is the greater;

“relevant requirements” has the meaning given by paragraph 1 of Schedule 9;

“savings-related share option scheme” has the meaning given by paragraph 1 of Schedule 9;

“scheme” means a savings-related share option scheme, a share option scheme which is not a savings-related share option scheme or a profit sharing scheme, as the context may require;

“shares” includes stock;

[^{F547}“specified age”, in relation to a scheme, means the age specified in pursuance of paragraph 8A of Schedule 9 as the specified age for the purposes of the scheme;]

“the trustees”, in relation to an approved profit sharing scheme or the shares of a participant in such a scheme, means the body of persons for the establishment of which the scheme must provide as mentioned in paragraph 30 of Schedule 9; and

“just instrument”, in relation to an approved profit sharing scheme, means the instrument referred to in paragraph 30(1)(c) of Schedule 9.]

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- (3) ^{F542M18} For the purposes of the application of the relevant provisions in relation to any share option scheme or profit sharing scheme, a person has a material interest ^{F548} in a company if he, either on his own or with one or more associates, or if any associate of his with or without such other associates,—
- (a) is the beneficial owner of, or able, directly or through the medium of other companies, or by any other indirect means to control, more than 25 per cent., or in the case of a share option scheme which is not a savings-related share option scheme more than 10 per cent., of the ordinary share capital of the company, or
 - (b) where the company is a close company, possesses, or is entitled to acquire, such rights as would, in the event of the winding-up of the company or in any other circumstances, give an entitlement to receive more than 25 per cent., or in the case of a share option scheme which is not a savings-related share option scheme more than 10 per cent., of the assets which would then be available for distribution among the participators.]
- In this subsection “associate” has the meaning given by section 417(3) and (4) ^{F548} and “participator” has the meaning given by section 417(1)].]
- (4) ^{F542M19} Subsection (3) above shall have effect subject to the provisions of Part VI of Schedule 9.]
- (5) ^{M20} For the purposes of subsection (2) above, a participant’s salary for a year of assessment means such of the emoluments of the office or employment by virtue of which he is entitled to participate in a profit sharing scheme as are liable to be paid in that year under deduction of tax pursuant to section 203 after deducting therefrom amounts included by virtue of Chapter II of this Part.
- (6) ^{F542M21} Section 839 shall apply for the purposes of the relevant provisions.]
- (7) ^{F542M22} For the purposes of the relevant provisions a company is a member of a consortium owning another company if it is one of a number of companies which between them beneficially own not less than three-quarters of the other company’s ordinary share capital and each of which beneficially owns not less than one-twentieth of that capital.]
- (8) ^{M23} Where the disposal referred to in section 186(4) is made from a holding of shares which were appropriated to the participant at different times, then, in determining for the purposes of the relevant provisions—
- (a) the initial market value and the locked-in value of each of those shares, ^{F549} . . .
 - (b) ^{F549}
- (9) ^{M24} Any of the relevant provisions with respect to—
- (a) the order in which any of a participant’s shares are to be treated as disposed of for the purposes of those provisions, or
 - (b) the shares in relation to which an event is to be treated as occurring for any such purpose,
- shall have effect in relation to a profit sharing scheme notwithstanding any direction given to the trustees with respect to shares of a particular description or to shares appropriated to the participant at a particular time.
- (10) ^{M25} In the relevant provisions “workers’ cooperative” means a registered industrial and provident society ^{F550}, as defined in ^{F551} section 1119 of CTA 2010]], which is a cooperative society and the rules of which include provisions which secure—

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- (a) that the only persons who may be members of it are those who are employed by, or by a subsidiary of, the society and those who are the trustees of its profit sharing scheme; and
- (b) that, subject to any provision about qualifications for membership which is from time to time made by the members of the society by reference to age, length of service or other factors of any description, all such persons may be members of the society;

and in this subsection “cooperative society” has the same meaning as in section 1 of the ^{M26}Industrial and Provident Societies Act 1965 or, as the case may be, the ^{M27}Industrial and Provident Societies Act (Northern Ireland) 1969.

Textual Amendments

- F542** S. 187(1)-(4)(6)(7) repealed (except so far as relating to profit sharing schemes) (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 27, Sch. 8 Pt. 1](#) (with Sch. 7)
- F543** Words in s. 187(2) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\), ss. 289, 290, Sch. 10 para. 14\(13\)](#) (with ss. 60, 101(1), 171, 201(3)).
- F544** S. 187(2): definition of “pensionable age” repealed (19.7.1995) by [Pensions Act 1995 \(c. 26\), ss. 126, 177, 180\(2\)\(a\), Sch. 4 para. 12\(a\), Sch. 7 Pt. 2](#)
- F545** Word in s. 187(2) substituted (with effect in accordance with s. 116(2)(3) of the amending Act) by [Finance Act 1996 \(c. 8\), s. 116\(1\)](#)
- F546** Words in s. 187(2) substituted (for the year 1991-92 and subsequent years of assessment) by virtue of [Finance Act 1991 \(c. 31\), s. 41\(1\)\(2\)](#)
- F547** S. 187(2): definition of “specified age” inserted by [Finance Act 1991 \(c. 31\), s. 38\(4\)](#)
- F548** Words in s. 187(3) substituted (in relation to accounting periods beginning after 31.3.1989) by [Finance Act 1989 \(c. 26\), Sch. 12 para. 9](#)
- F549** S. 187(8)(b) and preceding word repealed (with effect in accordance with s. 117(3) of the repealing Act) by [Finance Act 1996 \(c. 8\), ss. 117\(2\), 205, Sch. 41 Pt. 5\(5\)](#), Note 1
- F550** Words in s. 187(10) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 95](#) (with Sch. 2 Pts. 1, 2)
- F551** Words in s. 187(10) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 13](#) (with Sch. 2)

Modifications etc. (not altering text)

- C28** S. 187 modified (29.4.1996) by [Finance Act 1996 \(c. 8\), ss. 115\(1\), 116\(3\)](#)
- C29** S. 187 applied (29.4.1996) by [Finance Act 1996 \(c. 8\), s. 114, Sch. 16 para. 5\(1\)](#)
- C30** S. 187 continued so far as relating to APS schemes (6.4.2003 with effect in accordance with s. 723(1) of the affecting Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), s. 418\(3\)](#) (with Sch. 7)

Marginal Citations

- M17** Source—1978 ss.53(2), 54(2), (4)(b), 6, 56(1), 57(1), (4), 61(1), Sch.9 1, 16; 1980 s.46(4), Sch.10 5(b), 8, 26(1); 1982 s.40(8); 1983 s.25(1); 1984 Sch.10 15(1), (2); 1985 s.45(2)
- M18** Source—1970 s.285(6); 1978 Sch.9 11(3)(b); 1980 Sch.10 26(2); 1984 Sch.10 4(4)
- M19** Source—1987 s.33(2)
- M20** Source—1978 s.61(4); 1983 s.25(2)
- M21** Source—1978 Sch.9 16; 1980 Sch.10 26(4); 1984 Sch.10 15(3)
- M22** Source—1978 Sch.9 17; 1980 Sch.10 26(5); 1984 Sch.10 15(4); 1986 s.23(5)
- M23** Source—1978 s.55(6)
- M24** Source—1978 s.61(2)
- M25** Source—1978 Sch.9 18; 1986 s.24(1)

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M26 1965 c. 12.

M27 1969 c. 24. (N.I.).

[^{F552} Contributions in respect of share option gains

Textual Amendments

F552 S. 187A and preceding cross-heading inserted (with application in accordance with s. 56(1) of the amending Act) by Finance Act 2000 (c. 17), s. 56(1)

187A Relief for contributions in respect of share option gains.

F553]

Textual Amendments

F553 S. 187A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(a), Sch. 8 Pt. 1 (with Sch. 7)

Retirement benefits etc.

188 Exemptions from section 148.

F554

Textual Amendments

F554 S. 188 repealed (with application in accordance with s. 58(4) of the repealing Act) by Finance Act 1998 (c. 36), s. 165, Sch. 27 Pt. 3(9), Note

189 Lump sum benefits on retirement.

F555

Textual Amendments

F555 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), Sch. 8 Pt. 1 (with Sch. 7)

190 Payments to MPs and others.

F556

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Textual Amendments

F556 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

191 Job release scheme allowances not to be treated as income.

F557

Textual Amendments

F557 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

***F558** Removal expenses and benefits*

Textual Amendments

F558 Ss. 191A, 191B and preceding cross-heading inserted (27.7.1993) by Finance Act 1993 (c. 34), s. 76, **Sch. 5 para.1**

F559 191A Removal expenses and benefits.

F560

Textual Amendments

F559 Ss. 191A, 191B and preceding cross-heading inserted (27.7.1993) by Finance Act 1993 (c. 34), s. 76, **Sch. 5 para.1**
F560 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

F561 191B Removal benefits: beneficial loan arrangements.

F562]

Textual Amendments

F561 Ss. 191A, 191B and preceding cross-heading inserted (27.7.1993) by Finance Act 1993 (c. 34), s. 76, **Sch. 5 para.1**
F562 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

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Foreign emoluments and earnings, pensions and certain travel facilities

192 Relief from tax for foreign emoluments.

F563

Textual Amendments

F563 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

[^{F564}**192A** Foreign earnings deduction for seafarers.

F565]

Textual Amendments

F564 S. 192A inserted (with effect in accordance with s. 63(5) of the amending Act) by Finance Act 1998 (c. 36), **s. 63(2)** (with s. 63(6)(7))

F565 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

193 Foreign earnings and travel expenses.

F566

Textual Amendments

F566 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

194 Other foreign travel expenses.

F567

Textual Amendments

F567 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

195 Travel expenses of employees not domiciled in the United Kingdom.

F568

Textual Amendments

F568 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

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196 Foreign pensions.

F569

Textual Amendments

F569 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

197 Leave travel facilities for the armed forces.

F570

Textual Amendments

F570 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

[^{F571}197A Car parking facilities

F572]

Textual Amendments

F571 S. 197A inserted (1988-89 and subsequent years of assessment) by Finance Act 1988 (c. 39), **s. 46(4)**
F572 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

[^{F573}197AA Works bus services.

F574

Textual Amendments

F573 Ss. 197AA, 197AB inserted (with effect in accordance with s. 48(2) of the amending Act) by Finance Act 1999 (c. 16), **s. 48(1)**
F574 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

197AB Support for public transport road services.

F575

Textual Amendments

F573 Ss. 197AA, 197AB inserted (with effect in accordance with s. 48(2) of the amending Act) by Finance Act 1999 (c. 16), **s. 48(1)**

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F575 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

[^{F576}197AC Provision of cycle or cyclist’s safety equipment.

^{F577}

Textual Amendments
F576 S. 197AC inserted (with effect in accordance with s. 50(3) of the amending Act) by Finance Act 1999 (c. 16), **s. 50(1)**
F577 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

[^{F578} Mileage allowances

Textual Amendments
F578 Ss. 197AD-197AH and preceding cross-heading inserted (with effect in accordance with s. 57(4) of the amending Act) by Finance Act 2001 (c. 9), **s. 57(1)**

197AD Mileage allowance payments

^{F579}

Textual Amendments
F579 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

197AE Passenger payments

^{F580}

Textual Amendments
F580 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

197AF Mileage allowance relief

^{F581}

Textual Amendments
F581 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

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197AG Giving effect to mileage allowance relief

F582

Textual Amendments

F582 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

197AH Interpretation of sections 197AD to 197AG

F583]

Textual Amendments

F583 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

[^{F584} Mileage allowances

Textual Amendments

F584 Ss. 197B-197F and preceding cross-heading inserted by Finance Act 1990 (c. 29), s. 23, **Sch. 4**

197B

F585

Textual Amendments

F585 Ss. 197B-197F repealed (with effect in accordance with Sch. 33 Pt. 2(1) Note of the repealing Act) by Finance Act 2001 (c. 9), **Sch. 33 Pt. 2(1)**

197C

F586

Textual Amendments

F586 Ss. 197B-197F repealed (with effect in accordance with Sch. 33 Pt. 2(1) Note of the repealing Act) by Finance Act 2001 (c. 9), **Sch. 33 Pt. 2(1)**

197D

F587

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Textual Amendments

F587 Ss. 197B-197F repealed (with effect in accordance with Sch. 33 Pt. 2(1) Note of the repealing Act) by Finance Act 2001 (c. 9), **Sch. 33 Pt. 2(1)**

197E

F588

.....

Textual Amendments

F588 Ss. 197B-197F repealed (with effect in accordance with Sch. 33 Pt. 2(1) Note of the repealing Act) by Finance Act 2001 (c. 9), **Sch. 33 Pt. 2(1)**

197F

F589]

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Textual Amendments

F589 Ss. 197B-197F repealed (with effect in accordance with Sch. 33 Pt. 2(1) Note of the repealing Act) by Finance Act 2001 (c. 9), **Sch. 33 Pt. 2(1)**

[^{F590} Sporting and recreational facilities

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Textual Amendments

F590 S. 197G and preceding cross-heading inserted (27.7.1993 with application for the year 1993-94 and subsequent years of assessment) by Finance Act 1993 (c. 34), **s. 75(1)(2)**

197G Sporting and recreational facilities.

F591

.....

Textual Amendments

F591 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(b), **Sch. 8 Pt. 1** (with Sch. 7)

Other expenses, subscriptions etc.

198 Relief for necessary expenses.

F592

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Textual Amendments

F592 Ss. 189-198 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 28\(b\)](#), [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

[^{F593} **198A**

^{F594}]

Textual Amendments

F593 S. 198A inserted (with effect in accordance with s. 62(5) of the amending Act) by [Finance Act 1997 \(c. 16\)](#), [s. 62\(2\)](#)

F594 S. 198A repealed (with effect in accordance with Sch. 27 Pt. 3(10) Note of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), [s. 165](#), [Sch. 27 Pt. 3\(10\)](#)

199 Expenses necessarily incurred and defrayed from official emoluments.

^{F595}

Textual Amendments

F595 Ss. 199-202 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 28\(c\)](#), [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

200 Expenses of Members of Parliament.

^{F596}

Textual Amendments

F596 Ss. 199-202 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 28\(c\)](#), [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

[^{F597} **200ZA Expenses of members of Scottish Parliament, National Assembly for Wales or Northern Ireland Assembly.**

^{F598}]

Textual Amendments

F597 S. 200ZA inserted (with effect in accordance with s. 52(2) of the amending Act) by [Finance Act 1999 \(c. 16\)](#), [s. 52\(1\)](#), [Sch. 5 para. 2\(1\)](#)

F598 Ss. 199-202 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 28\(c\)](#), [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

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[^{F599}**200AA** **Accidental benefits for holders of certain offices etc.**

F600]

Textual Amendments

F599 S. 200AA inserted (with effect in accordance with s. 108(2) of the amending Act) by Finance Act 1996 (c. 8), s. 108(1)

F600 Ss. 199-202 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(c), **Sch. 8 Pt. 1** (with Sch. 7)

[^{F601}**200A** **Accidental overnight expenses.**

F602]

Textual Amendments

F601 S. 200A inserted (with effect in accordance with s. 93(5) of the amending Act) by Finance Act 1995 (c. 4), s. 93(4)

F602 Ss. 199-202 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(c), **Sch. 8 Pt. 1** (with Sch. 7)

[^{F603}**200B** **Work-related training provided by employers.**

F604]

Textual Amendments

F603 Ss. 200B-200D inserted (with application in accordance with s. 63(3) of the amending Act) by Finance Act 1997 (c. 16), s. 63(1)

F604 Ss. 199-202 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(c), **Sch. 8 Pt. 1** (with Sch. 7)

200C Expenditure excluded from section 200B.

F605]

Textual Amendments

F603 Ss. 200B-200D inserted (with application in accordance with s. 63(3) of the amending Act) by Finance Act 1997 (c. 16), s. 63(1)

F605 Ss. 199-202 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(c), **Sch. 8 Pt. 1** (with Sch. 7)

200D Other work-related training.

F606]

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Textual Amendments

- F603** Ss. 200B-200D inserted (with application in accordance with s. 63(3) of the amending Act) by Finance Act 1997 (c. 16), s. 63(1)
- F606** Ss. 199-202 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(c), **Sch. 8 Pt. 1** (with Sch. 7)

[^{F607}**200E Education and training funded by employers.**

F608

Textual Amendments

- F607** Ss. 200E-200H, 200J inserted (with application in accordance with s. 58(3) of the amending Act) by Finance Act 2000 (c. 17), s. 58(1)
- F608** Ss. 199-202 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(c), **Sch. 8 Pt. 1** (with Sch. 7)

200F Section 200E: exclusion of expenditure not directly related to training.

F609

Textual Amendments

- F607** Ss. 200E-200H, 200J inserted (with application in accordance with s. 58(3) of the amending Act) by Finance Act 2000 (c. 17), s. 58(1)
- F609** Ss. 199-202 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(c), **Sch. 8 Pt. 1** (with Sch. 7)

200G Section 200E: exclusion of expenditure if contributions not generally available to staff.

F610

Textual Amendments

- F607** Ss. 200E-200H, 200J inserted (with application in accordance with s. 58(3) of the amending Act) by Finance Act 2000 (c. 17), s. 58(1)
- F610** Ss. 199-202 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(c), **Sch. 8 Pt. 1** (with Sch. 7)

200H Section 200E: exclusion of expenditure otherwise relieved.

F611

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Textual Amendments

F607 Ss. 200E-200H, 200J inserted (with application in accordance with s. 58(3) of the amending Act) by Finance Act 2000 (c. 17), **s. 58(1)**

F611 Ss. 199-202 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(c), **Sch. 8 Pt. 1** (with Sch. 7)

200J Education or training funded by third parties.

F612]

.....

Textual Amendments

F607 Ss. 200E-200H, 200J inserted (with application in accordance with s. 58(3) of the amending Act) by Finance Act 2000 (c. 17), **s. 58(1)**

F612 Ss. 199-202 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(c), **Sch. 8 Pt. 1** (with Sch. 7)

201 Fees and subscriptions to professional bodies, learned societies etc.

F613

.....

Textual Amendments

F613 Ss. 199-202 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(c), **Sch. 8 Pt. 1** (with Sch. 7)

[^{F614}**201AA Employee liabilities and indemnity insurance.**

F615]

.....

Textual Amendments

F614 S. 201AA inserted (with effect in accordance with s. 91(3) of the amending Act) by Finance Act 1995 (c. 4), **s. 91(1)**

F615 Ss. 199-202 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(c), **Sch. 8 Pt. 1** (with Sch. 7)

[^{F616}**201A Expense of entertainers.**

F617]

.....

Textual Amendments

F616 S. 201A inserted by Finance Act 1990 (c. 29), **s. 77**

F617 Ss. 199-202 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(c), **Sch. 8 Pt. 1** (with Sch. 7)

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202 Donations to charity: payroll deduction scheme.

F618

Textual Amendments

F618 Ss. 199-202 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 28(c), **Sch. 8 Pt. 1** (with Sch. 7)

CHAPTER V

ASSESSMENT, COLLECTION, RECOVERY AND APPEALS

[^{F619}202A Assessment on receipts basis.

F620]

Textual Amendments

F619 Ss. 202A, 202B inserted by Finance Act 1989 (c. 26), s. 37
F620 Ss. 202A, 202B repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 29, **Sch. 8 Pt. 1** (with Sch. 7)

202B Receipts basis: meaning of receipt.

F621

Textual Amendments

F621 Ss. 202A, 202B repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 29, **Sch. 8 Pt. 1** (with Sch. 7)

203 Pay as you earn.

F622

Textual Amendments

F622 Ss. 203-204 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 30, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F623}203A P.A.Y.E.: meaning of payment.

F624]

Textual Amendments

F623 S. 203A inserted by Finance Act 1989 (c. 26), s. 37(2)(4)(5)

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F624 Ss. 203-204 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 30, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F625}**203BPAYE: payment by intermediary.**

^{F626}

Textual Amendments
F625 S. 203B inserted (3.5.1994) by Finance Act 1994 (c. 9), **s. 125**
F626 Ss. 203-204 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 30, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F627}**203CPAYE: employee of non-UK employer.**

^{F628}

Textual Amendments
F627 Ss. 203C-203E inserted (3.5.1994) by Finance Act 1994 (c. 9), **s. 126**
F628 Ss. 203-204 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 30, **Sch. 8 Pt. 1** (with Sch. 7)

203D PAYE: employee non-resident, etc.

^{F629}

Textual Amendments
F627 Ss. 203C-203E inserted (3.5.1994) by Finance Act 1994 (c. 9), **s. 126**
F629 Ss. 203-204 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 30, **Sch. 8 Pt. 1** (with Sch. 7)

203E PAYE: mobile UK workforce.

^{F630}

Textual Amendments
F627 Ss. 203C-203E inserted (3.5.1994) by Finance Act 1994 (c. 9), **s. 126**
F630 Ss. 203-204 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 30, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F631}**203FPAYE: tradeable assets.**

^{F632}

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Textual Amendments

- F631** S. 203F inserted (3.5.1994) by [Finance Act 1994 \(c. 9\), s. 127](#)
- F632** Ss. 203-204 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 30, Sch. 8 Pt. 1](#) (with Sch. 7)

[^{F633}**203FAAYE: enhancing the value of an asset.**

^{F634}

Textual Amendments

- F633** S. 203FA inserted (with effect in accordance with s. 66(2) of the amending Act) by [Finance Act 1998 \(c. 36\), s. 66\(1\)](#) (with s. 66(3))
- F634** Ss. 203-204 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 30, Sch. 8 Pt. 1](#) (with Sch. 7)

[^{F635}**203FBAYE: gains from share options etc.**

^{F636}

Textual Amendments

- F635** S. 203FB inserted (with effect in accordance with s. 67(2) of the amending Act) by [Finance Act 1998 \(c. 36\), s. 67\(1\)](#) (with s. 67(3))
- F636** Ss. 203-204 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 30, Sch. 8 Pt. 1](#) (with Sch. 7)

[^{F637}**203CPAYE: non-cash vouchers.**

^{F638}

Textual Amendments

- F637** S. 203G inserted (3.5.1994) by [Finance Act 1994 \(c. 9\), s. 128](#)
- F638** Ss. 203-204 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 30, Sch. 8 Pt. 1](#) (with Sch. 7)

[^{F639}**203HPAYE: credit-tokens.**

^{F640}

Textual Amendments

- F639** S. 203H inserted (3.5.1994) by [Finance Act 1994 \(c. 9\), s. 129](#)
- F640** Ss. 203-204 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 30, Sch. 8 Pt. 1](#) (with Sch. 7)

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[^{F641}203IPAYE: cash vouchers.

^{F642}

Textual Amendments
F641 S. 203I inserted (3.5.1994) by Finance Act 1994 (c. 9), s. 130
F642 Ss. 203-204 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 30, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F643}203JS.203B to s.203I: accounting for tax.

^{F644}

Textual Amendments
F643 Ss. 203J-203L inserted (3.5.1994) by Finance Act 1994 (c. 9), s. 131
F644 Ss. 203-204 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 30, **Sch. 8 Pt. 1** (with Sch. 7)

203K Trading arrangements.

^{F645}

Textual Amendments
F643 Ss. 203J-203L inserted (3.5.1994) by Finance Act 1994 (c. 9), s. 131
F645 Ss. 203-204 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 30, **Sch. 8 Pt. 1** (with Sch. 7)

203L S.203B to s.203K: interpretation, etc.

^{F646}

Textual Amendments
F643 Ss. 203J-203L inserted (3.5.1994) by Finance Act 1994 (c. 9), s. 131
F646 Ss. 203-204 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 30, **Sch. 8 Pt. 1** (with Sch. 7)

204 P.A.Y.E repayments.

^{F647}

Textual Amendments
F647 Ss. 203-204 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 30, **Sch. 8 Pt. 1** (with Sch. 7)

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205 Assessments unnecessary in certain circumstances.

F648

Textual Amendments

F648 Ss. 205, 206 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 31, **Sch. 8 Pt. 1** (with Sch. 7)

206 Additional provision for certain assessments.

F649

Textual Amendments

F649 Ss. 205, 206 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 31, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F650}206APAYE settlement agreements.

F651]

Textual Amendments

F650 S. 206A inserted (29.4.1996) by Finance Act 1996 (c. 8), s. 110
F651 S. 206A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 32, **Sch. 8 Pt. 1** (with Sch. 7)

207 Disputes as to domicile or ordinary residence.

F652

Textual Amendments

F652 S. 207 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 32, **Sch. 8 Pt. 1** (with Sch. 7)

PART VI

COMPANY DISTRIBUTIONS, TAX CREDITS ETC

Modifications etc. (not altering text)

- C31** Pt. 6 modified by Airports Act 1986 (c. 31), s. 77(3) (as substituted (with effect in accordance with s. 105(1) of the amending Act) by Finance Act 1996 (c. 8), Sch. 14 para. 3 (with Sch. 15))
- C32** Pt. 6 modified by Gas Act 1986 (c. 44), s. 60(3) (as substituted (with effect in accordance with s. 105(1) of the amending Act) by Finance Act 1996 (c. 8), Sch. 14 para. 4 (with Sch. 15))

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C33 Pt. 6 modified by [British Steel Act 1988 \(c. 35\), s. 11\(7\)](#) (as substituted (with effect in accordance with s. 105(1) of the amending Act) by [Finance Act 1996 \(c. 8\), Sch. 14 para. 55 \(with Sch. 15\)](#))

CHAPTER I

TAXATION OF COMPANY DISTRIBUTIONS

Modifications etc. (not altering text)

C34 Pt. 6 Chs. 1-3: power to amend conferred (1.4.2009 with effect in accordance with s. 1329(1) of the affecting Act) by [Corporation Tax Act 2009 \(c. 4\), s. 533\(2\)\(3\)\(d\)](#)

[^{F653}207A Application of lower rate to company distributions.

^{F654}

Textual Amendments

F653 [S. 207A](#) inserted (27.7.1993 with application in relation to the year 1993-94 and subsequent years of assessment) by [1993 c. 34, s. 77\(1\)\(2\)\(5\)](#)

F654 [S. 207A](#) repealed (with effect in accordance with s. 73 of the repealing Act) by [Finance Act 1996, Sch. 41 Pt. 5\(1\), Note 1](#)

208 U.K. company distributions not generally chargeable to corporation tax.

^{F655}

Textual Amendments

F655 [S. 208](#) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 96, Sch. 3 Pt. 1 \(with Sch. 2 Pts. 1, 2\)](#)

[^{F656}CHAPTER II

MATTERS WHICH ARE DISTRIBUTIONS FOR THE PURPOSES OF THE CORPORATION TAX ACTS]

Textual Amendments

F656 [Pt. 6 Ch. 2 \(ss. 209-211\)](#) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 14, Sch. 3 Pt. 1 \(with Sch. 2\)](#)

209 Meaning of “distribution”.

^{F657}

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Textual Amendments

F657 Pt. 6 Ch. 2 (ss. 209-211) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 14, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F658}**209A Section 209(3AA): link to shares of company or associated company**

^{F659}

Textual Amendments

F658 Ss. 209A, 209B inserted (with effect in accordance with s. 102(3) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 102\(2\)](#)

F659 Pt. 6 Ch. 2 (ss. 209-211) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 14, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

209B Section 209(3AA): hedging arrangements

^{F660}]

Textual Amendments

F658 Ss. 209A, 209B inserted (with effect in accordance with s. 102(3) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 102\(2\)](#)

F660 Pt. 6 Ch. 2 (ss. 209-211) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 14, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

210 Bonus issue following repayment of share capital.

^{F661}

Textual Amendments

F661 Pt. 6 Ch. 2 (ss. 209-211) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 14, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

211 Matters to be treated or not to be treated as repayments of share capital.

^{F662}

Textual Amendments

F662 Pt. 6 Ch. 2 (ss. 209-211) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 14, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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[^{F663}CHAPTER III

MATTERS WHICH ARE NOT DISTRIBUTIONS FOR THE PURPOSES OF THE CORPORATION TAX ACTS]

Textual Amendments

F663 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 15](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Payments of interest

212 Interest etc. paid in respect of certain securities.

^{F664}

Textual Amendments

F664 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 15](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Demergers

213 Exempt distributions.

^{F665}

Textual Amendments

F665 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 15](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F666}213A Exempt distributions: division of business

^{F667}]

Textual Amendments

- F666** S. 213A inserted (29.11.2007 with effect in accordance with reg. 3(1) of the amending S.I. (as retrospectively amended by S.I. 2008/1579, [reg. 4\(1\)](#)) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), [reg. 1\(2\)](#), [Sch. 1 para. 13](#)
- F667** Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 15](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

214 Chargeable payments connected with exempt distributions.

^{F668}

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Textual Amendments

F668 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 15](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

215 Advance clearance by Board of distributions and payments.

F669

Textual Amendments

F669 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 15](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

216 Returns.

F670

Textual Amendments

F670 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 15](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

217 Information.

F671

Textual Amendments

F671 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 15](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#)) (subject to the omission of s. 217(4), so far as it continues to have effect, by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 23 paras. 55\(b\), 65](#))

218 Interpretation of sections 213 to 217.

F672

Textual Amendments

F672 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 15](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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Purchase of own shares

219 Purchase by unquoted trading company of own shares.

F673

Textual Amendments

F673 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 15](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

220 Conditions as to residence and period of ownership.

F674

Textual Amendments

F674 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 15](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

221 Reduction of vendor's interest as shareholder.

F675

Textual Amendments

F675 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 15](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

222 Conditions applicable where purchasing company is member of group.

F676

Textual Amendments

F676 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 15](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

223 Other conditions.

F677

Textual Amendments

F677 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 15](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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224 Relaxation of conditions in certain cases.

F678

Textual Amendments

F678 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 15, Sch. 3 Pt. 1 (with Sch. 2)

225 Advance clearance of payments by Board.

F679

Textual Amendments

F679 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 15, Sch. 3 Pt. 1 (with Sch. 2)

226 Returns and information.

F680

Textual Amendments

F680 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 15, Sch. 3 Pt. 1 (with Sch. 2) (subject to the omission of s. 226(4), so far as it continues to have effect, by virtue of Finance Act 2011 (c. 11), Sch. 23 paras. 55(c), 65)

227 Associated persons.

F681

Textual Amendments

F681 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 15, Sch. 3 Pt. 1 (with Sch. 2)

228 Connected persons.

F682

Textual Amendments

F682 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 15, Sch. 3 Pt. 1 (with Sch. 2)

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229 Other interpretative provisions.

F683

Textual Amendments

F683 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 15, Sch. 3 Pt. 1 (with Sch. 2)

Stock dividends

230 Stock dividends: distributions.

F684

Textual Amendments

F684 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 15, Sch. 3 Pt. 1 (with Sch. 2)

^{F685}Industrial and provident society dividends etc

Textual Amendments

F685 S. 230A and preceding cross-heading inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 100 (with Sch. 2 Pts. 1, 2)

230A Dividend or bonus granted by industrial and provident society

F686]

Textual Amendments

F686 Pt. 6 Ch. 3 (ss. 212-230A) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 15, Sch. 3 Pt. 1 (with Sch. 2)

CHAPTER IV

TAX CREDITS

231 Tax credits for certain recipients of qualifying distributions.

F687

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Textual Amendments

F687 S. 231 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 16, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F688}**231A** **Restrictions on the use of tax credits by pension funds.**

^{F689}

Textual Amendments

F688 S. 231A inserted (with effect in accordance with s. 19(3) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), **s. 19(2)**

F689 S. 231A repealed (with effect in accordance with s. 30(11), Sch. 8 Pt. 2(9) Note 3 of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), s. 30(8), **Sch. 8 Pt. 2(9)**

[^{F690}**231AA** **No tax credit for borrower under stock lending arrangement or interim holder under repurchase agreement.**

^{F691}

Textual Amendments

F690 S. 231AA inserted (with effect in accordance with s. 102(9) of the amending Act) by Finance Act 1998 (c. 36), **s. 102(1)**

F691 S. 231AA repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 17, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F692}**231AB** **No tax credit for original owner under repurchase agreement in respect of certain manufactured dividends.**

^{F693}

Textual Amendments

F692 S. 231AB inserted (with effect in accordance with s. 102(10) of the amending Act) by Finance Act 1998 (c. 36), **s. 102(2)**

F693 S. 231AB repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 18, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F694}**231B** **Consequences of certain arrangements to pass on the value of a tax credit.**

- (1) This section applies in any case where—
- (a) a person (“A”) is entitled to a tax credit in respect of a qualifying distribution;
 - (b) arrangements subsist such that another person (“B”) obtains, whether directly or indirectly, a payment representing any of the value of the tax credit;
 - (c) the arrangements (whether or not made directly between A and B) were entered into for an unallowable purpose; and

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- (d) the condition in subsection (2) below is satisfied.
- (2) The condition is that if B had been the person entitled to the tax credit and the qualifying distribution to which it relates, and had received the distribution when it was made, then—
- (a) B would not have been entitled to obtain any payment under section 231(2) or (3) in respect of the tax credit; and
 - (b) if B is a company, B could not have used the income consisting of the distribution to frank a distribution actually made in the accounting period in which it would have received the distribution to which the tax credit relates.
- (3) This section does not apply if and to the extent that any other provision of the Tax Acts has the effect of cancelling or reducing the tax advantage which would otherwise be obtained by virtue of the arrangements.
- (4) Where this section applies—
- (a) no claim shall be made under section 231(2) for payment of the amount of the tax credit;
 - (b) no claim shall be made under [F695section 397(2) of ITTOIA 2005]F696. . . in respect of the tax credit;
 - (c) the income consisting of the distribution in respect of which A is entitled to the tax credit shall not be regarded for the purposes of section 241 as franked investment income; and
 - (d) no claim shall be made under section 35 of the Finance (No. 2) Act 1997 (transitional relief) for payment of an amount determined by reference to that distribution.
- (5) For the purposes of this section, the question whether any arrangements were entered into for an “unallowable purpose” shall be determined in accordance with subsections (6) and (7) below.
- (6) Arrangements are entered into for an unallowable purpose if the purposes for which at least one person is a party to the arrangements include a purpose which is not amongst the business or other commercial purposes of that person.
- (7) Where one of the purposes for which a person enters into any arrangements is the purpose of securing that that person or another obtains a tax advantage, that purpose shall be regarded as a business or other commercial purpose of the person only if it is neither the main purpose, nor one of the main purposes, for which the person enters into the arrangements.
- (8) Any reference in this section to a person obtaining a tax advantage includes a reference to a person obtaining a payment representing any of the value of a tax credit in circumstances where, had the person obtaining the payment been entitled to the tax credit and the qualifying distribution to which it relates, that person—
- (a) would not have been entitled to obtain any payment under section 231(2) or (3) in respect of the tax credit; and
 - (b) if that person is a company, could not have used the income consisting of the distribution to frank a distribution actually made in the accounting period in which it would have received the distribution to which the tax credit relates.
- (9) If an amount representing any of the value of a tax credit to which a person is entitled is applied at the direction of, or otherwise in favour of, some other person (whether by way of set off or otherwise), the case shall be treated for the purposes of this section

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as one where that other person obtains a payment representing any of the value of the tax credit.

(10) In determining for the purposes of subsections (2)(b) and (8)(b) b above whether a company could have used the income consisting of the distribution in question to frank a distribution of the company, the company shall be taken to use its actual franked investment income to frank distributions before using the income consisting of the distribution in question.

(11) References in this section to using franked investment income to frank a distribution of a company have the same meaning as in Chapter V of Part VI.

(12) In this section—

“arrangements” means arrangements of any kind, whether in writing or not (and includes a series of arrangements, whether or not between the same parties);

“business or other commercial purposes” includes the efficient management of investments;

“franked investment income” has the same meaning as in Chapter V of Part VI and references to income consisting of a distribution shall be construed accordingly;

[^{F697}“tax advantage” has the meaning given by [^{F698}section 1139 of CTA 2010]]

Textual Amendments

- F694** S. 231B inserted (with effect in accordance with s. 28(2) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), s. 28(1)
- F695** Words in s. 231B(4)(b) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 116 (with Sch. 2)
- F696** Words in s. 231B(4)(b) repealed (with effect in accordance with Sch. 4 para. 26(2), Sch. 8 Pt. 2(10) Note of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 4 para 26(1), Sch. 8 Pt. 2(10)
- F697** S. 231B(12): definition of “tax advantage” substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 26
- F698** S. 231B(12): words in definition of “tax advantage” substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 19 (with Sch. 2)

232 Tax credits for non-U.K. residents.

^{F699}

Textual Amendments

- F699** S. 232 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 117, Sch. 3 (with Sch. 2)

233 Taxation of certain recipients of distributions and in respect of non-qualifying distributions.

^{F700}

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Textual Amendments
F700 S. 233 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 118, Sch. 3](#) (with Sch. 2)

234 Information relating to distributions.

F701

Textual Amendments
F701 S. 234 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 20, Sch. 3 Pt. 1](#) (with Sch. 2)

[^{F702}**234A Information relating to distributions: further provisions.**

F703]

Textual Amendments
F702 S. 234A inserted (with application in relation to distributions begun after 16.7.1992) by [Finance \(No. 2\) Act 1992 \(c. 48\), s. 32\(1\)\(4\)](#).
F703 S. 234A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 21, Sch. 3 Pt. 1](#) (with Sch. 2)

^{F704}**235 Distributions of exempt funds etc.**

.....

Textual Amendments
F704 Ss. 235-237 repealed (with effect in accordance with Sch. 4 para. 7(2), Sch. 8 Pt. 2(9) Note 3 of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\), Sch. 4 para. 7\(1\), Sch. 8 Pt. 2\(9\)](#)

^{F705}**236 Provisions supplementary to section 235.**

.....

Textual Amendments
F705 Ss. 235-237 repealed (with effect in accordance with Sch. 4 para. 7(2), Sch. 8 Pt. 2(9) Note 3 of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\), Sch. 4 para. 7\(1\), Sch. 8 Pt. 2\(9\)](#)

^{F706}**237 Disallowance of reliefs in respect of bonus issues.**

.....

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Textual Amendments

F706 Ss. 235-237 repealed (with effect in accordance with Sch. 4 para. 7(2), Sch. 8 Pt. 2(9) Note 3 of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), Sch. 4 para. 7(1), **Sch. 8 Pt. 2(9)**

CHAPTER V

ADVANCE CORPORATION TAX AND FRANKED INVESTMENT INCOME

238 Interpretation of terms and collection of ACT.

F707

Textual Amendments

F707 S. 238 repealed (with effect in accordance with Sch. 3 para. 11(2) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), Sch. 3 para. 11(1), **Sch. 27 Pt. 3(2)**, Note

239 Set-off of ACT against liability to corporation tax.

F708

Textual Amendments

F708 S. 239 repealed (with effect in accordance with Sch. 3 para. 12(2) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), Sch. 3 para. 12(1), **Sch. 27 Pt. 3(2)**, Note (with Sch. 3 para. 12(3)-(6))

240 Set-off of company's surplus ACT against subsidiary's liability to corporation tax.

F709

Textual Amendments

F709 S. 240 repealed (with effect in accordance with Sch. 3 para. 13(2) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), Sch. 3 para. 13(1), **Sch. 27 Pt. 3(2)**, Note

241 Calculation of ACT where company receives franked investment income.

F710

Textual Amendments

F710 S. 241 repealed (with effect in accordance with Sch. 3 para. 14(2) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), Sch. 3 para. 14(1), **Sch. 27 Pt. 3(2)**, Note

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242 Set-off of losses etc. against surplus of franked investment income.

F711

Textual Amendments

F711 Ss. 242-244 repealed (with effect in accordance with s. 20(1)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), s. 20(5), **Sch. 8 Pt. 2(4)**, Note

243 Set-off of loss brought forward, or terminal loss.

F712

Textual Amendments

F712 Ss. 242-244 repealed (with effect in accordance with s. 20(1)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), s. 20(5), **Sch. 8 Pt. 2(4)**, Note

244 Further provisions relating to claims under section 242 or 243.

F713

Textual Amendments

F713 Ss. 242-244 repealed (with effect in accordance with s. 20(1)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), s. 20(5), **Sch. 8 Pt. 2(4)**, Note

245 Calculation etc. of ACT on change of ownership of company.

F714

Textual Amendments

F714 S. 245 repealed (with effect in accordance with Sch. 3 para. 15(2) of the repealing Act) by Finance Act 1998 (c. 36), Sch. 3 para. 15(1), **Sch. 27 Pt. 3(2)**, Note

[^{F715}245A Restriction on application of section 240 in certain circumstances.

F716]

Textual Amendments

F715 Ss. 245A, 245B inserted (in relation to changes in ownership on or after 14 March 1989) by Finance Act 1989 (c. 26), **s. 98**

F716 S. 245A repealed (with effect in accordance with Sch. 3 para. 16(2) of the repealing Act) by Finance Act 1998 (c. 36), Sch. 3 para. 16(1), **Sch. 27 Pt. 3(2)**, Note

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245B Restriction on set-off where asset transferred after change in ownership of company.

F717

Textual Amendments

F717 S. 245B repealed (with effect in accordance with Sch. 3 para. 17(2)(3) of the repealing Act) by Finance Act 1998 (c. 36), Sch. 3 para. 17(1), Sch. 27 Pt. 3(2), Note

246 Charge of ACT at previous rate until new rate fixed, and changes of rate.

F718

Textual Amendments

F718 S. 246 repealed (with effect in accordance with Sch. 3 para. 18(2) of the repealing Act) by Finance Act 1998 (c. 36), Sch. 3 para. 18(1), Sch. 27 Pt. 3(2), Note

[^{F719F720}CHAPTER VA

FOREIGN INCOME DIVIDENDS

Textual Amendments

F719 Pt. 6 Ch. 5A (ss. 246A-246Y) inserted (3.5.1994) by Finance Act 1994 (c. 9), Sch. 16 para. 1
F720 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 3(1), Sch. 8 Pt. 2(11), Note

Election by company paying dividend

246A Election by company paying dividend.

F721

Textual Amendments

F721 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 3(1), Sch. 8 Pt. 2(11), Note

246B Procedure for making election.

F722

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Textual Amendments
F722 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 3(1), **Sch. 8 Pt. 2(11)**, Note

Recipient of foreign income dividend

246C No tax credit for recipient.

F723

Textual Amendments
F723 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 3(1), **Sch. 8 Pt. 2(11)**, Note

246D Individuals etc.

F724

Textual Amendments
F724 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 3(1), **Sch. 8 Pt. 2(11)**, Note

Companies: payments and receipts

246E Foreign income dividend not franked payment.

F725

Textual Amendments
F725 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 3(1), **Sch. 8 Pt. 2(11)**, Note

246F Calculation of ACT where company receives foreign income dividend.

F726

Textual Amendments
F726 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 3(1), **Sch. 8 Pt. 2(11)**, Note

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246G Information relating to foreign income dividends.

F727

Textual Amendments

F727 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 3(1), **Sch. 8 Pt. 2(11)**, Note

246H Power of inspector to require information.

F728

Textual Amendments

F728 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 3(1), **Sch. 8 Pt. 2(11)**, Note

Foreign source profit and distributable foreign profit

246I Foreign source profit and distributable foreign profit.

F729

Textual Amendments

F729 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 3(1), **Sch. 8 Pt. 2(11)**, Note

Matching of dividend with distributable foreign profit

246J Matching of dividend with distributable foreign profit.

F730

Textual Amendments

F730 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 3(1), **Sch. 8 Pt. 2(11)**, Note

246K Matching: subsidiaries.

F731

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Textual Amendments

F731 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), Sch. 6 para. 3(1), **Sch. 8 Pt. 2(11)**, Note

246L Requirement as to subsidiaries.

F732

Textual Amendments

F732 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), Sch. 6 para. 3(1), **Sch. 8 Pt. 2(11)**, Note

246M Matching: further provisions.

F733

Textual Amendments

F733 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), Sch. 6 para. 3(1), **Sch. 8 Pt. 2(11)**, Note

Repayment or set-off of advance corporation tax

246N ACT to be repaid or set off against corporation tax liability.

F734

Textual Amendments

F734 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), Sch. 6 para. 3(1), **Sch. 8 Pt. 2(11)**, Note

246P Notional foreign source advance corporation tax.

F735

Textual Amendments

F735 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), Sch. 6 para. 3(1), **Sch. 8 Pt. 2(11)**, Note

246Q Repayment or set-off: supplementary.

F736

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Textual Amendments

F736 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), [Sch. 6 para. 3\(1\)](#), [Sch. 8 Pt. 2\(11\)](#), Note

246R Supplementary claims.

F737

Textual Amendments

F737 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), [Sch. 6 para. 3\(1\)](#), [Sch. 8 Pt. 2\(11\)](#), Note

International headquarters companies

246S International headquarters companies.

F738

Textual Amendments

F738 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), [Sch. 6 para. 3\(1\)](#), [Sch. 8 Pt. 2\(11\)](#), Note

246T Liability to pay ACT displaced.

F739

Textual Amendments

F739 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), [Sch. 6 para. 3\(1\)](#), [Sch. 8 Pt. 2\(11\)](#), Note

246U Settlement of liability by IHC as to ACT.

F740

Textual Amendments

F740 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), [Sch. 6 para. 3\(1\)](#), [Sch. 8 Pt. 2\(11\)](#), Note

246V Settlement of liability by non-IHC as to ACT.

F741

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Textual Amendments
F741 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 3(1), Sch. 8 Pt. 2(11), Note

246W Payments and repayments where further matching takes place.

F742

Textual Amendments
F742 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 3(1), Sch. 8 Pt. 2(11), Note

Adjustments

246X Adjustments where profits or foreign tax altered.

F743

Textual Amendments
F743 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 3(1), Sch. 8 Pt. 2(11), Note

Application of this Chapter

246Y Application of this Chapter.

F744]

Textual Amendments
F744 Ss. 246A-246Y (Pt. 6 Ch. 5A) repealed (with effect in accordance with Sch. 6 para. 3(2)-(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 3(1), Sch. 8 Pt. 2(11), Note

[^{F745}CHAPTER VI

MISCELLANEOUS AND SUPPLEMENTAL]

Textual Amendments
F745 Pt. 6 Ch. 6 (ss. 249-254) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 22, Sch. 3 Pt. 1 (with Sch. 2)

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Group income

247 Dividends etc. paid by one member of a group to another.

F746

Textual Amendments

F746 S. 247 repealed (with application in accordance with s. 85(6), Sch. 33 Pt. 2(10) Note of the repealing Act) by [Finance Act 2001 \(c. 9\)](#), s. 85(5), **Sch. 33 Pt. 2(10)**

248 Provisions supplementary to section 247.

F747

Textual Amendments

F747 S. 248 repealed (with application in accordance with s. 85(6), Sch. 33 Pt. 2(10) Note of the repealing Act) by [Finance Act 2001 \(c. 9\)](#), s. 85(5), **Sch. 33 Pt. 2(10)**

Stock dividends

249 Stock dividends treated as income.

F748

Textual Amendments

F748 Pt. 6 Ch. 6 (ss. 249-254) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), Sch. 1 para. 22, **Sch. 3 Pt. 1** (with Sch. 2)

250 Returns.

F749

Textual Amendments

F749 Pt. 6 Ch. 6 (ss. 249-254) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), Sch. 1 para. 22, **Sch. 3 Pt. 1** (with Sch. 2)

251 Interpretation of sections 249 and 250.

F750

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Textual Amendments
F750 Pt. 6 Ch. 6 (ss. 249-254) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 22, Sch. 3 Pt. 1 (with Sch. 2)

f^{F751} Approved share incentive plans

Textual Amendments
F751 Ss. 251A-251D and preceding cross-heading inserted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 34 (with Sch. 7)

251A Application of sections 251B and 251C

F752

Textual Amendments
F752 Ss. 251A-251D repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 122, Sch. 3 (with Sch. 2)

251B Treatment of cash dividend retained and then later paid out

F753

Textual Amendments
F753 Ss. 251A-251D repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 122, Sch. 3 (with Sch. 2)

251C Charge on dividend shares ceasing to be subject to plan

F754

Textual Amendments
F754 Ss. 251A-251D repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 122, Sch. 3 (with Sch. 2)

251D Interpretation of sections 251A to 251C

F755]

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Textual Amendments

F755 Ss. 251A-251D repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 122, Sch. 3](#) (with [Sch. 2](#))

Supplemental

252 Rectification of excessive set-off etc. of ACT or tax credit.

F756

Textual Amendments

F756 [Pt. 6 Ch. 6](#) (ss. 249-254) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 22, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

253 Power to modify or replace section 234(5) to (9) and Schedule 13.

F757

Textual Amendments

F757 [Pt. 6 Ch. 6](#) (ss. 249-254) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 22, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

254 Interpretation of Part VI.

F758

Textual Amendments

F758 [Pt. 6 Ch. 6](#) (ss. 249-254) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 22, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

255 “Gross rate” and “gross amount” of distributions to include ACT.

F759

Textual Amendments

F759 [S. 255](#) repealed (with effect in accordance with [Sch. 3 para. 23\(2\)](#) of the repealing Act) by [Finance Act 1998 \(c. 36\), Sch. 3 para. 23\(1\), Sch. 27 Pt. 3\(2\)](#), Note

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PART VII

GENERAL PROVISIONS RELATING TO TAXATION OF INCOME OF INDIVIDUALS

CHAPTER I

PERSONAL RELIEFS

The reliefs

256 General.

F760

Textual Amendments

F760 S. 256 omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 2(a)**

[^{F761} 256A Meaning of “adjusted net income”

F762

Textual Amendments

F761 Ss. 256A, 256B inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 28** (with Sch. 2)

F762 S. 256A omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 2(b)**

256B Meaning of “the minimum amount”

F763]

Textual Amendments

F761 Ss. 256A, 256B inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 28** (with Sch. 2)

F763 S. 256B omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 2(c)**

257 Personal allowance.

F764

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Textual Amendments

F764 S. 257 omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 2(d)**

[^{F765}**257A Children's tax credit.**

^{F766}

Textual Amendments

F765 S. 257AA inserted (with effect in accordance with s. 30(5) of the amending Act) by Finance Act 1999 (c. 16), **s. 30(1)**

F766 S. 257AA repealed (6.4.2003) by Tax Credits Act 2002 (c. 21), s. 61, **Sch. 6**; S.I. 2003/962, art. 2(3) (e), **Sch. 1** (with arts. 3, 5)

257A Married couple's allowance^{F767} **(pre-5th December 2005 marriages)].**

^{F768}

Textual Amendments

F767 Words in s. 257A heading inserted (5.12.2005 with effect in accordance with reg. 1(4) of the amending S.I.) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), **regs. 1(1), 51(5)**

F768 Ss. 257A-257BB omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 2(e)**

[^{F769}**257A Married couple's allowance (post-5th December 2005 marriages and civil partnerships etc.)**

(1) This section applies if —

- (a) the claimant is, for the whole or any part of the year of assessment, living with his spouse or civil partner,
- (b) either the claimant or his spouse or civil partner was born before 6th April 1935,
- (c) the marriage or civil partnership was entered into on or after 5th December 2005 or, if the marriage was entered into before that date, an election for this section to apply has effect for that year, and
- (d) the claimant's [^{F770}net income] for that year exceeds that of his spouse or civil partner or, if they have the same amount of [^{F770}net income] for that year, the claimant is specified in an election as the person to be entitled to relief under this section for that year.

(2) The claimant shall be entitled for that year to [^{F771}a tax reduction]—

- (a) calculated by reference to £5,975 (if either the claimant or his spouse or civil partner is at any time within that year of the age of 75 or upwards), or
- (b) calculated by reference to £5,905 (in any other case).

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- (3) For the purposes of subsection (2)(a) above an individual who would have been of or over the age of 75 within the year of assessment if he had not died in the course of it shall be treated as having been of that age within that year.
- (4) In relation to a claimant whose [^{F772}adjusted net income] for the year of assessment exceeds £19,500, subsection (2) above applies as if the amounts specified in it were reduced by—
- (a) one half of the excess, less
 - (b) any reduction made in his allowance under section 257 by virtue of subsection (5) of that section.
- (5) The amounts specified in subsection (2) above shall not by virtue of subsection (4) above be treated as reduced below [^{F773}the minimum amount].
- (6) An individual shall not be entitled by virtue of this section to more than one [^{F774}tax reduction] for any year of assessment.
- (7) In relation to a claim by an individual who —
- (a) becomes a spouse or civil partner in the year of assessment, and
 - (b) has not previously in the year been entitled to relief under this section,
- this section shall have effect as if the amounts specified in subsection (2) above were reduced by one twelfth for each month of the year ending before the date of the marriage or civil partnership.
- In this subsection “month” means a month beginning with the 6th day of a month of the calendar year.
- (8) An election under subsection (1)(c) —
- (a) shall be made jointly by the parties to the marriage,
 - (b) shall be made before the first year of assessment for which it is to have effect,
 - (c) shall have effect for that and each succeeding year of assessment for which any party to the marriage is entitled to relief under this section, and
 - (d) shall be irrevocable.
- (9) An election under subsection (1)(d) —
- (a) shall be made jointly by the parties to the marriage or civil partnership, and
 - (b) shall be made [^{F775}not more than 4 years after] the end of the year of assessment to which the election relates.

[A tax reduction under this section is given effect at Step 6 of the calculation in ^{F776}(10) section 23 of ITA 2007.]

Textual Amendments

- F769** S. 257AB inserted (5.12.2005 with effect in accordance with reg. 1(4) of the amending S.I.) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), **regs. 1(1), 52**
- F770** Words in s. 257AB(1)(d) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), **Sch. 1 para. 31(2)** (with Sch. 2)
- F771** Words in s. 257AB(2) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), **Sch. 1 para. 31(3)** (with Sch. 2)
- F772** Words in s. 257AB(4) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), **Sch. 1 para. 31(4)** (with Sch. 2)

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- F773** Words in s. 257AB(5) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3), Sch. 1 para. 31(5)** (with Sch. 2)
- F774** Words in s. 257AB(6) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3), Sch. 1 para. 31(6)** (with Sch. 2)
- F775** Words in s. 257AB(9) substituted (1.4.2010, subject to art. 10(2) of the commencing S.I.) by **Finance Act 2008 (c. 9), s. 118, Sch. 39 para. 18; S.I. 2009/403, art. 2(2)**
- F776** S. 257AB(10) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3), Sch. 1 para. 31(7)** (with Sch. 2)

Modifications etc. (not altering text)

- C35** S. 257AB(2)(4)(5) amended (2006-07) by S.I. 2005/3327, **art. 2(4)**
S. 257AB(2)(4)(5) amended (2007-08) by S.I. 2006/3241, **art. 2(4)**
S. 257AB(2)(4) amended (2008-09) by S.I. 2008/673, **art. 2(5)**
S. 257AB(2)(4) amended (2009-10) by S.I. 2008/3024, **art. 2(d)**

[^{F777}**257BA** Elections as to transfer of relief under section 257A [^{F778} or 257AB].

^{F779}

Textual Amendments

- F777** Ss. 257BA, 257BB substituted for s. 257B (16.7.1992 with application in relation to tax for the year 1993-94 and subsequent years of assessment) by **Finance (No. 2) Act 1992 (c. 48), s. 20, Sch. 5 paras.2, 10.**
- F778** Words in s. 257BA heading inserted (5.12.2005 with effect in accordance with reg. 1(4) of the amending S.I.) by **The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), regs. 1(1), 53(9)**
- F779** Ss. 257A-257BB omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of **Finance Act 2009 (c. 10), Sch. 1 para. 2(e)**

^{F781}**257BB** Transfer of relief under section 257A where relief exceeds income [^{F780} or 257AB.]

[^{F782}(1) Where—

- (a) an individual is entitled to a tax reduction under section 257A or 257AB, but
- (b) the amount of the tax reduction to which the individual is entitled is greater than the individual's comparable tax liability,

the individual's spouse or civil partner shall be entitled (in addition to any tax reduction to which that spouse or civil partner is entitled by virtue of an election under section 257BA) to a tax reduction equal to the unused part of the individual's MCA tax reductions.]

[^{F783}(1A) The individual's MCA tax reductions are the sum of—

- (a) the tax reduction to which the individual is entitled under section 257A or 257AB, and
- (b) any tax reduction to which the individual is entitled by virtue of an election under section 257BA(3).

(1B) The unused part of the individual's MCA tax reductions is equal to—

- (a) the individual's MCA tax reductions, less
- (b) the individual's comparable tax liability.]

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- (2) Subsection (1) above shall not apply for a year of assessment unless the claimant's [^{F784}spouse or civil partner] gives notice to the inspector that it is to apply.
- [^{F785}(3) Where—
- (a) an individual is entitled to a tax reduction by virtue of an election under section 257BA, but
 - (b) the amount of the tax reduction to which the individual is entitled is greater than the individual's comparable tax liability,
- the individual's spouse or civil partner shall be entitled (in addition to any tax reduction to which that spouse or civil partner is entitled by virtue of section 257A or 257AB) to a tax reduction equal to the unused part of the individual's tax reduction.]
- [^{F786}(3AA) The unused part of the individual's tax reduction is equal to—
- (a) the tax reduction to which the individual is entitled by virtue of the election under section 257BA, less
 - (b) the individual's comparable tax liability.]
- (3A) ^{F787}
- (4) Subsection (3) above shall not apply for a year of assessment unless the claimant's [^{F788}spouse or civil partner] gives notice to the inspector that it is to apply.
- (5) Any notice under subsection (2) or (4) above—
- (a) shall be given [^{F789}not more than 4 years after] the end of the year of assessment to which it relates,
 - (b) shall be in such form as the Board may determine, and
 - (c) shall be irrevocable.
- [^{F790}(5A) For the purposes of this section, the comparable tax liability of an individual is the amount of the individual's tax left after Step 6 of the calculation in section 23 of ITA 2007, making that calculation with the modifications set out in subsections (5B) and (5C).
- (5B) In making that calculation, do not deduct any tax reduction under—
- (a) section 788 (double taxation arrangements: relief by agreement), or
 - (b) section 790(1) (relief for foreign tax where there are no double taxation arrangements).
- (5C) If the individual's entitlement to a tax reduction under section 257A, 257AB, 257BA or this section is extinguished under section 423(4) of ITA 2007 (gift aid: restriction of reliefs) to any extent, deduct from the amount calculated in accordance with subsections (5A) and (5B) the amount by which the tax reduction is reduced.
- (5D) For the purposes of this section a person is treated as being entitled to a tax reduction under section 788 if the person is entitled to credit against income tax under arrangements which have effect under that section.
- (5E) A tax reduction under this section is given effect at Step 6 of the calculation in section 23 of ITA 2007.]
- (6) ^{F791}

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Textual Amendments

- F780** Words in s. 257BB heading inserted (5.12.2005 with effect in accordance with reg. 1(4) of the amending S.I.) by [The Tax and Civil Partnership Regulations 2005](#) (S.I. 2005/3229), **regs. 1(1), 54(6)**
- F781** Ss. 257BA, 257BB substituted for s. 257B (16.7.1992 with application in relation to tax for the year 1993-94 and subsequent years of assessment) by [Finance \(No. 2\) Act 1992](#) (c. 48), s. 20, **Sch. 5 paras.2, 10**.
- F782** S. 257BB(1) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007](#) (c. 3), **Sch. 1 para. 33(2)** (with [Sch. 2 paras. 14, 16\(1\)\(5\), 17\(6\)](#))
- F783** S. 257BB(1A)(1B) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007](#) (c. 3), **Sch. 1 para. 33(3)** (with [Sch. 2 paras. 14, 16\(1\)\(5\), 17\(6\)](#))
- F784** Words in s. 257BB(2) substituted (5.12.2005 with effect in accordance with reg. 1(4) of the amending S.I.) by [The Tax and Civil Partnership Regulations 2005](#) (S.I. 2005/3229), **regs. 1(1), 54(3)**
- F785** S. 257BB(3) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007](#) (c. 3), **Sch. 1 para. 33(4)** (with [Sch. 2 paras. 14, 16\(1\)\(5\), 17\(6\)](#))
- F786** S. 257BB(3AA) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007](#) (c. 3), **Sch. 1 para. 33(5)** (with [Sch. 2 paras. 14, 16\(1\)\(5\), 17\(6\)](#))
- F787** S. 257BB(3A) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007](#) (c. 3), **Sch. 1 para. 33(6), Sch. 3 Pt. 1** (with [Sch. 2 paras. 14, 16\(1\)\(5\), 17\(6\)](#))
- F788** Words in s. 257BB(4) substituted (5.12.2005 with effect in accordance with reg. 1(4) of the amending S.I.) by [The Tax and Civil Partnership Regulations 2005](#) (S.I. 2005/3229), **regs. 1(1), 54(5)**
- F789** Words in s. 257BB(5)(a) substituted (1.4.2010, subject to art. 10(2) of the commencing S.I.) by [Finance Act 2008](#) (c. 9), s. 118, **Sch. 39 para. 19**; S.I. 2009/403, **art. 2(2)**
- F790** S. 257BB(5A)-(5E) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007](#) (c. 3), **Sch. 1 para. 33(7)** (with [Sch. 2 paras. 14, 16\(1\)\(5\), 17\(6\)](#))
- F791** S. 257BB(6) repealed (with effect as mentioned in s. 77(7) of the repealing Act) by [Finance Act 1994](#) (c. 9), **Sch. 8 para. 3(4), Sch. 26 Pt. 5(1)**, Note

Modifications etc. (not altering text)

- C36** S. 257B-262 restricted (with effect as mentioned in s. 77(7) of the amending Act) by [Finance Act 1994](#) (c. 9), **Sch. 8 para. 4(1)**
- C37** S. 257BB(5) modified (1992-93, 1993-94 and 1994-5) by [The Lloyd's Underwriters \(Tax\) \(1992-93 to 1996-97\) Regulations 1995](#) (S.I. 1995/352), **regs. 1, 14, 15, Sch.**

257C Indexation of amounts in [^{F796}sections 256B, 257][^{F797}, 257A and 257AB].

^{F798}

Textual Amendments

- F796** Words in s. 257C sidenote substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007](#) (c. 3), **Sch. 1 para. 34(3)** (with [Sch. 2](#))
- F797** Words in s. 257C sidenote substituted (5.12.2005 with effect in accordance with reg. 1(4) of the amending S.I.) by [The Tax and Civil Partnership Regulations 2005](#) (S.I. 2005/3229), **regs. 1(1), 55(d)**
- F798** S. 257C omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of [Finance Act 2009](#) (c. 10), **Sch. 1 para. 2(f)**

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257D Transitional relief: husband with excess allowances.

F799

Textual Amendments

F799 Ss. 257D-257F repealed (with effect in accordance with s. 32(4), Sch. 20 Pt. 3(3) Note of the repealing Act) by Finance Act 1999 (c. 16), s. 32(2), **Sch. 20 Pt. 3(3)**

257E Transitional relief: the elderly.

F800

Textual Amendments

F800 Ss. 257D-257F repealed (with effect in accordance with s. 32(4), Sch. 20 Pt. 3(3) Note of the repealing Act) by Finance Act 1999 (c. 16), s. 32(2), **Sch. 20 Pt. 3(3)**

257F Transitional relief: separated couples.

F801

Textual Amendments

F801 Ss. 257D-257F repealed (with effect in accordance with s. 32(4), Sch. 20 Pt. 3(3) Note of the repealing Act) by Finance Act 1999 (c. 16), s. 32(2), **Sch. 20 Pt. 3(3)**

^{F802}258 Widower's or widow's housekeeper.

.....

Textual Amendments

F802 S. 258 repealed (1988-89 and subsequent years) by Finance Act 1988 (c. 39), s. 25(3), **Sch.14 Part IV**

259 Additional relief in respect of children.

F803

Textual Amendments

F803 Ss. 259-261A repealed (with effect in accordance with s. 33(2), Sch. 20 Pt. 3(4) Note of the repealing Act) by Finance Act 1999 (c. 16), s. 33(1), **Sch. 20 Pt. 3(4)**

260 Apportionment of relief under section 259.

F804

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Textual Amendments

F804 Ss. 259-261A repealed (with effect in accordance with s. 33(2), Sch. 20 Pt. 3(4) Note of the repealing Act) by Finance Act 1999 (c. 16), s. 33(1), **Sch. 20 Pt. 3(4)**

261 Claims under section 259 for year of marriage.

F805

Textual Amendments

F805 Ss. 259-261A repealed (with effect in accordance with s. 33(2), Sch. 20 Pt. 3(4) Note of the repealing Act) by Finance Act 1999 (c. 16), s. 33(1), **Sch. 20 Pt. 3(4)**

[^{F806}261A Additional relief in respect of children for year of separation.

F807]

Textual Amendments

F806 S. 261A inserted (16.7.1992 with application in relation to tax for the year 1993-94 and subsequent years of assessment) by Finance (No. 2) Act 1992 (c. 48), s. 20, **Sch. 5 paras.6, 10.**

F807 Ss. 259-261A repealed (with effect in accordance with s. 33(2), Sch. 20 Pt. 3(4) Note of the repealing Act) by Finance Act 1999 (c. 16), s. 33(1), **Sch. 20 Pt. 3(4)**

262 Widow’s bereavement allowance.

F808

Textual Amendments

F808 S. 262 repealed (with effect in accordance with s. 34(2), Sch. 20 Pt. 3(5) Note 1 of the repealing Act) by Finance Act 1999 (c. 16), s. 34(1), **Sch. 20 Pt. 3(5)** (with s. 34(3))

^{F809}263 Dependent relatives.

.....

Textual Amendments

F809 S. 263 repealed (1988-89 and subsequent years) by Finance Act 1988 (c. 39), s. 25(3), **Sch.14 Part IV**

^{F810}264 Claimant depending on services of a son or daughter.

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Textual Amendments

F810 S. 264 repealed (1988-89 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), s. 25(3), [Sch.14 Part IV](#)

[^{F811}265 Blind person's allowance.

- (1) If the claimant ^{F812}. . . is a registered blind person for the whole or any part of the year of assessment, he shall be entitled to a [^{F813}blind person's allowance] of [^{F814}£1,280]^{F815}
- [Section 257C (indexation) shall have effect (using the rounding up rule in ^{F816}(1A) subsection (1)(b) of that section) for the application of this section for the year 1998-99 and any subsequent year of assessment as it has effect for the application of sections 257 and 257A.]
- (2) Where—
- (a) a person entitled to [^{F817}an allowance under subsection (1) above] is a [^{F818}person whose spouse or civil partner] is living with him for the whole of any part of the year of assessment, but
- [^{F819}(b) the amount to which the person is entitled exceeds the person's remaining relievable income,]
- his [^{F820}spouse or civil partner] shall be entitled to [^{F821}an allowance] of an amount equal to the excess.
- [The person's remaining relievable income is the amount found by—
- ^{F822}(2A) (a) taking the amount of the individual's net income, and
- (b) subtracting any personal allowance to which the person is entitled.]
- (3) ^{F823}
- (4) ^{F824}
- (5) [^{F825}Subsection (2)] above shall not apply for a year of assessment unless the person entitled to [^{F826}an allowance] under subsection (1) has given to the inspector written notice that [^{F827}it is] to apply; and any such notice—
- (a) shall be given [^{F828}not more than 4 years after] the end of the year of assessment to which it relates,
- (b) shall be in such form as the Board may determine, and
- (c) shall be irrevocable.
- (6) A notice given under subsection (5) above in relation to a year of assessment by [^{F829}a spouse or civil partner] shall have effect also as a notice under [^{F830}section 257BB(2)].
- (7) In this section “registered blind person” means a person registered as a blind person in a register compiled under section 29 of the National Assistance Act 1948 or, in the case of a person ordinarily resident in Scotland or Northern Ireland, a person who is a blind person within the meaning of section 64(1) of that Act].
- [^{F831}(8) An allowance under this section is given effect at Step 3 of the calculation in section 23 of ITA 2007.]

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Textual Amendments

- F811** 1988(F) s.35 and Sch.3 para.8 for 1990-91 and subsequent years. *Previously*
 “Relief for blind persons. **265.**—(1) Subject to subsection (3) below, if the claimant proves—(a) that he is a married man who for the year of assessment has his wife living with him, and that one of them was, and the other was not, a registered blind person for the whole or part of the year; or (b) that, not being such a married man, he was a registered blind person for the whole or part of the year, he shall be entitled to a deduction of £540 from his total income. (2) Subject to subsection (3) below, if the claimant proves—(a) that he is a married man who for the year of assessment has his wife living with him, and (b) that he was a registered blind person for the whole or part of the year and his wife was also a registered blind person for the whole or part of the year, he shall be entitled to a deduction of £1,080 from his total income. (3) *Unless a claimant who is entitled to relief for the year of assessment under section 264 in respect of the services of a son or daughter relinquishes his claim to that relief, he shall not be allowed relief under this section for that year (Repealed by 1988(F) ss.25(3), 148 and Sch.14 Part IV for 1988-89 and subsequent years.)*. (4) In this section “registered blind person” means a person registered as a blind person in a register compiled under section 29 of the National Assistance Act 1948 or, in the case of a person ordinarily resident in Scotland or in Northern Ireland, a person who is a blind person within the meaning of section 64(1) of that Act.” *And see Table E Vol.1 for previous years.*
- F812** Words in s. 265(1) repealed (with effect as mentioned in s. 134(2) of the repealing Act) by Finance Act 1996, Sch. 20 para. 19, Sch. 41 Pt. 5(10), Note
- F813** Words in s. 265(1) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 35(2)(a)** (with Sch. 2 paras. 14, 15(1)(3))
- F814** Words in s. 265(1) substituted (with effect in accordance with s. 56(3) of the amending Act) by Finance Act 1997 (c. 16), **s. 56(1)**
- F815** Words in s. 265(1) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 35(2)(b), Sch. 3 Pt. 1 (with Sch. 2 paras. 14, **15(1)(3)**)
- F816** S. 265(1A) inserted (19.3.1997) by Finance Act 1997 (c. 16), **s. 56(2)**
- F817** Words in s. 265(2)(a) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 35(3)(a)** (with Sch. 2 paras. 14, 15(1)(3))
- F818** Words in s. 265(2)(a) substituted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), **regs. 1(1), 56(2)**
- F819** S. 265(2)(b) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 35(3)(b)** (with Sch. 2 paras. 14, 15(1)(3))
- F820** Words in s. 265(2)(b) substituted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), **regs. 1(1), 56(3)(a)**
- F821** Words in s. 265(2) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 35(3)(c)** (with Sch. 2 paras. 14, 15(1)(3))
- F822** S. 265(2A) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 35(4)** (with Sch. 2 paras. 14, 15(1)(3))
- F823** S. 265(3) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 35(5), Sch. 3 Pt. 1 (with Sch. 2 paras. 14, **15(1)(3)**)
- F824** S. 265(4) omitted (5.12.2005) by virtue of The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), **regs. 1(1), 56(4)**
- F825** Words in s. 265(5) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 35(6)(a)** (with Sch. 2 paras. 14, 15(1)(3))
- F826** Words in s. 265(5) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 35(6)(b)** (with Sch. 2 paras. 14, 15(1)(3))
- F827** Words in s. 265(5) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 35(6)(c)** (with Sch. 2 paras. 14, 15(1)(3))
- F828** Words in s. 265(5) substituted (1.4.2010, subject to art. 10(2) of the commencing S.I.) by Finance Act 2008 (c. 9), s. 118, **Sch. 39 para. 20**; S.I. 2009/403, **art. 2(2)**

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- F829** Words in s. 265(6) substituted (5.12.2005 with effect in accordance with reg. 1(4) of the amending S.I.) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), **regs. 1(1), 56(6)**
- F830** Words in s. 265(6) substituted (16.7.1992 with application in relation to tax for the year 1993-94 and subsequent years of assessment) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 20, **Sch. 5 paras. 8(4), 10.**
- F831** S. 265(8) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), **Sch. 1 para. 35(7)** (with Sch. 2 paras. 14, 15(1)(3))

Modifications etc. (not altering text)

- C39** S. 265(1) amended (1999-00) by [S.I. 1999/597](#), **art. 2(5)**
 S. 265(1) amended (2000-01) by [S.I. 2000/806](#), **art. 2(5)**
 S. 265(1) amended (2001-02) by [S.I. 2001/638](#), **art. 2(3)**
 S. 265(1) amended (2002-03) by [S.I. 2002/707](#), **art. 2(4)**
 S. 265(1) amended (2003-04) by [S.I. 2002/2930](#), **art. 2(4)**
 S. 265(1) amended (2004-05) by [S.I. 2003/3215](#), **art. 2(4)**
 S. 265(1) amended (2005-06) by [S.I. 2004/3161](#), **art. 2(4)**
 S. 265(1) amended (2006-07) by [S.I. 2005/3327](#), **art. 2(5)**
 S. 265(1) amended (2007-08) by [S.I. 2006/3241](#), **art. 2(5)**
 S. 265(1) amended (2008-09) by [S.I. 2008/673](#), **art. 3**
 S. 265(1) amended (2009-10) by [S.I. 2008/3024](#), **art. 3**
- C40** S. 265(5) modified (1990-91) by [The Lloyd's Underwriters \(Tax\) \(1990-91\) Regulations 1993 \(S.I. 1993/415\)](#), regs. 1, 9, **Sch. 2**
- C41** S. 265(5) modified (1991-92) by [The Lloyd's Underwriters \(Tax\) \(1991-92\) Regulations 1994 \(S.I. 1994/728\)](#), regs. 1, 9, **Sch. 2**
 S. 265(5) modified (1992-93, 1993-94 and 1994-5) by [The Lloyd's Underwriters \(Tax\) \(1992-93 to 1996-97\) Regulations 1995 \(S.I. 1995/352\)](#), regs. 1, 14, 15, **Sch.**

266 Life assurance premiums.

- (1) ^{M28}Subject to the provisions of this section, [^{F832}section 274 and Schedules 14 and 15 and sections 192 to 194 of the Finance Act 2004,] an [^{F833}eligible individual] who pays any such premium as is specified in subsection (2) below ^{F834}... shall (without making any claim) be entitled to relief under this section.
- [^{F835}(1A) For the purposes of subsection (1) above an individual is an eligible individual if the individual—
- (a) is resident in the United Kingdom, or
 - (b) meets the conditions in section 56(3) of ITA 2007.]
- (2) ^{M29}The premiums referred to in subsection (1) above are any premiums paid by an individual under a policy of insurance or contract for a deferred annuity, where—
- (a) the payments are made to —
 - [^{F836}(i) a person who has permission under Part 4 of the Financial Services and Markets Act 2000 or under paragraph 15 of Schedule 3 to that Act (as a result of qualifying for authorisation under paragraph 12(1) of that Schedule) to effect or carry out contracts of long-term insurance; or
 - (ii) a member of the Society who effects or carries out contracts of long-term insurance in accordance with Part 19 of the Financial Services and Markets Act 2000;]
 - (iv) in the case of a deferred annuity, the National Debt Commissioners; and

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- (b) the insurance or, as the case may be, the deferred annuity is on the life of the individual or on the life of his spouse [^{F837}or civil partner]; and
- (c) the insurance or contract was made by him or his spouse [^{F837}or civil partner].
- (3) Subject to subsections ^{F838} . . . (10) and (11) below, no relief under this section shall be given—
- (a) ^{M30}except in respect of premiums payable under policies for securing a capital sum on death, whether in conjunction with any other benefit or not;
- (b) ^{M31}in respect of premiums payable under any policy issued in respect of an insurance made after 19th March 1968 unless the policy is a qualifying policy;
- (c) ^{M32}in respect of premiums payable under any policy issued in respect of an insurance made after 13th March 1984 ^{F839} . . . ;
- (d) ^{M33}in respect of premiums payable during the period of deferment in respect of a policy of deferred assurance.
- (4) ^{M34}Subject to [^{F840}subsection] (8) below, relief under this section in respect of any premiums paid by an individual in a year of assessment shall be given by making good to the person to whom they are paid any deficiency arising from the deductions authorised under subsection (5) below; and this section and Schedule 14 shall have effect in relation to any premium or part of a premium which is paid otherwise than in the year of assessment in which it becomes due and payable as if it were paid in that year.
- (5) Subject to the provisions of Schedule 14—
- (a) an individual resident in the United Kingdom who is entitled to relief under this section in respect of any premium may deduct from any payment in respect of the premium and retain an amount equal to [^{F841}12.5 per cent] of the payment; and
- (b) the person to whom the payment is made shall accept the amount paid after the deduction in discharge of the individual's liability to the same extent as if the deduction had not been made and may recover the deficiency from the Board.
- (6) ^{F842}
- (6A) ^{F842}
- (7) ^{F843}
- (8) ^{M35}Where the individual is not resident in the United Kingdom [^{F844}(but is entitled to relief by virtue of subsection (1A)(b))], subsection (4) above shall not apply but ^{F845} . . . the like relief shall be given to him under paragraph 6 of Schedule 14.
- (9) ^{M36}Subsections (5) and (8) above shall apply in relation to an individual who is not resident in the United Kingdom but is a member of the armed forces of the Crown or the [^{F846}spouse][^{F847}or civil partner] of such a member as if the individual were so resident.
- (10) ^{M37}Subsection (3)(b) above shall not apply—
- (a) to any policy of life insurance having as its sole object the provision on an individual's death or disability of a sum substantially the same as any amount then outstanding under a mortgage of his residence, or of any premises occupied by him for the purposes of a business, being a mortgage the principal amount secured by which is repayable by instalments payable annually or at shorter regular intervals; or

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- (b) to any policy of life insurance issued in connection with an approved scheme as defined in Chapter I of Part XIV.

In the application of this subsection to Scotland, for any reference to a mortgage there shall be substituted a reference to a heritable security within the meaning of the ^{M38}Conveyancing (Scotland) Act 1924 (but including a security constituted by ex facie absolute disposition or assignation).

- (11) ^{M39}Subsection (3)(a) and (d) above shall not affect premiums payable—
- (a) under policies or contracts made in connection with any superannuation or bona fide pension scheme for the benefit of the employees of any employer, or of persons engaged in any particular trade, profession, vocation or business, or for the benefit of the [^{F848}spouse, [^{F849}civil partner,] widow, widower [^{F850}surviving civil partner] or children or other dependants of any such employee or person,] or
- (b) under policies taken out by teachers in the schools known in the year 1918 as secondary schools, pending the establishment of a superannuation or pension scheme for those teachers.

- (12) Schedule 14 shall have effect for the purpose of modifying, for certain cases, and supplementing the provisions of this section.

[^{F851}(13) In ^{F852} . . . Schedule 14, “friendly society” means the same as in the Friendly Societies Act 1992 (and includes any society that by virtue of section 96(2) of that Act is to be treated as a registered friendly society within the meaning of that Act).]

[^{F853}(14) In subsection (2)(a)—

“contracts of long-term insurance” means contracts which fall within Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001; and

“member of the society” has the same meaning as in Lloyd’s Act 1982 ^{M40}.]

Textual Amendments

- F832** Words in s. 266(1) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), **Sch. 35 para. 9** (with [Sch. 36](#))
- F833** Words in s. 266(1) substituted (with effect in accordance with [Sch. 1 para. 7](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 3(2)(a)**
- F834** Words in s. 266(1) omitted (with effect in accordance with [Sch. 1 para. 7](#) of the repealing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 3(2)(b)**
- F835** [S. 266\(1A\)](#) inserted (with effect in accordance with [Sch. 1 para. 7](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 3(3)**
- F836** [S. 266\(2\)\(a\)\(i\)\(ii\)](#) substituted for [s. 266\(2\)\(a\)-\(iii\)](#) (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), **art. 18(2)**
- F837** Words in [s. 266\(2\)\(b\)\(c\)](#) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), **regs. 1(1), 57(2)**
- F838** Word in [s. 266\(3\)](#) omitted (with effect in accordance with [Sch. 1 para. 7](#) of the repealing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 3(4)**
- F839** Words in [s. 266\(3\)\(c\)](#) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 36\(2\)](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))
- F840** Words in [s. 266\(4\)](#) substituted (with effect in accordance with [Sch. 1 para. 7](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 3(5)**

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- F841** Words in s. 266(5)(a) substituted (from 6.4.1989) by Finance Act 1988 (c. 39), s. 29
- F842** S. 266(6)(6A) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 36(4), **Sch. 3 Pt. 1** (with Sch. 2)
- F843** S. 266(7) omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 3(6)**
- F844** Words in s. 266(8) substituted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 1 para. 3(7)**
- F845** Words in s. 266(8) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 36(6)(c), **Sch. 3 Pt. 1** (with Sch. 2)
- F846** Words in s. 266(9) substituted (1990-91 and subsequent years) by Finance Act 1988 (c. 39), s. 35, **Sch. 3 para. 9(a)**
- F847** Words in s. 266(9) inserted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), **regs. 1(1), 57(3)**
- F848** Words in s. 266(11)(a) substituted (1990-91 and subsequent years) by Finance Act 1988 (c. 39), s. 35, **Sch. 3 para. 9(b)**
- F849** Words in s. 266(11)(a) inserted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), **regs. 1(1), 57(4)(a)**
- F850** Words in s. 266(11)(a) inserted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), **regs. 1(1), 57(4)(b)**
- F851** S. 266(13) inserted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, **Sch. 9 paras. 2(3)**; S.I. 1993/236, **art.2**
- F852** Words in s. 266(13) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 36(7), **Sch. 3 Pt. 1** (with Sch. 2)
- F853** S. 266(14) added (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 18(3)**

Modifications etc. (not altering text)

- C42** S. 266 relief abolished and s. 266 restricted by Finance Act 2012 (c. 14), **Sch 39 para. 23**

Marginal Citations

- M28** Source-1970 s.19(1); 1976 Sch.4 3(1)
- M29** Source-1970 s.19(2); 1976 s.36(5), Sch.4 3(2)
- M30** Source-1970 s.19(3)(a)
- M31** Source-1970 s.19(4)
- M32** Source-1984 s.72(1)
- M33** Source-1970 s.19(3)(b)
- M34** Source-1976 Sch.4 4(1) 5; 1978 Sch.3 2; 1980 s.29(2)(b)
- M35** Source-1976 Sch.4 4(2)
- M36** Source-1976 Sch.4 5A; 1978 Sch.3 5
- M37** Source-1970 s.19(4)(a), (c); 1971 Sch.3 11
- M38** 1924 c. 27.
- M39** Source-1970 s.19(3)(i)(ii)
- M40** 1982 c. xiv.

[^{F854}266A] Life assurance premiums paid by employer

(1) This section applies if—

- (a) pursuant to [^{F855}an employer-financed] retirement benefits scheme, the employer in any year of assessment pays a sum with a view to the provision of any relevant benefits for or in respect of any employee of that employer, and

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- (b) the payment is made under such an insurance or contract as is mentioned in section 266.

This section applies whether or not the accrual of the relevant benefits is dependent on any contingency.

- (2) Relief, if not otherwise allowable, shall be given to that employee under section 266 in respect of the payment to the extent, if any, to which such relief would have been allowable to him if—
- (a) the payment had been made by him, and
- (b) the insurance or contract under which the payment is made had been made with him.
- [^{F856}(3) For the purposes of subsection (1)(a) benefits are provided in respect of an employee if they are provided for the employee's spouse, widow or widower, children, dependants or personal representatives.
- (4) If a sum within subsection (1) is paid with a view to the provision of benefits for or in respect of more than one employee of the employer, part of it is to be treated as paid for or in respect of each of them.
- (5) The amount treated as paid for or in respect of each employee is—

$$A \times \frac{B}{C}$$

where—

A is the sum paid,

B is the amount which would have had to be paid to secure the benefits to be provided for or in respect of the employee in question, and

C is the total amount which would have had to be paid to secure the benefits to be provided for or in respect of all the employees if separate payments had been made in the case of each of them.

- (6) This section does not apply if—
- (a) in the year of assessment in which the sum is paid the earnings from the employee's employment are (or, if there are none, would be if there were any) earnings charged on remittance, or
- (b) the employee is not domiciled in the United Kingdom in the tax year in which the sum is paid and the conditions in subsection (7) are met.
- (7) Those conditions are—
- (a) that the employment is with a foreign employer, and
- (b) that, on a claim made by the employee, the Board are satisfied that the pension scheme corresponds to a registered pension scheme.
- (8) In subsection (6)(a) "earnings charged on remittance" means earnings which are taxable earnings under—
- (a) section 22 of ITEPA 2003 (chargeable overseas earnings for year when employee resident and ordinarily resident, but not domiciled, in UK), or

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- (b) section 26 of that Act (foreign earnings for year when employee resident, but not ordinarily resident, in UK).
- (9) In this section—
“employer-financed retirement benefits scheme”, and
“relevant benefits”,
have the same meaning as in Chapter 2 of Part 6 of ITEPA 2003 (see sections 393A and 393B of that Act).]]

Textual Amendments

- F854** S. 266A inserted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 36](#) (with [Sch. 7](#))
- F855** Words in s. 266A(1) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 35 para. 10\(2\)](#) (with [Sch. 36](#))
- F856** S. 266A(3)-(9) substituted for s. 266A(3)-(6) (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 35 para. 10\(3\)](#) (with [Sch. 36](#))

267 Qualifying policies.

Schedule 15, Part I of which contains the basic rules for determining whether or not a policy is a qualifying policy, Part II of which makes provision for the certification etc. of policies as qualifying policies and Part III of which modifies Parts I and II in their application to certain policies issued by non-resident companies, shall have effect for the purpose of determining whether or not a policy is a qualifying policy; and, accordingly, any reference in this Act to a qualifying policy shall be construed in accordance with that Schedule.

268 Early conversion or surrender of life policies.

- ^{M41}(1) Where a policy of life insurance to which this section applies has been issued and, within four years from the making of the insurance in respect of which it was issued, any of the following events happens, that is to say—
- the surrender of the whole or part of the rights conferred by the policy;
 - the falling due (otherwise than on death) of a sum payable in pursuance of a right conferred by the policy to participate in profits; and
 - the conversion of the policy into a paid-up or partly paid-up policy;
- the body by whom the policy was issued shall pay to the Board, out of the sums payable by reason of the surrender or, as the case may be, out of the sum falling due or out of the fund available to pay the sums which will be due on death or on the maturity of the policy, a sum determined in accordance with the following provisions of this section, unless the body is wound up and the event is a surrender or conversion effected in connection with the winding-up.
- (2) The sum payable under subsection (1) above shall, subject to the following provisions of this section, be equal to the lower of the following, that is to say—
- the appropriate percentage of the premiums payable under the policy up to the happening of the event; and
 - the surrender value of the policy at the time of the happening of the event less the complementary percentage of the premiums mentioned in paragraph (a) above.

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- (3) If the event is one of those mentioned below, the sum payable to the Board shall not exceed the following limit, that is to say—
- (a) if it is the surrender of part of the rights conferred by the policy, the value of the rights surrendered at the time of the surrender;
 - (b) if it is the conversion of the policy into a partly paid-up policy, the surrender value at the time of the conversion, of so much of the policy as is paid up; and
 - (c) if it is the falling due of a sum, that sum.
- (4) If the event was preceded by the happening of such an event as is mentioned in subsection (1) above, subsection (2) above shall apply—
- (a) as if the lower of the amounts mentioned therein were reduced by the sum paid under this section in respect of the earlier event; and
 - (b) if the earlier event was such an event as is mentioned in paragraph (a) or (c) of subsection (3) above, as if the surrender value of the policy were increased by the amount which, under that paragraph, limited or might have limited the sum payable under this section in respect of the earlier event.
- (5) For the purposes of this section the appropriate percentage, in relation to any event, is the percentage equal to the following fraction of the percentage found by doubling that mentioned in section 266(5)(a) as in force for the year of assessment in which the event happened, that is to say—
- (a) if the event happens in the first two of the four years mentioned in subsection (1) above, three-sixths;
 - (b) if it happens in the third of those years, two-sixths; and
 - (c) if it happens in the last of those years, one-sixth;
- and the complementary percentage, in relation to any event, is 100 per cent. less the appropriate percentage.
- (6) Where the annual amount of the premiums payable under a policy of life insurance is at any time increased (whether under the policy or by any contract made after its issue) so as to exceed by more than 25 per cent.—
- (a) if the insurance was made on or before 26th March 1974, the annual amount as at that date, or
 - (b) in the case of any other insurance, the first annual amount so payable,
- the additional rights attributable to the excess shall be treated for the purposes of this section as conferred by a new policy issued in respect of an insurance made at that time, and the excess shall be treated as premiums payable under the new policy.
- (7) This section applies to any policy of life insurance which is a qualifying policy unless—
- (a) it is a policy in respect of the premiums on which relief under section 266 is not available by virtue of subsection (3)(c) of that section; or
 - (b) it is a policy of life insurance issued in connection with [^{F857}a registered pension scheme;]

and in relation to a policy of life insurance issued in respect of an insurance made before 27th March 1974 applies only in accordance with subsection (6) above.

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Textual Amendments

F857 Words in s. 268(7)(b) substituted (6.4.2006) by Finance Act 2004 (c. 12), s. 284(1), Sch. 35 para. 11 (with Sch. 36)

Marginal Citations

M41 Source-1975 s.7; 1976 Sch.4 19(1); 1984 s.72(5)

269 Surrender etc. of policies after four years.

^{M42}(1) Where a policy of life insurance to which this section applies has been issued and, in the fifth or any later year from the making of the insurance in respect of which it was issued, either of the following events happens, that is to say—

- (a) the surrender of the whole or part of the rights conferred by the policy; and
- (b) the falling due (otherwise than on death or maturity) of a sum payable in pursuance of a right conferred by the policy to participate in profits;

then, if either of those events has happened before, the body by whom the policy was issued shall pay to the Board, out of the sums payable by reason of the surrender, or, as the case may be, out of the sum falling due, a sum determined in accordance with the following provisions of this section.

(2) The sum payable under subsection (1) above shall, subject to the following provisions of this section, be equal to the applicable percentage of the lower of the following—

- (a) the total of the premiums which are payable in that year under the policy; and
- (b) the sums payable by reason of the surrender or, as the case may be, the sum falling due;

and the percentage to be applied for this purpose shall be a percentage equal to that mentioned in section 266(5)(a) as in force for the year of assessment in which the event happens.

(3) Where, after a sum has become payable under subsection (1) above, and within the same year from the making of the insurance, another such event happens as is mentioned therein, the sums payable under that subsection in respect of both or all of the events shall not exceed the applicable percentage of the total mentioned in subsection (2)(a) above.

(4) Where, on the happening of an event in the fifth or any later year from the making of the insurance, any sum is payable under subsection (1) of section 268 as applied by subsection (6) of that section as well as under subsection (1) above, subsection (2) above shall apply as if the sums or sum mentioned in paragraph (b) thereof were reduced by the sum payable under that section.

(5) This section applies to any policy of life insurance which is a qualifying policy unless—

- (a) it is a policy in respect of the premiums on which relief under section 266 is not available by virtue of subsection (3)(c) of that section; or
- (b) it is a policy issued in the course of an industrial insurance business; or
- (c) it was issued in respect of an insurance made before 27th March 1974.

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Marginal Citations

M42 Source-1975 s.8; 1976 Sch.4 19(2); 1984 s.72(5)

270 Provisions supplementary to sections 268 and 269.

^{M43}(1) Where on the happening of an event in relation to a policy of life insurance a sum is payable under section 268 or 269, relief under section 266 in respect of the relevant premiums paid under the policy shall be reduced by the sum so payable or, as the case may be, by so much of the sum as does not exceed the amount of that relief (or as does not exceed so much of that amount as remains after any previous reduction under this section).

(2) For the purposes of this section the relevant premiums are—

- (a) in relation to a sum payable under section 268, the premiums payable under the policy up to the happening of the event by reason of which the sum is payable; and
- (b) in relation to a sum payable under section 269, the premiums payable in the year (from the making of the insurance) in which the event happens by reason of which the sum is payable.

(3) Where the relevant premiums are payable in more than one year of assessment the reduction in relief under this section shall, so far as possible, reduce relief for an earlier year of assessment before reducing relief for a later one.

(4) Any sum paid under section 268 or 269 by reason of any event shall be treated—

- (a) as between the parties, as received by the person by whom the premiums under the policy were paid; and
- (b) for the purposes of section 266, as a sum paid by that person in satisfaction of his liability resulting from the reduction of relief under this section;

and where that sum exceeds that liability he shall be entitled, on a claim made by him not later than [^{F858}4 years] after the end of the year of assessment in which the event happens, to repayment of the excess.

Textual Amendments

F858 Words in s. 270(4) substituted (1.4.2010, subject to art. 10(2) of the commencing S.I.) by [Finance Act 2008 \(c. 9\)](#), s. 118, [Sch. 39 para. 21](#); [S.I. 2009/403](#), [art. 2\(2\)](#)

Marginal Citations

M43 Source-1975 s.9(1)-(4); 1976 Sch.4 19(3)

271 Deemed surrender in cases of certain loans.

^{M44}(1) Where—

- (a) [^{F859}by virtue of section 465 of ITTOIA 2005] a gain arising in connection with a policy ^{F860}. . . would be treated as forming part of an individual's total income; and
- (b) the policy was issued in respect of an insurance made after 26th March 1974 ^{F861}. . .; and

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- (c) any sum is at any time after the making of the insurance^{F860} . . . lent to or at the direction of that individual by or by arrangement with the body issuing the policy^{F862} . . . ;

then, subject to subsection (2) below, the same results shall follow under sections 268 to 270 as if at the time the sum was lent there had been a surrender of part of the rights conferred by the policy^{F860} . . . and the sum had been paid as consideration for the surrender (and if the policy is a qualifying policy, whether or not the premiums under it are eligible for relief under section 266, those results shall follow under section 269, whether or not a gain would be treated as arising on the surrender).

(2) Subsection (1) above does not apply—

- (a) in relation to a policy if—
 - (i) it is a qualifying policy; and
 - (ii) either interest at a commercial rate is payable on the sum lent or the sum is lent to a full-time employee of the body issuing the policy for the purpose of assisting him in the purchase or improvement of a dwelling used or to be used as his only or main residence;^{F863} . . .

^{F863}(b)

Textual Amendments

- F859** Words in s. 271(1)(a) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 123](#) (with Sch. 2)
- F860** Words in s. 271(1) repealed (retrospectively) by [Finance Act 1994 \(c. 9\), Sch. 17 para. 2\(1\)\(a\), Sch. 26 Pt. 5\(22\)](#)
- F861** Words in s. 271(1)(b) repealed (retrospectively) by [Finance Act 1994 \(c. 9\), Sch. 17 para. 2\(1\)\(b\), Sch. 26 Pt. 5\(22\)](#)
- F862** Words in s. 271(1)(c) repealed (retrospectively) by [Finance Act 1994 \(c. 9\), Sch. 17 para. 2\(1\)\(c\), Sch. 26 Pt. 5\(22\)](#)
- F863** S. 271(2)(b) and preceding word repealed (retrospectively) by [Finance Act 1994 \(c. 9\), Sch. 17 para. 2\(2\), Sch. 26 Pt. 5\(22\)](#)

Marginal Citations

- M44** [Source-1975 Sch.2 16\(1\), \(3\); 1976 s.35](#)

272 Collection of sums payable under sections 268 and 269.

- ^{M45}(1) Any body by whom a policy to which section 268 or 269 applies has been issued shall, within 30 days of the end of each period of 12 months ending with 31st March in every year, make a return to the collector of the sums which, in that period, have become payable by it under either of those sections.
- (2) Any sum which is to be included in a return made under subsection (1) above shall be due at the time by which the return is to be made and shall be paid without being demanded.
- (3) Where any sum which was or ought to have been included in such a return is not paid by the end of the period for which the return was to be made, it may be recovered by an assessment as if it were income tax for the year of assessment in which that period ends; and where it appears to the inspector that a sum which ought to have been so included had not been included or that a return is not correct he may make such an assessment to the best of his judgment.

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- (4) All the provisions of the Income Tax Acts relating to the assessment and collection of tax, interest on unpaid tax, appeals and penalties shall, with the necessary modifications, apply in relation to sums due under this section; and for the purposes of those provisions so far as they relate to interest on unpaid tax, a sum assessed in pursuance of this section shall be treated as having been payable when it would have been payable had it been included in a return under subsection (1) above.
- (5) Where, on an appeal against an assessment made in pursuance of this section, it is determined that a greater sum has been assessed than was payable, the excess, if paid, shall be repaid.
- (6) Where a body has paid a sum which is payable under section 268 or 269 it shall give within 30 days to the person by whom the sum is, under section 270(4), treated as received a statement specifying that sum and showing how it has been arrived at.
- (7) ^{F864}

Textual Amendments
F864 S. 272(7) omitted (13.8.2009) by virtue of The Finance Act 2009, Schedule 47 (Consequential Amendments) Order 2009 (S.I. 2009/2035), art. 1, Sch. para. 17

Marginal Citations
M45 Source-1975 Sch.1

273 Payments securing annuities.

^{F865}

Textual Amendments
F865 S. 273 omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), Sch. 1 para. 2(h)

274 Limits on relief under [^{F866}section 266].

- (1) ^{M46}The aggregate of the premiums ^{F867} . . . in respect of which relief is given to any person under section 266 shall not exceed £1,500 in any year of assessment or one-sixth of that person’s total income, whichever is the greater.
- (2) ^{M47}The aggregate of the relief given under [^{F868}section 266] in respect of premiums ^{F869} . . . payable for securing any benefits other than capital sums on death shall not exceed the amount of the income tax calculated at [^{F870}12.5%] on £100.
- (3) ^{F871}
- (4) ^{M48}War insurance premiums shall not be taken into account in calculating the limits of one-sixth of total income or of £100 mentioned in this section.

In this subsection “war insurance premiums” means any additional premium ^{F872} . . . paid in order to extend an existing life insurance policy to risks arising from war or war service abroad, and any part of any premium ^{F872} . . . paid in respect of a life insurance

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policy covering those risks, or either of them, which [^{F873}is] attributable to those risks, or either of them.

Textual Amendments

- F866** Word in s. 274 heading substituted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 1 para. 4(6)**
- F867** Words in s. 274(1) omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 4(2)**
- F868** Words in s. 274(2) substituted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 1 para. 4(3)(a)**
- F869** Words in s. 274(2) omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 4(3)(b)**
- F870** Words in s. 274(2) substituted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 1 para. 4(3)(c)**
- F871** S. 274(3) omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 4(4)**
- F872** Words in s. 274(4) omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 4(5)**
- F873** Word in s. 274(4) substituted (with effect in accordance with s. 134(2) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 20 para. 20**

Marginal Citations

- M46** Source-1970 s.21(1); 1976 Sch.4 21
- M47** Source-1970 s.21(3); 1975 Sch.2 6
- M48** Source-1970 s.21(5)

Supplemental

^{F874}275 Meaning of “relative”.

Textual Amendments

- F874** S. 275 repealed (1988-89 and subsequent years) by Finance Act 1988 (c. 39), s. 148, **Sch. 14 Part IV**

276 Effect on relief of charges on income.

^{F875}

Textual Amendments

- F875** S. 276 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 38, **Sch. 3 Pt. 1** (with Sch. 2)

277 Partners.

^{F876}

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Textual Amendments

F876 S. 277 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 39](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

278 Non-residents.

F877

Textual Amendments

F877 S. 278 omitted (with effect in accordance with [Sch. 1 para. 7](#) of the repealing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 1 para. 2\(i\)](#)

CHAPTER II

TAXATION OF INCOME OF SPOUSES^{F878} AND CIVIL PARTNERS]

Textual Amendments

F878 Words in [Pt. 7 Ch. 2](#) heading inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), [regs. 1\(1\)](#), 61

General rules

^{F879}279 Aggregation of wife's income with husband's.

.....

Textual Amendments

F879 S. 279 repealed (1990-91 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), ss. 32, 148, [Sch. 14 Part VIII](#)

^{F880}280 Transfer of reliefs.

.....

Textual Amendments

F880 S. 280 repealed (1990-91 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), s. 148, [Sch. 14 Part VIII](#)

^{F881}281 Tax repayments to wives.

.....

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Textual Amendments

F881 S. 281 repealed (1990-91 and subsequent years) by Finance Act 1988 (c. 39), s. 148, **Sch. 14 Part VIII**

282 Construction of references to [^{F882}spouses or civil partners] living together.

F883

Textual Amendments

F882 Words in s. 282 heading substituted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), **regs. 1(1), 62(b)**

F883 S. 282 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 41, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F884}282A] Jointly held property.

F885]

Textual Amendments

F884 Ss. 282A, 282B inserted (1990-91 and subsequent years) by Finance Act 1988 (c. 39), **s. 34**

F885 Ss. 282A, 282B repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 42, **Sch. 3 Pt. 1** (with Sch. 2)

282B Jointly held property: declarations.

F886

Textual Amendments

F886 Ss. 282A, 282B repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 42, **Sch. 3 Pt. 1** (with Sch. 2)

Separate assessments

^{F887}283 Option for separate assessment.

.....

Textual Amendments

F887 Ss. 283-288 repealed (1990-91 and subsequent years) by Finance Act 1988 (c. 39), s. 148, **Sch. 14 Part VIII**

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F888 284 Effect of separate assessment on personal reliefs.

.....

Textual Amendments

F888 Ss. 283-288 repealed (1990-91 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), s. 148, [Sch. 14 Part VIII](#)

F889 285 Collection from wife of tax assessed on husband but attributable to her income.

.....

Textual Amendments

F889 Ss. 283-288 repealed (1990-91 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), s. 148, [Sch. 14 Part VIII](#)

F890 286 Right of husband to disclaim liability for tax on deceased wife's income.

.....

Textual Amendments

F890 Ss. 283-288 repealed (1990-91 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), s. 148, [Sch. 14 Part VIII](#)

Separate taxation

F891 287 Separate taxation of wife's earnings.

.....

Textual Amendments

F891 Ss. 283-288 repealed (1990-91 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), s. 148, [Sch. 14 Part VIII](#)

F892 288 Elections under section 287.

.....

Textual Amendments

F892 Ss. 283-288 repealed (1990-91 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), s. 148, [Sch. 14 Part VIII](#)

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[^{F893}CHAPTER III

ENTERPRISE INVESTMENT SCHEME]

Textual Amendments

F893 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), [Sch. 2](#))

289 Eligibility for relief.

^{F894}

Textual Amendments

F894 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), [Sch. 2](#)); and s. 289(9) amended (as saved) (retrospective to 6.4.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 16 paras. 16\(1\)\(a\), 18](#); and s. 289 further amended (as saved) (17.7.2007 with effect in accordance with art. 1(2) of the amending S.I.) by [The Income Tax Act 2007 \(Amendment\) \(No. 2\) Order 2007 \(S.I. 2007/1820\)](#), [arts. 1\(1\), 2\(2\)](#)

[^{F895}**289A**Form of relief.

^{F896}]

Textual Amendments

F895 Ss. 289-289B substituted for s. 289 (with effect in accordance with s. 137(2) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), s. 137(1), [Sch. 15 para. 2](#)
F896 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), [Sch. 2](#))

[^{F897}**289B**Attribution of relief to shares.

^{F898}]

Textual Amendments

F897 Ss. 289-289B substituted for s. 289 (with effect in accordance with s. 137(2) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), s. 137(1), [Sch. 15 para. 2](#)
F898 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), [Sch. 2](#))

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290 Minimum and maximum subscriptions.

F899

Textual Amendments

F899 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), [Sch. 2](#))

[^{F900F901}290A] Restriction of relief where amounts raised exceed permitted maximum.

.....]

Textual Amendments

F900 S. 290A inserted (retrospectively) by [Finance Act 1988 \(c. 39\)](#) s. 51(1)(b)

F901 S. 290A repealed (with effect in accordance with s. 74(3), [Sch. 27 Pt. 3\(14\)](#) Note 4 of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 13 para. 5](#), [Sch. 27 Pt. 3\(14\)](#)

291 Individuals qualifying for relief.

F902

Textual Amendments

F902 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), [Sch. 2](#))

[^{F903}291A] Connected persons: directors.

F904

Textual Amendments

F903 Ss. 291-291B substituted for s. 291 (with effect in accordance with s. 137(2) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), s. 137(1), [Sch. 15 para. 5](#)

F904 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), [Sch. 2](#))

[^{F905}291B] Connected persons: persons interested in capital etc. of company.

F906

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Textual Amendments

F905 Ss. 291-291B substituted for s. 291 (with effect in accordance with s. 137(2) of the amending Act) by Finance Act 1994 (c. 9), s. 137(1), **Sch. 15 para. 5**

F906 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by **Income Tax Act 2007 (c. 3), Sch. 1 para. 627, Sch. 3 Pt. 2** (with savings in s. 1034(3), **Sch. 2**); and s. 291B amended (as saved) (17.7.2007 with effect in accordance with art. 1(2) of the amending S.I.) by **The Income Tax Act 2007 (Amendment) (No. 2) Order 2007 (S.I. 2007/1820), arts. 1(1), 2(2)**

292 Parallel trades.

F907

Textual Amendments

F907 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by **Income Tax Act 2007 (c. 3), Sch. 1 para. 627, Sch. 3 Pt. 2** (with savings in s. 1034(3), **Sch. 2**)

293 Qualifying companies.

F908

Textual Amendments

F908 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by **Income Tax Act 2007 (c. 3), Sch. 1 para. 627, Sch. 3 Pt. 2** (with savings in s. 1034(3), **Sch. 2**); and s. 293 amended (as saved) (17.7.2007 with effect in accordance with art. 1(2) of the amending S.I.) by **The Income Tax Act 2007 (Amendment) (No. 2) Order 2007 (S.I. 2007/1820), arts. 1(1), 2(2)**

294 Companies with interests in land.

F909

Textual Amendments

F909 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by **Income Tax Act 2007 (c. 3), Sch. 1 para. 627, Sch. 3 Pt. 2** (with savings in s. 1034(3), **Sch. 2**)

295 Valuation of interests in land for purposes of section 294(1)(b).

F910

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Textual Amendments

F910 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), [Sch. 2](#))

296 Section 294 disapplied where amounts raised total £50,000 or less.

F911

Textual Amendments

F911 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), [Sch. 2](#))

297 Qualifying trades.

F912

Textual Amendments

F912 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), [Sch. 2](#)); and s. 297 amended (as saved) (retrospective to 6.4.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 16 paras. 11\(1\), 13](#), [Sch. 27 Pt. 2\(16\)](#), Note

298 Provisions supplementary to sections 293 and 297.

F913

Textual Amendments

F913 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), [Sch. 2](#)); and s. 298 amended (as saved) (17.7.2007 with effect in accordance with art. 1(2) of the amending S.I.) by [The Income Tax Act 2007 \(Amendment\) \(No. 2\) Order 2007 \(S.I. 2007/1820\)](#), [arts. 1\(1\), 2\(3\)](#)

299 Disposal of shares.

F914

Textual Amendments

F914 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s.

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1034(3), Sch. 2); and s. 299 (as saved) applied (with modifications) by s. 149(1)(a) of that repealing Act

[^{F915}**299A** Loan linked investments.

^{F916}

Textual Amendments

F915 S. 299A inserted (27.7.1993 with application in relation to any case in which the claim for relief is made on or after 16.3.1993) by 1993 c. 34, s. 111(1)(4)

F916 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 627, Sch. 3 Pt. 2 (with savings in s. 1034(3), Sch. 2)

[^{F917}**299B** Pre-arranged exits.

^{F918}

Textual Amendments

F917 S. 299B inserted (with effect in accordance with s. 71(5) of the amending Act) by Finance Act 1998 (c. 36), s. 71(1)

F918 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 627, Sch. 3 Pt. 2 (with savings in s. 1034(3), Sch. 2)

300 Value received from company.

^{F919}

Textual Amendments

F919 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 627, Sch. 3 Pt. 2 (with savings in s. 1034(3), Sch. 2)

[^{F920}**300A** Receipt of replacement value

^{F921}

Textual Amendments

F920 S. 300A inserted (with effect in accordance with Sch. 15 para. 40(3) of the amending Act) by Finance Act 2001 (c. 9), Sch. 15 para. 16

F921 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 627, Sch. 3 Pt. 2 (with savings in s. 1034(3), Sch. 2)

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301 Provisions supplementary to section 300.

F922

Textual Amendments
F922 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), Sch. 2)

[^{F923}**301A**Receipts of insignificant value: supplementary provision

F924]

Textual Amendments
F923 S. 301A inserted (with effect in accordance with [Sch. 15 para. 40\(3\)](#) of the amending Act) by [Finance Act 2001 \(c. 9\)](#), [Sch. 15 para. 18](#)
F924 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), Sch. 2)

302 Replacement capital.

F925

Textual Amendments
F925 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), Sch. 2)

303 Value received by persons other than claimants.

F926

Textual Amendments
F926 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), Sch. 2)

[^{F927}**303A**Asignificant repayments disregarded for purposes of s.303(1)

F928]

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Textual Amendments

- F927** S. 303AA inserted (with effect in accordance with Sch. 15 para. 40(3) of the amending Act) by Finance Act 2001 (c. 9), **Sch. 15 para. 20**
- F928** Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by **Income Tax Act 2007 (c. 3), Sch. 1 para. 627, Sch. 3 Pt. 2** (with savings in s. 1034(3), Sch. 2)

[^{F929}303A Restriction on withdrawal of relief under section 303.

^{F930}

Textual Amendments

- F929** S. 303A inserted (with effect in accordance with s. 63(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 16 para. 2(3)**
- F930** Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by **Income Tax Act 2007 (c. 3), Sch. 1 para. 627, Sch. 3 Pt. 2** (with savings in s. 1034(3), Sch. 2)

304 [^{F931}Spouses and civil partners.]

^{F932}

Textual Amendments

- F931** S. 304 heading substituted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), **regs. 1(1), 65(c)**
- F932** Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by **Income Tax Act 2007 (c. 3), Sch. 1 para. 627, Sch. 3 Pt. 2** (with savings in s. 1034(3), Sch. 2)

[^{F933}304AA Acquisition of share capital by new company.

^{F934}

Textual Amendments

- F933** S. 304A inserted (with effect in accordance with s. 74(3), **Sch. 13 para. 17(2)** of the amending Act) by Finance Act 1998 (c. 36), **Sch. 13 para. 17(1)**; and see also the s. 304A inserted (with effect in accordance with s. 74(3), **Sch. 13 para. 41(2)** of the amending Act) by Finance Act 1998 (c. 36), **Sch. 13 paras. 37, 41(1)**
- F934** Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by **Income Tax Act 2007 (c. 3), Sch. 1 para. 627, Sch. 3 Pt. 2** (with savings in s. 1034(3), Sch. 2); and s. 304A amended (as saved) (retrospective to 6.4.2007) by Finance Act 2007 (c. 11), **Sch. 16 paras. 11(2), 13**

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305 Reorganisation of share capital.

F935

Textual Amendments

F935 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), [Sch. 2](#))

[^{F936}305A] Relief for loss on disposal of shares.

F937]

Textual Amendments

F936 S. 305A inserted (with effect in accordance with s. 137(2) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), s. 137(1), [Sch. 15 para. 20](#)

F937 S. 305A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 43](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

306 Claims.

F938

Textual Amendments

F938 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), [Sch. 2](#))

307 Withdrawal of relief.

F939

Textual Amendments

F939 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), [Sch. 2](#))

308 Application to subsidiaries.

F940

Textual Amendments

F940 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 627](#), [Sch. 3 Pt. 2](#) (with savings in s.

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1034(3), Sch. 2); and s. 308 amended (as saved) (17.7.2007 with effect in accordance with art. 1(2) of the amending S.I.) by [The Income Tax Act 2007 \(Amendment\) \(No. 2\) Order 2007 \(S.I. 2007/1820\)](#), arts. 1(1), 2(2)

309 Further provisions as to subsidiaries.

F941

Textual Amendments

F941 S. 309 repealed (with effect as mentioned in s. 137(1)(2), Sch. 26 Pt. 5(17) Note of the repealing Act) by [Finance Act 1994 \(c. 9\)](#), Sch. 15 para. 24, [Sch. 26 Pt. 5\(17\)](#)

310 Information.

F942

Textual Amendments

F942 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 627, [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), Sch. 2)

311 Nominees, bare trustees and approved investment funds.

F943

Textual Amendments

F943 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 627, [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), Sch. 2)

312 Interpretation of Chapter III.

F944

Textual Amendments

F944 Pt. 7 Ch. 3 (ss. 289-312), except s. 305A, repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 627, [Sch. 3 Pt. 2](#) (with savings in s. 1034(3), Sch. 2); and s. 312 amended (as saved) (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 44](#) (with Sch. 2); and s. 312 further amended (as saved) (retrospective to 6.4.2007) by [Finance Act 2007 \(c. 11\)](#), Sch. 16 paras. 16(1)(b), 18, [Sch. 27 Pt. 2\(16\)](#), Note; and s. 312 further amended (as saved) (17.7.2007 with effect in accordance with art. 1(2) of the amending S.I.) by [The Income Tax Act 2007 \(Amendment\) \(No. 2\) Order 2007 \(S.I. 2007/1820\)](#), arts. 1(1), 2(4)(5); and s. 312 further amended (as saved) (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 26 para. 7\(3\)](#)

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CHAPTER IV

SPECIAL PROVISIONS

313 Taxation of consideration for certain restrictive undertakings.

F945

Textual Amendments

F945 S. 313 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), Sch. 6 para. 39, **Sch. 8 Pt. 1** (with Sch. 7)

314 Divers and diving supervisors.

F946

Textual Amendments

F946 S. 314 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), Sch. 1 para. 128, **Sch. 3** (with Sch. 2)

315 Wounds and disability pensions.

F947

Textual Amendments

F947 Ss. 315-318 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), Sch. 6 para. 41, **Sch. 8 Pt. 1** (with Sch. 7)

316 Allowances, bounties and gratuities.

F948

Textual Amendments

F948 Ss. 315-318 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), Sch. 6 para. 41, **Sch. 8 Pt. 1** (with Sch. 7)

317 Victoria Cross and other awards.

F949

Textual Amendments

F949 Ss. 315-318 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), Sch. 6 para. 41, **Sch. 8 Pt. 1** (with Sch. 7)

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318 Other pensions in respect of death due to war service etc.

F950

Textual Amendments

F950 Ss. 315-318 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 41, Sch. 8 Pt. 1](#) (with [Sch. 7](#))

319 Crown servants: foreign service allowance.

F951

Textual Amendments

F951 S. 319 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 42, Sch. 8 Pt. 1](#) (with [Sch. 7](#))

320 Commonwealth Agents-General and official agents etc.

F952

Textual Amendments

F952 S. 320 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 45, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

321 Consuls and other official agents.

F953

Textual Amendments

F953 S. 321 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 43, Sch. 8 Pt. 1](#) (with [Sch. 7](#))

322 Consular officers and employees.

F954

Textual Amendments

F954 S. 322 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 129, Sch. 3](#) (with [Sch. 2](#))

323 Visiting forces.

F955

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Textual Amendments

F955 S. 323 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 46, **Sch. 3 Pt. 1** (with Sch. 2)

324 Designated international organisations.

F956

Textual Amendments

F956 S. 324 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), Sch. 1 para. 130, **Sch. 3** (with Sch. 2)

325 Interest on deposits with National Savings Bank.

F957

Textual Amendments

F957 S. 325 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), Sch. 1 para. 131, **Sch. 3** (with Sch. 2)

326 Interest etc. under contractual savings schemes.

F958

Textual Amendments

F958 S. 326 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), Sch. 1 para. 132, **Sch. 3** (with Sch. 2)

[^{F959}326A] Tax-exempt special savings accounts.

F960]

Textual Amendments

F959 Ss. 326A-326C inserted by [Finance Act 1990 \(c. 29\)](#), s. 28(1)
F960 Ss. 326A-326D repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), Sch. 1 para. 133, **Sch. 3** (with Sch. 2)

[^{F961}326B] Loss of exemption for special savings accounts.

F962]

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Textual Amendments

- F961** Ss. 326A-326C inserted by Finance Act 1990 (c. 29), s. 28(1)
- F962** Ss. 326A-326D repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 133, Sch. 3 (with Sch. 2)

[^{F963}**326BB** Follow-up TESSAs.

^{F964}

Textual Amendments

- F963** S. 326BB inserted (1.5.1995) by Finance Act 1995 (c. 4), s. 62(2)
- F964** Ss. 326A-326D repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 133, Sch. 3 (with Sch. 2)

[^{F965}**326C** Tax-exempt special savings accounts: supplementary.

^{F966}

Textual Amendments

- F965** Ss. 326A-326C inserted by Finance Act 1990 (c. 29), s. 28(1)
- F966** Ss. 326A-326D repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 133, Sch. 3 (with Sch. 2)

[^{F967}**326D** Tax-exempt special savings accounts: tax representatives.

^{F968}

Textual Amendments

- F967** S. 326D inserted (1.5.1995) by Finance Act 1995 (c. 4), s. 63(4)
- F968** Ss. 326A-326D repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 133, Sch. 3 (with Sch. 2)

327 Disabled person’s vehicle maintenance grant.

^{F969}

Textual Amendments

- F969** S. 327 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 134, Sch. 3 (with Sch. 2)

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[^{F970}327A Payments to adopters

^{F971}

Textual Amendments

F970 S. 327A inserted (with effect in accordance with s. 175(2) of the amending Act) by Finance Act 2003 (c. 14), s. 175(1)

F971 S. 327A repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 135, Sch. 3 (with Sch. 2)

^{F972}328 Funds in court.

.....

Textual Amendments

F972 S. 328 repealed (with effect in accordance with s. 68(3)-(5) of the repealing Act) by Finance Act 1999 (c. 16), s. 68(2), Sch. 20 Pt. 3(17), Note

329 Interest on damages for personal injuries.

^{F973}

Textual Amendments

F973 Ss. 329-329AB repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 136, Sch. 3 (with Sch. 2)

[^{F974}329AA Personal injury damages in the form of periodical payments.

^{F975}

Textual Amendments

F974 Ss. 329AA, 329AB inserted (with effect in accordance with s. 150(2)-(4) of the amending Act) by Finance Act 1996 (c. 8), s. 150(1), Sch. 26

F975 Ss. 329-329AB repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 136, Sch. 3 (with Sch. 2)

329AB Compensation for personal injury under statutory or other schemes.

^{F976}

Textual Amendments

F974 Ss. 329AA, 329AB inserted (with effect in accordance with s. 150(2)-(4) of the amending Act) by Finance Act 1996 (c. 8), s. 150(1), Sch. 26

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F976 Ss. 329-329AB repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 136, **Sch. 3** (with Sch. 2)

[^{F977F978} 329A Annuities purchased for certain persons.

Textual Amendments

F977 Ss. 329A, 329B inserted (1.5.1995) by Finance Act 1995 (c. 4), s. 142
F978 Ss. 329A-329C repealed and superseded (29.4 1996) by Finance Act 1996 (c. 8), s. 150(2)(3), **Sch. 41 Pt. 5(16)** (with s. 150(4))

^{F979} 329B Annuities assigned in favour of certain persons.

Textual Amendments

F977 Ss. 329A, 329B inserted (1.5.1995) by Finance Act 1995 (c. 4), s. 142
F979 Ss. 329A-329C repealed and superseded (29.4 1996) by Finance Act 1996 (c. 8), s. 150(2)(3), **Sch. 41 Pt. 5(16)** (with s. 150(4))

[^{F980F981} 329C Annuities: criminal injuries.

Textual Amendments

F980 S. 329C inserted (8.11.1995) by Criminal Injuries Compensation Act 1995 (c. 53), s. 8
F981 Ss. 329A-329C repealed and superseded (29.4 1996) by Finance Act 1996 (c. 8), s. 150(2)(3), **Sch. 41 Pt. 5(16)** (with s. 150(4))

330 Compensation for National-Socialist persecution.

F982

Textual Amendments

F982 S. 330 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 46, **Sch. 8 Pt. 1** (with Sch. 7)

331 Scholarship income.

F983

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Textual Amendments
F983 S. 331 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 137, Sch. 3](#) (with Sch. 2)

[^{F984}331A Student loans: certain interest to be disregarded.

^{F985}

Textual Amendments
F984 S. 331A inserted (27.7.1999) by [Finance Act 1999 \(c. 16\), s. 60](#)
F985 S. 331A repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 138, Sch. 3](#) (with Sch. 2)

332 Expenditure and houses of ministers of religion.

(1) ^{F986}

(2) ^{F986}

(3) ^{F987}

[^{F988}(3A) ^{F989}

(3B) ^{F989}]

(4) ^{F989}

Textual Amendments
F986 S. 332(1)(2) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 47\(2\), Sch. 8 Pt. 1](#) (with Sch. 7)
F987 S. 332(3) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 139, Sch. 3](#) (with Sch. 2)
F988 S. 332(3A)(3B) inserted (with effect in accordance with s. 57(4) of the amending Act) by [Finance Act 2001 \(c. 9\), Sch. 12 para. 10](#)
F989 S. 332(3A)(3B)(4) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 47\(4\), Sch. 8 Pt. 1](#) (with Sch. 7)

[^{F990}332A Venture capital trusts: relief.

^{F991}

Textual Amendments
F990 S. 332A inserted (1.5.1995) by [Finance Act 1995 \(c. 4\), s. 71\(1\)](#)
F991 S. 332A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 47, Sch. 3 Pt. 1](#) (with Sch. 2)

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[^{F992}**333 Investment plan regulations**

Regulations under Chapter 3 of Part 6 of ITTOIA 2005 (income from individual investment plans) may include provision generally for the purpose of the administration of corporation tax in relation to plans.]

Textual Amendments

F992 S. 333 substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 141](#) (with Sch. 2)

[^{F993}**333A Personal equity plans: tax representatives.**

^{F994}]

Textual Amendments

F993 S. 333A inserted (1.5.1995) by [Finance Act 1995 \(c. 4\), s. 64\(1\)](#)
F994 S. 333A repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 142, Sch. 3](#) (with Sch. 2)

[^{F995}**333B Involvement of insurance companies with plans and accounts.**

^{F996}]

Textual Amendments

F995 S. 333B inserted (31.7.1998) by [Finance Act 1998 \(c. 36\), s. 77\(1\)](#)
F996 S. 333B repealed (with effect in accordance with s. 38(2) of the repealing Act) by [Finance Act 2007 \(c. 11\), Sch. 7 para. 4, Sch. 27 Pt. 2\(7\)](#), Note (with Sch. 7 Pt. 2)

CHAPTER V

RESIDENCE OF INDIVIDUALS

334 Commonwealth citizens and others temporarily abroad.

^{F997}

Textual Amendments

F997 S. 334 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 48, Sch. 3 Pt. 1](#) (with Sch. 2)

335 Residence of persons working abroad.

^{F998}

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Textual Amendments

F998 S. 335 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 49, **Sch. 3 Pt. 1** (with Sch. 2)

336 Temporary residents in the United Kingdom.

F999

Textual Amendments

F999 S. 336 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 50, **Sch. 3 Pt. 1** (with Sch. 2)

PART VIII

TAXATION OF INCOME AND CHARGEABLE GAINS OF COMPANIES

Taxation of income

337 Company beginning or ceasing to carry on trade

F1000

Textual Amendments

F1000S. 337 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 103, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F1001}[^{F1002}~~337~~ **337A** Attribution of company's profits or income: exclusion of general deductions

(1) ^{F1003}

(2) ^{F1004}]]

Textual Amendments

F1001Ss. 337, 337A substituted (24.7.2002) by [Finance Act 2002 \(c. 23\)](#), **Sch. 30 para. 1(1)**

F1002S. 337A inserted (with effect in accordance with s. 105(1) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), **Sch. 14 para. 15** (with Sch. 15)

F1003S. 337A(1) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), Sch. 1 para. 23, **Sch. 3 Pt. 1** (with Sch. 2)

F1004S. 337A(2) repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), Sch. 7 para. 37, **Sch. 10 Pt. 12** (with Sch. 9)

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338 Charges on income deducted from total profits

F1005

Textual Amendments

F1005S. 338 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 24, Sch. 3 Pt. 1 (with Sch. 2)

[^{F1006}338M Meaning of “charges on income”

F1007

Textual Amendments

F1006Ss. 338-338B substituted for s. 338 (24.7.2002) by Finance Act 2002 (c. 23), Sch. 30 para. 1(2)
F1007S. 338A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 25, Sch. 3 Pt. 1 (with Sch. 2)

[^{F1008}338E Charges on income: annuities or other annual payments

F1009

Textual Amendments

F1008Ss. 338-338B substituted for s. 338 (24.7.2002) by Finance Act 2002 (c. 23), Sch. 30 para. 1(2)
F1009S. 338B repealed (with effect in accordance with s. 38(7) of the repealing Act) by Finance (No. 2) Act 2005 (c. 22), Sch. 11 Pt. 2(7), Note

339 Charges on income: donations to charity.

F1010

Textual Amendments

F1010S. 339 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 26, Sch. 3 Pt. 1 (with Sch. 2); and s. 339 amended (1.4.2010 with effect in accordance with art. 5(2) of the amending S.I.) by The Enactment of Extra-Statutory Concessions Order 2010 (S.I. 2010/157), arts. 1, 5(1)

[^{F1011}^{F1012}339A

.....]

Textual Amendments

F1011S. 339A inserted (in relation to accounting periods ending on or after 1 October 1990) by Finance Act 1990 (c. 29), s. 27(3)(4)

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F1012S. 339A repealed (in relation to accounting periods beginning on or after 19.3.1991) by [Finance Act 1991 \(c. 31\)](#), ss. 71(1)(3), 123, [Sch. 19 Pt. V](#), Note 5; and s. 339A modified in its application to accounting periods beginning before 19.3.1991 and ending on or after that date by s. 71(4) of that repealing Act

F1013 340 Charges on income: interest payable to non-residents.

.....

Textual Amendments

F1013S. 340 repealed (with effect in accordance with s. 105(1) of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), Sch. 14 para. 17, [Sch. 41 Pt. 5\(3\)](#), Note (with Sch. 15)

F1014 341 Payments of interest etc. between related companies.

.....

Textual Amendments

F1014S. 341 repealed (with effect in accordance with s. 105(1) of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), Sch. 14 para. 17, [Sch. 41 Pt. 5\(3\)](#), Note (with Sch. 15)

342 Tax on company in liquidation.

F1015

Textual Amendments

F1015S. 342 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), Sch. 1 para. 27, [Sch. 3 Pt. 1](#) (with Sch. 2)

[F1016 342A Tax on companies in administration

F1017]

Textual Amendments

F1016S. 342A inserted (with effect in accordance with [Sch. 41 para. 5\(1\)](#) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 41 para. 3](#)

F1017S. 342A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), Sch. 1 para. 28, [Sch. 3 Pt. 1](#) (with Sch. 2)

343 Company reconstructions without a change of ownership.

F1018

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Textual Amendments

F1018S. 343 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 29, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F1019} **343ZA** **Transfers of trade to obtain balancing allowances**

F1020]

Textual Amendments

F1019S. 343ZA inserted (with effect in accordance with s. 89(2) of the amending Act) by Finance Act 2008 (c. 9), **s. 89(1)**

F1020S. 343ZA repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 30, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F1021} **343CB** **Company reconstructions involving business of leasing plant or machinery**

F1022]

Textual Amendments

F1021S. 343A inserted (19.7.2007, the inserted subsections (2) and (3) having effect in accordance with Sch. 6 para. 1(3)-(5) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 6 para. 1(2)**

F1022S. 343A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 31, **Sch. 3 Pt. 1** (with Sch. 2)

344 Company reconstructions: supplemental.

F1023

Textual Amendments

F1023S. 344 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 32, **Sch. 3 Pt. 1** (with Sch. 2)

Chargeable gains

[^{F1024} **345**

Textual Amendments

F1024S. 345 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch.12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 20, 22, 26(2), 27).

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F1025 **346**

Textual Amendments
F1025S. 346 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch.12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 20, 22, 26(2), 27).

F1026 **347**

Textual Amendments
F1026S. 347 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch.12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 20, 22, 26(2), 27).

PART IX

ANNUAL PAYMENTS AND INTEREST

Annual payments

[^{F1027}347 **General rule.**

F1028

Textual Amendments
F1027Ss. 347A, 347B inserted by Finance Act 1988 (c. 39), s. **36(1)(3)-(5)**
F1028S. 347A repealed (with effect in accordance with Sch. 5 para. 1(3)(5) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 5 para. 1(2)(4), **Sch. 27 Pt. 2(3)**, Note

[^{F1029}347B **Qualifying maintenance payments.**

F1030

Textual Amendments
F1029Ss. 347A, 347B inserted by Finance Act 1988 (c. 39), s. **36(1)(3)-(5)**
F1030S. 347B repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 53, **Sch. 3 Pt. 1** (with Sch. 2)

348 **Payments out of profits or gains brought into charge to income tax: deduction of tax.**

F1031

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Textual Amendments

F1031S. 348 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 54, Sch. 3 Pt. 1](#) (with [Sch. 2](#)); and s. 348 amended (6.4.2007) by [Finance Act 2005 \(c. 7\), Sch. 10 paras. 62, 64\(2\), Sch. 11 Pt. 4](#), Note 1

349 Payments not out of profits or gains brought into charge to income tax, and annual interest.

F1032

Textual Amendments

F1032S. 349 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 55, Sch. 3 Pt. 1](#) (with [Sch. 2](#)); and s. 349 amended (6.4.2007) by [Finance Act 2005 \(c. 7\), Sch. 10 paras. 62, 64\(2\), Sch. 11 Pt. 4](#), Note 1

[^{F1033}~~349~~**Extension of section 349: proceeds of sale of UK patent rights**

F1034]

Textual Amendments

F1033S. 349ZA inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 149](#) (with [Sch. 2](#))
F1034S. 349ZA repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 56, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F1035}~~349~~**Exceptions to section 349 for payments between companies etc**

F1036

Textual Amendments

F1035Ss. 349A-349D inserted (with application in accordance with s. 85(4) of the amending Act) by [Finance Act 2001 \(c. 9\), s. 85\(1\)](#)
F1036Ss. 349A-349D repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 57, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

349B The conditions mentioned in section 349A(1)

F1037

Textual Amendments

F1035Ss. 349A-349D inserted (with application in accordance with s. 85(4) of the amending Act) by [Finance Act 2001 \(c. 9\), s. 85\(1\)](#)

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F1037Ss. 349A-349D repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 57, **Sch. 3 Pt. 1** (with Sch. 2)

349C Directions disapplying section 349A(1)

F1038

Textual Amendments
F1035Ss. 349A-349D inserted (with application in accordance with s. 85(4) of the amending Act) by Finance Act 2001 (c. 9), s. 85(1)
F1038Ss. 349A-349D repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 57, **Sch. 3 Pt. 1** (with Sch. 2)

349D Section 349A(1): consequences of reasonable but incorrect belief

F1039]

Textual Amendments
F1035Ss. 349A-349D inserted (with application in accordance with s. 85(4) of the amending Act) by Finance Act 2001 (c. 9), s. 85(1)
F1039Ss. 349A-349D repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 57, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F1040}349D Deductions under section 349(1): payment of royalties overseas

F1041]

Textual Amendments
F1040S. 349E inserted (with application in accordance with s. 96(4) of the amending Act) by Finance Act 2002 (c. 23), s. 96(1)
F1041S. 349E repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 58, **Sch. 3 Pt. 1** (with Sch. 2)

350 Charge to tax where payments made under section 349.

F1042

Textual Amendments
F1042S. 350 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 59, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F1043}350AK public revenue dividends: deduction of tax.

F1044]

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Textual Amendments

- F1043S. 350A** inserted (with application in accordance with s. 112(5) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [s. 112\(4\)](#)
- F1044S. 350A** repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 60](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F1045 351 Small maintenance payments.

Textual Amendments

- F1045S. 351** repealed by [Finance Act 1988 \(c. 39\)](#) s. 36(6), [Sch.14 Part IV, Note 5](#) (with s. 36(3))

352 Certificates of deduction of tax.

F1046

Textual Amendments

- F1046S. 352** repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 61](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Relief for payments of interest (excluding MIRAS)

353 General provision.

[^{F1047}(1) Where a person pays interest in any year of assessment, that person, if he makes a claim to the relief, shall for that year of assessment be entitled (subject to ^{F1048} . . . [^{F1049}section 52 of ITTOIA 2005]) to relief in accordance with this section in respect of so much (if any) of the amount of that interest as is eligible for relief under this section by virtue of [^{F1050}section 365].]

[^{F1051}[Where a person is entitled for a year of assessment to relief under this section in respect ^{F1052}(1A) of an amount of interest which is eligible for relief by virtue of section 365, the relief is given as a tax reduction for that tax year.

(1AA) The amount of the tax reduction is 23% of the amount of the interest.

(1AB) The tax reduction is given effect at Step 6 of the calculation in section 23 of ITA 2007.]

(1B) ^{F1053}

(1C) ^{F1054}

(1D) ^{F1054}

(1E) Where any person is entitled for any year of assessment to relief ^{F1055} . . . in respect of any amount of interest as is eligible for that relief partly as mentioned in subsection (1A) above and partly as mentioned in [^{F1056}section 383 of ITA 2007 (relief

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for interest payments)], that amount of interest shall be apportioned between the cases to which each of [^{F1057}those provisions] applies without regard to what parts of the total amount borrowed remain outstanding but according to ^{F1058} . . . —

- (a) the proportions of the total amount borrowed which were applied for different purposes; ^{F1059} . . .
- (b) ^{F1059}

[^{F1060}and subsection (1A) above or section 383 of ITA 2007 shall apply accordingly to the case in which that subsection or section applies].

(1F) ^{F1061}

(1G) ^{F1061}

(1H) ^{F1061}]

(2) ^{M49}This section does not apply to a payment of relevant loan interest to which section 369 applies.

- (3) ^{M50}Relief under this section shall not be given in respect of—
- (a) interest on a debt incurred by overdrawing an account or by debiting the account of any person as the holder of a credit card or under similar arrangements; or
 - (b) where interest is paid at a rate in excess of a reasonable commercial rate, so much of the interest as represents the excess.

(4) ^{F1062}

(5) ^{F1062}

Textual Amendments

- F1047**S. 353(1) substituted (with effect in accordance with s. 81(6) of the amending Act) by [Finance Act 1994 \(c. 9\), s. 81\(1\)](#)
- F1048**Words in s. 353(1) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 62\(2\)\(a\), Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F1049**Words in s. 353(1) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 152](#) (with [Sch. 2](#))
- F1050**Words in s. 353(1) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 62\(2\)\(b\)](#) (with [Sch. 2](#))
- F1051**S. 353(1A)-(1H) inserted (with effect in accordance with s. 81(6) of the amending Act) by [Finance Act 1994 \(c. 9\), s. 81\(2\)](#)
- F1052**S. 353(1A)-(1AB) substituted for s. 353(1A) (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 62\(3\)](#) (with [Sch. 2](#))
- F1053**S. 353(1B) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 62\(4\), Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F1054**S. 353(1C)(1D) repealed (with effect in accordance with s. 42(3)-(5) of the repealing Act) by [Finance Act 1995 \(c. 4\), Sch. 29 Pt. 8\(2\)](#), Note
- F1055**Words in s. 353(1E) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 62\(5\)\(a\), Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F1056**Words in s. 353(1E) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 62\(5\)\(b\)](#) (with [Sch. 2](#))
- F1057**Words in s. 353(1E) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 62\(5\)\(c\)](#) (with [Sch. 2](#))

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- F1058** Words in s. 353(1E) repealed (with effect in accordance with s. 42(3)-(5) of the repealing Act) by Finance Act 1995 (c. 4), **Sch. 29 Pt. 8(2)**, Note
- F1059** S. 353(1E)(b) and preceding word repealed (with effect in accordance with s. 42(3)-(5) of the repealing Act) by Finance Act 1995 (c. 4), **Sch. 29 Pt. 8(2)**, Note
- F1060** Words in s. 353(1E) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 62(5)(d)** (with Sch. 2)
- F1061** S. 353(1F)-(1H) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 62(6), **Sch. 3 Pt. 1** (with Sch. 2)
- F1062** S. 353(4)(5) repealed (with effect in accordance with s. 81(6) of the repealing Act) by Finance Act 1994 (c. 9), Sch. 9 para. 3, **Sch. 26 Pt. 5(2)**, Note

Modifications etc. (not altering text)

- C43** S. 353 restricted (1.5.1995) by Finance Act 1995 (c. 4), s. 123, **Sch. 22 para. 2**
- C44** S. 353 restricted (27.7.1999) by Finance Act 1999 (c. 16), **s. 38(1)**

Marginal Citations

- M49** Source-1986 s.26(1)
- M50** Source-1972 s.75(1A), (2); 1974 s.19(1)(b)

354 Loans to buy land etc.

F1063

Textual Amendments

- F1063** Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

355 Matters excluded from section 354.

F1064

Textual Amendments

- F1064** Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

356 Job-related accommodation.

F1065

Textual Amendments

- F1065** Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

[^{F1066}356A Limit on relief for home loans: residence basis.

F1067]

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Textual Amendments
F1066Ss. 356A-356D inserted (1.8.1988) by Finance Act 1988 (c. 39), **s.42(1)(4)**
F1067Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

[^{F1068} **356B** **Residence basis: married couples.**

F1069]

Textual Amendments
F1068Ss. 356A-356D inserted (1.8.1988) by Finance Act 1988 (c. 39), **s. 42(1)(4)**; and s. 356B substituted (1990-91 and subsequent years) by Finance Act 1988 (c. 39), **Sch. 3 para. 14**
F1069Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

[^{F1070} **356C** **Payments to which sections 356A and 356B apply.**

F1071]

Textual Amendments
F1070Ss. 356A-356D inserted (1.8.1988) by Finance Act 1988 (c. 39), **s.42(1)(4)**
F1071Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

[^{F1072} **356D** **Provisions supplementary to sections 356A to 356C.**

F1073]

Textual Amendments
F1072Ss. 356A-356D inserted (1.8.1988) by Finance Act 1988 (c. 39), **s.42(1)(4)**
F1073Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

357 Limit on amount of loan eligible for relief by virtue of section 354.

F1074

Textual Amendments
F1074Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

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[^{F1075}**357** **Substitution of security.**

F1076]

Textual Amendments

F1075Ss. 357A-357C inserted (27.7.1993) by Finance Act 1993 (c. 34), s. 56

F1076Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

[^{F1077}**357B** **Treatment of loans following security substitution.**

F1078]

Textual Amendments

F1077Ss. 357A-357C inserted (27.7.1993) by Finance Act 1993 (c. 34), s. 56

F1078Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

[^{F1079}**357C** **Substitution of security: supplemental.**

F1080]

Textual Amendments

F1079Ss. 357A-357C inserted (27.7.1993) by Finance Act 1993 (c. 34), s. 56

F1080Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

358 Relief where borrower deceased.

F1081]

Textual Amendments

F1081Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

359 Loan to buy machinery or plant.

F1082]

Textual Amendments

F1082S. 359 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 63, **Sch. 3 Pt. 1** (with Sch. 2)

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360 Loan to buy interest in close company.

F1083

Textual Amendments

F1083S. 360 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 64, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F1084}360 Meaning of “material interest” in section 360.

F1085]

Textual Amendments

F1084S. 360A inserted by [Finance Act 1989 \(c. 26\)](#), s. 48(2)

F1085S. 360A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 65, **Sch. 3 Pt. 1** (with Sch. 2)

361 Loan to buy interest in co-operative or employee-controlled company.

F1086

Textual Amendments

F1086S. 361 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 66, **Sch. 3 Pt. 1** (with Sch. 2)

362 Loan to buy into partnership.

F1087

Textual Amendments

F1087S. 362 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 67, **Sch. 3 Pt. 1** (with Sch. 2)

363 Provisions supplementary to sections 360 to 362.

F1088

Textual Amendments

F1088S. 363 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 68, **Sch. 3 Pt. 1** (with Sch. 2)

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364 Loan to pay inheritance tax.

F1089

Textual Amendments

F1089S. 364 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 69, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

365 Loan to buy life annuity.

^{M51}(1) Subject to the following provisions of this section, interest is eligible for relief under section 353 if it is interest on a loan in respect of which the following conditions are satisfied—

- [^{F1090}(aa) that the loan was made before 9th March 1999;]
- (a) that the loan was made as part of a scheme under which not less than nine-tenths of the proceeds of the loan were applied to the purchase by the person to whom it was made of an annuity ending with his life or with the life of the survivor of two or more persons (“the annuitants”) who include the person to whom the loan was made;
 - (b) that at the time the loan was made the person to whom it was made or each of the annuitants had attained the age of 65 years;
 - (c) that the loan was secured on land in the United Kingdom or the Republic of Ireland and the person to whom it was made or one of the annuitants owns an estate or interest in that land; and
 - (d) that, if the loan was made after 26th March 1974, the person to whom it was made or each of the annuitants [^{F1091}used the land on which it was secured as his only or main residence immediately before 9th March 1999] .

[^{F1092}(1AA) Where—

- (a) a loan made on or after 9th March 1999 was made in pursuance of an offer made by the lender before that date, and
- (b) the offer was either in writing or evidenced by a note or memorandum made by the lender before that date,

the loan shall be deemed for the purposes of subsection (1)(aa) above to have been made before that date.]

[^{F1093}(1AB) Subject to subsection (1AC) below, the conditions in paragraphs (aa) and (a) of subsection (1) above shall be treated as satisfied in relation to a loan (“the new loan”) if—

- (a) the new loan was made on or after the day on which the Finance Act 1999 was passed;
- (b) the new loan was made as part of a scheme (“the scheme”) under which the whole or any part of the proceeds of the loan was used to defray money applied in paying off another loan (“the old loan”); and
- (c) the conditions in subsection (1) above were, or were treated by virtue of this subsection as, satisfied with respect to the old loan.

(1AC) If only part of the proceeds of the new loan was used to defray money applied in paying off the old loan, subsection (1AB) above applies only if, under the scheme, not less than nine-tenths of the remaining part of the proceeds of the new loan was applied to

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the purchase by the person to whom it was made of an annuity ending with his life or with the life of the survivor of two or more persons who include him.

(1AD) In subsection (1AC) above “the remaining part” means the part of the proceeds of the new loan that was not used to defray money applied in paying off the old loan.]

[^{F1094}[^{F1095}(1A) The condition in subsection (1)(d) above shall be treated as satisfied in relation to a loan if—

- (a) the person to whom the loan was made, or any of the annuitants, ceased to use the land as his only or main residence at a time falling within the period of twelve months ending with 8th March 1999, and
- (b) the intention at that time of the person to whom the loan was made, or each of the annuitants owning an estate or interest in the land, was to take steps, before the end of the period of twelve months after the day on which the land ceased to be so used, with a view to the disposal of his estate or interest.]

(1B) If it appears to the Board reasonable to do so, having regard to all the circumstances of a particular case, they may direct that in relation to that case subsection (1A) above shall have effect as if for the reference to 12 months there were substituted a reference to such longer period as meets the circumstances of that case.]

(2) Interest is not eligible for relief by virtue of this section unless it is payable by the person to whom the loan was made or by one of the annuitants.

(3) If the loan was made after 26th March 1974 interest on it is eligible for relief by virtue of this section only to the extent that the amount on which it is payable does not exceed [^{F1096}the sum of £30,000]; and if the interest is payable by two or more persons the interest payable by each of them is so eligible only to the extent that the amount on which it is payable does not exceed such amount as bears to [^{F1097}that sum] the same proportion as the interest payable by him bears to the interest payable by both or all of them.

Textual Amendments

- F1090**S. 365(1)(aa) inserted (with effect in accordance with s. 39(3) of the amending Act) by [Finance Act 1999 \(c. 16\), s. 39\(1\)](#)
- F1091**Words in s. 365(1)(d) inserted (with effect in accordance with s. 40(5) of the amending Act) by [Finance Act 1999 \(c. 16\), s. 40\(2\)](#)
- F1092**S. 365(1AA) inserted (with effect in accordance with s. 39(3) of the amending Act) by [Finance Act 1999 \(c. 16\), s. 39\(2\)](#)
- F1093**S. 365(1AB)-(1AD) inserted (with effect in accordance with s. 40(5) of the amending Act) by [Finance Act 1999 \(c. 16\), s. 40\(3\)](#)
- F1094**S. 365(1A)(1B) inserted (27.7.1993 with effect in relation to payments of interest made on or after 16 March 1993 (whenever falling due)) by [Finance Act 1993 \(c. 34\), s. 57\(3\)\(5\)\(6\)](#)
- F1095**S. 365(1A) substituted (with effect in accordance with s. 40(5) of the amending Act) by [Finance Act 1999 \(c. 16\), s. 40\(4\)](#)
- F1096**Words in s. 365(3) substituted (with effect in accordance with s. 83(4) of the amending Act) by [Finance Act 2000 \(c. 17\), s. 83\(1\)\(a\)](#)
- F1097**Words in s. 365(3) substituted (with effect in accordance with s. 83(4) of the amending Act) by [Finance Act 2000 \(c. 17\), s. 83\(1\)\(b\)](#)

Marginal Citations

M51 Source-1974 Sch.1 24; 1984 s.22(3)

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366 Information.

- (1) ^{M52}A person who claims relief under section 353 in respect of any payment of interest shall furnish to the inspector a statement in writing by the person to whom the payment is made, showing—
 - (a) the date when the debt was incurred;
 - (b) the amount of the debt when incurred;
 - (c) the interest paid in the year of assessment for which the claim is made ^{F1098} . . . ;
and
 - (d) the name and address of the debtor.
- (2) ^{M53}Where any such interest as is mentioned in section 353 is paid, the person to whom it is paid shall, if the person who pays it so requests in writing, furnish him with such statement as regards that interest as is mentioned in subsection (1) above; and the duty imposed by this subsection shall be enforceable at the suit or instance of the person making the request.
- (3) Subsections (1) and (2) above do not apply to interest paid to a building society, or to a local authority.

Textual Amendments

F1098 Words in s. 366(1)(c) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 70, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Marginal Citations

M52 Source-1972 Sch.10 7; 1974 Sch.1 25(1)

M53 Source-1972 Sch.10 8, 9

367 Provisions supplementary to sections 354 to 366.

- (1) ^{F1099}
- (2) ^{F1100}
- (3) ^{F1100}
- (4) ^{F1100}
- (5) ^{M54}In [^{F1101}section] 365(3) references to the qualifying maximum for the year of assessment are references to such sum as Parliament may determine for the purpose for that year.

Textual Amendments

F1099 S. 367(1) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\), Sch. 4 para. 3\(2\), Sch. 20 Pt. 3\(7\)](#)

F1100 S. 367(2)-(4) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 71, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F1101 Words in s. 367(5) substituted (with effect in accordance with Sch. 4 para. 18(5) of the amending Act) by [Finance Act 1999 \(c. 16\), Sch. 4 para. 3\(4\)](#)

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Modifications etc. (not altering text)

- C45** S. 367(5): £30,000 specified (1988-89) by [Finance Act 1988 \(c. 39\), s. 41](#)
 S. 367(5): £30,000 specified (1989-90) by [Finance Act 1989 \(c. 26\), s. 46](#)
 S. 367(5): £30,000 specified (1990-91) by [Finance Act 1990 \(c. 29\), s. 71](#)
 S. 367(5): £30,000 specified (1991-92) by [Finance Act 1991 \(c. 31\), s. 26](#)
 S. 367(5): £30,000 specified (1992-93) by [Finance Act 1992 \(c. 20\), s. 10\(4\)](#) (with s. 10(5))
 S. 367(5): £30,000 specified (1993-94) by [Finance Act 1993 \(c. 34\), s. 55](#)
 S. 367(5): £30,000 specified (1994-95, 1995-96) by [Finance Act 1994 \(c. 9\), s. 80](#)
 S. 367(5): £30,000 specified (1996-97) by [Finance Act 1996 \(c. 8\), s. 76](#)
 S. 367(5): £30,000 specified (1997-98) by [Finance Act 1997 \(c. 16\), s. 57](#)
 S. 367(5): £30,000 specified (1998-99) by [Finance \(No. 2\) Act 1997 \(c. 58\), s. 16](#)
 S. 367(5): £30,000 specified (1999-2000) by [Finance Act 1999 \(c. 16\), s. 37](#)

Marginal Citations

- M54** Source-1972 Sch.9 5(1A); 1984 s.22(1)(c)

[^{F1102} 367] Alternative finance arrangements

- (1) Sections 353 and 365 have effect as if—
 - (a) purchase and resale arrangements involved the making of a loan, and
 - (b) alternative finance return were interest.
- (2) Section 366 has effect accordingly.
- (3) In this section—

“alternative finance return” has the meaning given in sections 564I to 564L of ITA 2007, and

“purchase and resale arrangements” means arrangements to which section 564C of ITA 2007 applies.]

Textual Amendments

- F1102** S. 367A inserted (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 2 para. 47](#) (with Sch. 9)

368 Exclusion of double relief etc.

F1103

Textual Amendments

- F1103** S. 368 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 72, Sch. 3 Pt. 1](#) (with Sch. 2)

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Mortgage interest relief at source

369 Mortgage interest payable under deduction of tax.

- (1) ^{M55}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 [^{F1104}the applicable percentage thereof.]
- ^{F1105}(1A) In subsection (1) above “the applicable percentage” means [^{F1106}23 per cent.].]
- (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.
- ^{F1107}(3) The following payments, that is to say—
- (a) payments of relevant loan interest to which this section applies, and
 - (b) payments which would be such payments but for section 373(5),
- shall not be allowable as deductions for any purpose of the Income Tax Acts except in so far as they fall to be treated as such payments by virtue only of section 375(2) and would be allowable apart from this subsection.]
- (6) [^{F1108M56}Sections 967(2) and 968(2) of CTA 2010 do not apply to a payment of relevant loan interest to which this section applies, but any person by whom such a payment] is received shall be entitled to recover from the Board, in accordance with regulations, an amount 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.
- ^{F1109}(7) The following provisions of the Management Act, namely—
- ^{F1110}(a) section 29(1)(c) (excessive relief) as it has effect apart from section 29(2) to (10) of that Act;]
 - (b) section 30 (tax repaid in error etc.) [^{F1111}apart from subsection (1B)],
 - (c) [^{F1112}section 86] (interest), and
 - (d) section 95 (incorrect return or accounts),
- shall apply in relation to an amount which is paid to any person by the Board as an amount recoverable in accordance with regulations made by virtue of subsection (6) above but to which that person is not entitled as if it were income tax which ought not to have been repaid and, where that amount was claimed by that person, as if it had been repaid [^{F1113}as respects a chargeable period] as a relief which was not due.]
- ^{F1114}(8) In the application of section 86 of the Management Act by virtue of subsection (7) above in relation to sums due and payable by virtue of an assessment made for the whole or part of a year of assessment (“the relevant year of assessment”) under section 29(1)(c) or 30 of that Act, as applied by that subsection, the relevant date—
- (a) is 1st January in the relevant year of assessment in a case where the person falling within subsection (6) above has made a relevant interim claim; and
 - (b) in any other case, is the later of the following dates, that is to say—

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- (i) 1st January in the relevant year of assessment; or
- (ii) the date of the making of the payment by the Board which gives rise to the assessment.

(9) In this section—

“financial year”, in relation to any person, means a financial year of that person for the purposes of the relevant regulations;

“interim claim” means an interim claim within the meaning of the relevant regulations;

“relevant interim claim” means, in relation to an assessment made for a period coterminous with, or falling wholly within, a person’s financial year, an interim claim made for a period falling wholly or partly within that financial year; and

“the relevant regulations” means regulations made under section 378(3) for the purposes of subsection (6) above.]

Textual Amendments

- F1104** Words in s. 369(1) substituted (with effect in accordance with s. 81(6) of the amending Act) by Finance Act 1994 (c. 9), s. 81(3)
- F1105** S. 369(1A) substituted (with effect in accordance with Sch. 4 para. 18(5) of the amending Act) by Finance Act 1999 (c. 16), Sch. 4 para. 4
- F1106** Words in s. 369(1A) substituted (with effect in accordance with s. 83(4) of the amending Act) by Finance Act 2000 (c. 17), s. 83(3)
- F1107** S. 369(3) substituted for s. 369(3)-(5B) (with effect in accordance with s. 81(6) of the amending Act) by Finance Act 1994 (c. 9), s. 81(4)
- F1108** Words in s. 369(6) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 33 (with Sch. 2)
- F1109** S. 369(7) inserted (27.7.1993) by 1993 c. 34, s. 58(1)(2)
- F1110** S. 369(7)(a) substituted (with effect in accordance with Sch. 18 para. 17(2) of the amending Act) by Finance Act 1996 (c. 8), Sch. 18 para. 6(2)(a)
- F1111** Words in s. 369(7)(b) inserted (with effect in accordance with Sch. 18 para. 17(2) of the amending Act) by Finance Act 1996 (c. 8), Sch. 18 para. 6(2)(b)
- F1112** Words in s. 369(7)(c) substituted (with effect in accordance with Sch. 18 para. 17(3) of the amending Act) by Finance Act 1996 (c. 8), Sch. 18 para. 6(2)(c)
- F1113** Words in s. 369(7) inserted (with effect in accordance with Sch. 18 para. 17(8) of the amending Act) by Finance Act 1996 (c. 8), Sch. 18 para. 6(2)(d)
- F1114** S. 369(8)(9) inserted (with effect in accordance with Sch. 18 para. 17(3) of the amending Act) by Finance Act 1996 (c. 8), Sch. 18 para. 6(3)

Modifications etc. (not altering text)

- C46** S. 369(1) excluded (27.7.1999) by Finance Act 1999 (c. 16), s. 38(2)-(7)

Marginal Citations

- M55** Source-1982 s.26(1), (2)
M56 Source-1982 s.26(7)

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370 Relevant loan interest.

- (1) ^{M57}Subject to this section and [^{F1115}sections 373] to 376, in this Part “relevant loan interest” means interest which is paid and payable in the United Kingdom to a qualifying lender and to which subsection (2) ^{F1116} . . . below applies.
- (2) Subject to subsection (4) below, this subsection applies to interest if, disregarding section 353(2) [^{F1117} and any other provision applying to interest falling to be treated as relevant loan interest]—
 - (a) it is interest falling within section ^{F1118} . . . 365; and
 - (b) apart [^{F1119}(where applicable) from] section ^{F1118} . . . 365(3), the whole of the interest [^{F1120}would be eligible for relief under section 353];^{F1121} . . .
 - (c) ^{F1121}
- (3) ^{F1122}
- (4) ^{F1122}
- (5) ^{M58}In determining whether subsection (2) above applies to any interest, [^{F1123}section 365 shall] have effect as if the words “or the Republic of Ireland” were omitted.
- (6) ^{F1122}
- [^{F1124}(6A) ^{F1125}]
- (7) ^{F1122}

Textual Amendments

- F1115** Words in s. 370(1) substituted (with effect in accordance with Sch. 4 para. 18(5) of the amending Act) by Finance Act 1999 (c. 16), **Sch. 4 para. 5(2)(a)**
- F1116** Words in s. 370(1) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 5(2)(b), **Sch. 20 Pt. 3(7)**
- F1117** Words in s. 370(2) inserted (with effect in accordance with s. 81(6) of the amending Act) by Finance Act 1994 (c. 9), **Sch. 9 para. 10(1)(a)**
- F1118** Words in s. 370(2) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 5(3), **Sch. 20 Pt. 3(7)**
- F1119** Words in s. 370(2)(b) substituted (with effect in accordance with s. 81(6) of the amending Act) by Finance Act 1994 (c. 9), **Sch. 9 para. 10(1)(b)**
- F1120** Words in s. 370(2)(b) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 155** (with Sch. 2)
- F1121** S. 370(2)(c) and preceding word repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 5(3), **Sch. 20 Pt. 3(7)**
- F1122** S. 370(3)(4)(6)(7) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 5(4), **Sch. 20 Pt. 3(7)**
- F1123** Words in s. 370(5) substituted (with effect in accordance with Sch. 4 para. 18(5) of the amending Act) by Finance Act 1999 (c. 16), **Sch. 4 para. 5(5)**
- F1124** S. 370(6A) inserted (with effect in accordance with s. 81(6) of the amending Act) by Finance Act 1994 (c. 9), **Sch. 9 para. 10(2)**
- F1125** S. 370(6A) repealed (with effect in accordance with s. 42(3)-(5) of the repealing Act) by Finance Act 1995 (c. 4), **Sch. 29 Pt. 8(2)**, Note

Marginal Citations

- M57** Source-1982 Sch.7 2(1)-(3)

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M58 Source-1982 Sch.7 3(1)-(3)

F1126 371 Second loans.

.....

Textual Amendments
F1126 S. 371 repealed (27.7.1993 with effect in relation to payments of interest made on or after 16 March 1993 (whenever falling due)) by [Finance Act 1993 \(c. 34\)](#), ss. 57, 213, **Sch. 23 Pt. III**

372 Home improvement loans.

F1127

Textual Amendments
F1127 S. 372 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), Sch. 4 para. 6, **Sch. 20 Pt. 3(7)**

373 Loans in excess of the qualifying maximum, and joint borrowers.

- (1) ^{M59}The provisions of this section have effect in relation to a loan where, by virtue of ^{F1128} . . . section 365(3), only part of the interest on the loan would (apart from section 353(2)) be eligible for relief under section 353; and in this section any such loan is referred to as a “limited loan”.
- (2) None of the interest on a limited loan is relevant loan interest unless—
 - (a) the loan is made on or after 6th April 1987; or
 - (b) the qualifying lender to whom the interest is payable has given notice to the Board in accordance with regulations that he is prepared to have limited loans of a description which includes that limited loan brought within the tax deduction scheme.
- (3) ^{F1129}
- (4) ^{F1129}
- (5) ^{M60}Where the condition in paragraph (a) or (b) of subsection (2) above is fulfilled ^{F1130} . . . only so much of the interest as (apart from section 353(2)) would be eligible for relief under section 353 is relevant loan interest.
- (6) ^{M61}Where a loan on which interest is payable by the borrower was made jointly to the borrower and another person who is not the borrower’s husband or wife, the interest on the loan is not relevant loan interest unless—
 - (a) each of the persons to whom the loan was made is a qualifying borrower; and
 - (b) in relation to each of them considered separately, the whole of that interest is relevant loan interest, in accordance with [^{F1131}section 370] and this section.
- (7) In subsection (6) above references to the borrower’s husband or wife do not include references to a separated husband or wife ^{F1132} . . .

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Textual Amendments

- F1128** Words in s. 373(1) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 7\(2\)\(a\)](#), [Sch. 20 Pt. 3\(7\)](#)
- F1129** S. 370(3)(4) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 7\(2\)\(b\)](#), [Sch. 20 Pt. 3\(7\)](#)
- F1130** Words in s. 373(5) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 7\(2\)\(c\)](#), [Sch. 20 Pt. 3\(7\)](#)
- F1131** Words in s. 373(6) substituted (with effect in accordance with Sch. 4 para. 18(5) of the amending Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 7\(3\)](#)
- F1132** Words in s. 373(7) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 7\(2\)\(d\)](#), [Sch. 20 Pt. 3\(7\)](#)

Marginal Citations

- M59** Source-1982 Sch.7 5(1)-(3); 1985 s.37(2)
- M60** Source-1982 Sch.7 5(4); 1983 s.17(2); 1985 s.37(3)
- M61** Source-1982 Sch.7 6(1), (2)

374 Conditions for application of section 369.

- (1) ^{M62}Section 369 does not apply to any relevant loan interest unless—
- (a) in the case of a loan of a description specified by regulations for the purposes of this paragraph, the borrower or, in the case of joint borrowers, each of them has given notice to the lender in the prescribed form certifying—
 - (i) that he is a qualifying borrower; and
 - (ii) that the interest is relevant loan interest; and
 - (iii) such other matters as may be prescribed; or
 - (b) the Board have given notice to the lender and the borrower that the interest may be paid under deduction of tax; or
 - (c) ^{F1133}
 - (d) ^{M63}the loan to which the interest relates is of a description specified by regulations for the purposes of this paragraph and was made—
 - (i) if sub-paragraph (2) of paragraph 2 of Schedule 7 to the Finance Act 1982 applied to interest on the loan which became due on or after a date earlier than 6th April 1983, being a date specified by the Board in pursuance of sub-paragraph (5) of that paragraph, before that earlier date; or
 - (ii) if the qualifying lender is a building society or a local authority, before 1st April 1983; or
 - (iii) if sub-paragraphs (i) and (ii) above do not apply and the interest falls within section 370(2), before 6th April 1983.
- (2) ^{M64}Where notice has been given as mentioned in paragraph (a) or (b) of subsection (1) above, section 369 applies to any relevant loan interest to which the notice relates and which becomes due on or after the relevant date, as defined by subsection (3) below; and in a case falling within paragraph ^{F1134} . . . (d) of subsection (1) above, section 369 applies to the relevant loan interest referred to in that paragraph.
- (3) In subsection (2) above “the relevant date” means—

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- (a) in the case of a notice under subsection (1)(a) above, the date the notice is given, and
- (b) in the case of a notice under subsection (1)(b) above, a date specified in the notice as being the relevant date (which may be earlier than the date so specified as the date from which the interest may be paid under deduction of tax).

Textual Amendments

F1133 S. 374(1)(c) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 8, Sch. 20 Pt. 3(7)

F1134 Words in s. 374(2) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 8, Sch. 20 Pt. 3(7)

Marginal Citations

M62 Source-1982 Sch.7 7(1)(a)-(c)

M63 Source-1982 Sch.7 7(1)(d), (4), (5)

M64 Source-1982 Sch.7 7(2)(3)

[^{F1135}374A Interest which never has been relevant loan interest etc.

- (1) This section applies where, in the case of any loan, interest on the loan never has been relevant loan interest or the borrower never has been a qualifying borrower.
- (2) Without prejudice to subsection (3) below, in relation to a payment of interest—
 - (a) as respects which either of the conditions mentioned in paragraphs (a) and (b) of section 374(1) is fulfilled, and
 - (b) from which a deduction was made as mentioned in section 369(1),
 section 369 shall have effect as if the payment of interest were a payment of relevant loan interest made by a qualifying borrower.
- (3) Nothing in subsection (2) above shall be taken as regards the borrower as entitling him to make any deduction or to retain any amount deducted and, accordingly, where any amount has been deducted, he shall be liable to make good that amount and an officer of the Board may make such assessments as may in his judgment be required for recovering that amount.
- (4) The Management Act shall apply to an assessment under subsection (3) above as if it were an assessment to income tax for the year of assessment in which the deduction was made ^{F1136}
- (5) If the borrower fraudulently or negligently makes any false statement or representation in connection with the making of any deduction, he shall be liable to a penalty not exceeding the amount deducted.]

Textual Amendments

F1135 S. 374A inserted (with application in accordance with s. 112(5) of the amending Act) by Finance Act 1995 (c. 4), s. 112(1)

F1136 Words in s. 374A(4) repealed (with effect in accordance with Sch. 18 para. 17(5) of the repealing Act) by Finance Act 1996 (c. 8), Sch. 18 para. 7, Sch. 41 Pt. 5(8), Note

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375 Interest ceasing to be relevant loan interest, etc.

- (1) ^{M65}If at any time—
 - (a) the interest on a loan ceases to be relevant loan interest; or
 - (b) a person making payments of relevant loan interest ceases to be a qualifying borrower;the borrower shall give notice of the fact to the lender.
- (2) Without prejudice to subsection (3) below, in relation to a payment of interest—
 - (a) which is due after the time referred to in subsection (1) above and before the date on which notice is given under that subsection, and
 - ^{F1137}(aa) as respects which any of the conditions mentioned in section 374(1) is fulfilled, and]
 - (b) from which a deduction was made as mentioned in section 369(1),section 369 shall have effect as if the payment were a payment of relevant loan interest made by a qualifying borrower.
- (3) Nothing in subsection (2) above ^{F1138}shall be taken as regards the borrower as entitling him to any deduction or to retain any amount deducted and, accordingly, where any amount that has been deducted exceeds the amount which ought to have been deducted], he shall be liable to make good the excess and an inspector may make such assessments as may in his judgment be required for recovering the excess.
- ^{F1139}(4) The Management Act shall apply to an assessment under subsection (3) above ^{F1140}as if it were an assessment to income tax for the year of assessment in which the deduction was made].
- (4A) If there is any unreasonable delay in the giving of a notice under subsection (1) above, the borrower shall be liable to a penalty not exceeding so much of the aggregate amount that he is liable to make good under subsection (3) above as is attributable to that delay.]
- (5) ^{M66}If, as a result of receiving a notice under subsection (1) above or otherwise, a qualifying lender has reason to believe that any interest is no longer relevant loan interest or that a borrower is no longer a qualifying borrower, the lender shall furnish the Board with such information as is in his possession with respect to those matters.
- (6) ^{M67}Where it appears to the Board that any of the provisions of sections 370 to 373 is not or may not be fulfilled with respect to any interest, or that a qualifying borrower has or may have ceased to be a qualifying borrower, they shall give notice of that fact to the lender and the borrower specifying the description of relevant loan interest concerned or, as the case may be, that the borrower has or may have ceased to be a qualifying borrower.
- (7) Section 369 shall not apply to any payment of relevant loan interest of a description to which a notice under subsection (6) above relates and which becomes due or is made after such date as may be specified in the notice and before such date as may be specified in a further notice given by the Board to the lender and the borrower.
- (8) ^{M68}In any case where—
 - (a) section 369 applies to any relevant loan interest by virtue of a notice under section 374(1)(b), and
 - (b) the relevant date specified in the notice is earlier than the date from which the interest begins to be paid under deduction of tax, and

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- (c) a payment of that interest was made on or after the relevant date but not under deduction of tax,

regulations may provide for a sum to be paid by the Board of an amount equal to that which the borrower would have been able to deduct from that payment by virtue of section 369 if it had been made after the relevant date.

[^{F1141}(8A) In any case where an amount to which a person is not entitled is paid to him by the Board in pursuance of regulations made by virtue of subsection (8) above, regulations may—

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

[^{F1142}(8B) Subsections (1), (5) and (6) above shall not apply where interest ceases to be relevant loan interest by virtue of section 38 of the Finance Act 1999.]

(9) ^{F1143}

(10) ^{F1143}

Textual Amendments

F1137 S. 375(2)(aa) inserted (with application in accordance with s. 112(5) of the amending Act) by Finance Act 1995 (c. 4), s. 112(2)

F1138 Words in s. 375(3) substituted (with effect in accordance with s. 81(6) of the amending Act) by Finance Act 1994 (c. 9), Sch. 9 para. 11

F1139 S. 375(4)(4A) substituted for s. 375(4) (with application in accordance with s. 112(5) of the amending Act) by Finance Act 1995 (c. 4), s. 112(3)

F1140 Words in s. 375(4) substituted (with effect in accordance with Sch. 18 para. 17(1) of the amending Act) by Finance Act 1996 (c. 8), Sch. 18 para. 8

F1141 S. 375(8A) inserted (with application in accordance with s. 112(5) of the amending Act) by Finance Act 1995 (c. 4), s. 112(4)

F1142 S. 375(8B) inserted (with effect in accordance with Sch. 4 para. 18(5) of the amending Act) by Finance Act 1999 (c. 16), Sch. 4 para. 9(1)

F1143 S. 375(9)(10) repealed (with effect in accordance with Sch. 4 para. 18(1) of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 9(2), Sch. 20 Pt. 3(7), Note 1

Marginal Citations

M65 Source-1982 Sch.7 8

M66 Source-1982 Sch.7 9(1)

M67 Source-1982 Sch.7 10(1), (2)

M68 Source-1982 Sch.7 11

[^{F1144}**375A Option to deduct interest for the purposes of Schedule A.**

^{F1145}

Textual Amendments

F1144 S. 375A inserted (with effect in accordance with s. 39(4)(5) of the amending Act) by Finance Act 1995 (c. 4), Sch. 6 para. 18

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F1145 S. 375A repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), Sch. 4 para. 10, **Sch. 20 Pt. 3(7)**

376 Qualifying borrowers and qualifying lenders.

- (1) ^{M69}Subject to subsection (2) below, an individual is a qualifying borrower with respect to the interest on any loan.
- (2) In relation to interest paid at a time when the borrower or the borrower's husband or wife holds [^{F1146}an office or employment which would, but for some special exemption or immunity from tax, be a taxable employment under Part 2 of ITEPA 2003 (as defined by section 66(3) of that Act)], the borrower is not a qualifying borrower.
- (3) In subsection (2) above references to the borrower's husband or wife do not include references to a separated husband or wife ^{F1147}
- (4) ^{M70}The following bodies are qualifying lenders:—
 - (a) a building society;
 - (b) a local authority;
 - (c) the Bank of England;
 - (d) ^{F1148}
 - [^{F1149}(e) a person who has permission under Part 4 of the Financial Services and Markets Act 2000 to effect or carry out contracts of long-term insurance;]
 - (f) any company to which property and rights belonging to a trustee savings bank were transferred by section 3 of the ^{M71}Trustee Savings Bank Act 1985;
 - (g) ^{F1150}
 - (h) a development corporation within the meaning of the ^{M72}New Towns Act 1981 or the ^{M73}New Towns (Scotland) Act 1968;
 - [^{F1151}(j) the Homes and Communities Agency;]
 - [^{F1152}(k) the Regulator of Social Housing,]
 - [^{F1153}(ka) the Secretary of State if the loan is made by him under section 79 of the ^{M74}Housing Associations Act 1985;]
 - (l) the Northern Ireland Housing Executive;
 - (m) the Scottish Special Housing Association;
 - (n) ^{F1154}
 - (o) the Church of England Pensions Board;
 - [^{F1155}(p) any body which is for the time being registered under section 376A.]
- [^{F1156}(4A) ^{F1157}]
- (5) ^{F1158}
- (6) ^{F1159}

Textual Amendments

- F1146** Words in s. 376(2) substituted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), **Sch. 6 para. 52** (with Sch. 7)
- F1147** Words in s. 376(3) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), Sch. 4 para. 11(a), **Sch. 20 Pt. 3(7)**

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- F1148** S. 376(4)(d) repealed (26.3.2001) by The Postal Services Act 2000 (Consequential Modifications No. 1) Order 2001 (S.I. 2001/1149), arts. 1(2), 3(2), **Sch. 2**
- F1149** S. 376(4)(e) substituted (1.12.2001 in accordance with art. 1(2)(a) of the amending Order) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 23(2)(a)**
- F1150** S. 376(4)(g) omitted (1.12.2001 in accordance with art. 1(2)(a) of the amending Order) by virtue of The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 23(2)(b)**
- F1151** S. 376(4)(j) substituted (1.12.2008) by Housing and Regeneration Act 2008 (c. 17), s. 325(1), **Sch. 8 para. 42**; S.I. 2008/3068, **art. 2(1)(w)** (with arts. 6-13)
- F1152** S. 376(4)(k) substituted (1.4.2010) by Housing and Regeneration Act 2008 (c. 17), s. 325(1), **Sch. 9 para. 12**; S.I. 2010/862, **art. 2** (with Sch.)
- F1153** S. 376(4)(ka) substituted (1.11.1998) by Government of Wales Act 1998 (c. 38), ss. 140(2), 158(1), **Sch. 16 para. 55**; S.I. 1998/2244, **art. 5**
- F1154** S. 376(4)(n) repealed (1.10.1998) by Government of Wales Act 1998 (c. 38), ss. 152, 158(1), **Sch. 18 Pt. 4**; S.I. 1998/2244, **art. 4**
- F1155** S. 376(4)(p) substituted (1.12.2001 in accordance with art. 1(2)(a) of the amending Order) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 23(2)(c)**
- F1156** S. 376(4A) inserted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, Sch. 9 paras. 3(3), **22**; S.I. 1993/236, **art. 2**
- F1157** S. 376(4A) omitted (1.12.2001 in accordance with art. 1(2)(a) of the amending Order) by virtue of The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 23(3)**
- F1158** S. 376(5) repealed (3.5.1994) by Finance Act 1994 (c. 9), s. 142(1)(b), **Sch. 26 Pt. 5(19)**
- F1159** S. 376(6) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 11(b), **Sch. 20 Pt. 3(7)**

Marginal Citations

- M69** Source-1982 Sch.7 13
M70 Source-1982 Sch.7 14(1); 1983 s.17(3)
M71 1985 c. 50.
M72 1981 c.64.
M73 1968 c. 16.
M74 1985 c. 69.

[^{F1160}**376A**The register of qualifying lenders.

- (1) The Board shall maintain, and publish in such manner as they consider appropriate, a register for the purposes of section 376(4).

[The following are entitled to be registered—

- ^{F1161}(1A) (a) a person who has permission under Part 4 of the Financial Services and Markets Act 2000—
- (i) to accept deposits; or
 - (ii) to effect or carry out contracts of general insurance;
- (b) a 90 per cent subsidiary of a person mentioned in—
- (i) section 376(4)(e); or
 - (ii) paragraph (a) above;
- (c) any other body whose activities and objects appear to the Board to qualify it for registration.]

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- (2) If the Board are satisfied that an applicant for registration is entitled to be registered, they may register the applicant generally or in relation to any description of loan specified in the register, with effect from such date as may be so specified; and a body which is so registered shall become a qualifying lender in accordance with the terms of its registration.
- (3) The registration of any body may be varied by the Board—
 - (a) where it is general, by providing for it to be in relation to a specified description of loan, or
 - (b) where it is in relation to a specified description of loan, by removing or varying the reference to that description of loan,and where they do so, they shall give the body written notice of the variation and of the date from which it is to have effect.
- (4) If it appears to the Board at any time that a body which is registered under this section would not be entitled to be registered if it applied for registration at that time, the Board may by written notice given to the body cancel its registration with effect from such date as may be specified in the notice.
- (5) The date specified in a notice under subsection (3) or (4) above shall not be earlier than the end of the period of 30 days beginning with the date on which the notice is served.
- (6) Any body which is aggrieved by the failure of the Board to register it under this section, or by the variation or cancellation of its registration, may [^{F1162} appeal], by notice given to the Board before the end of the period of 30 days beginning with the date on which the body is notified of the Board's decision^{F1163}]

Textual Amendments

- F1160** S. 376A inserted (3.5.1994) by Finance Act 1994 (c. 9), s. 142(2)
- F1161** S. 376A(1A) inserted (1.12.2001 in accordance with art. 1(2)(a) of the amending Order) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), art. 24
- F1162** Word in s. 376A(6) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 1 para. 138(a)
- F1163** Words in s. 376A(6) omitted (1.4.2009) by virtue of The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 1 para. 138(b)

377 Variation of terms of repayment of certain loans.

^{F1164}

Textual Amendments

- F1164** S. 377 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 12, Sch. 20 Pt. 3(7)

378 Supplementary regulations.

^{M75}(1) ^{F1165}

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- (2) ^{F1165}
- (3) The Board may by regulations make provision—
- (a) for the purposes of any provision of sections 369 to [^{F1166}376A] which relates to any matter or thing to be specified by or done in accordance with regulations;
 - (b) for the application of those sections 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 [^{F1167}the tribunal] against the refusal of the Board to issue a notice under section 374(1)(b) or the issue of a notice under section 375(6) or (7); and
 - (e) generally for giving effect to sections 369 to [^{F1166}376A].
- (4) ^{F1165}

Textual Amendments

F1165 S. 378(1)(2)(4) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 13(a), **Sch. 20 Pt. 3(7)**

F1166 Words in s. 378(3) substituted (with effect in accordance with Sch. 4 para. 18(5) of the amending Act) by Finance Act 1999 (c. 16), **Sch. 4 para. 13(b)**

F1167 Words in s. 378(3) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 139**

Marginal Citations

M75 Source-1982 s.29; 1984 s.56(2)

379

In sections 369 to 378—

[^{F1168}“contracts of general insurance” means contracts which fall within Part I of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 and “contracts of long-term insurance” means contracts which fall within Part II of that Schedule;]

“prescribed” ^{F1169} . . . means prescribed by the Board;

“qualifying borrower” has the meaning given by section 376(1) to (3);

“qualifying lender” has the meaning given by section 376(4) ^{F1170} . . . ;

“regulations” ^{F1171} . . . means regulations made by the Board under section 378;

“relevant loan interest” has the meaning given by section 370(1);

[^{F1172}“separated” means separated under an order of a court of competent jurisdiction or by deed of separation or in such circumstances that the separation is likely to be permanent.]

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Textual Amendments

- F1168** S. 379: definition of "contracts of general insurance" inserted (1.12.2001 in accordance with art. 1(2)(a) of the amending Order) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 25](#)
- F1169** S. 379: words in definition of "prescribed" repealed (3.5.1994) by [Finance Act 1994 \(c. 9\)](#), [Sch. 26 Pt. 5\(19\)](#)
- F1170** S. 379: words in definition of "qualifying lender" repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 14\(a\)](#), [Sch. 20 Pt. 3\(7\)](#)
- F1171** S. 379: words in definition of "regulations" repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 14\(b\)](#), [Sch. 20 Pt. 3\(7\)](#)
- F1172** S. 379: definition of "separated" inserted (with effect in accordance with [Sch. 4 para. 18\(5\)](#) of the amending Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 14\(c\)](#)

PART X

LOSS RELIEF AND GROUP RELIEF

[^{F1173}CHAPTER I

LOSS RELIEF: INCOME TAX]

Textual Amendments

- F1173** Pt. 10 Ch. 1 (ss. 379A-392) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 73](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F1174}[^{F1175}Losses from [^{F1176}UK property] business or overseas property business]

Textual Amendments

- F1174** S. 379A and preceding cross-heading inserted (with effect in accordance with s. 39(4)(5) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 6 para. 19\(1\)](#)
- F1175** S. 379A cross-heading substituted (with effect in accordance with s. 38(2)(3) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 5 para. 26](#) (with [Sch. 5 para. 73](#))
- F1176** Words in cross-heading preceding s. 379A substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 156\(8\)](#) (with [Sch. 2](#))

379A [^{F1177}Losses from UK property business].

^{F1178}
.....

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Textual Amendments

F1177 S. 379A sidenote substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by virtue of [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 156\(7\)](#) (with [Sch. 2](#))

F1178 Pt. 10 Ch. 1 (ss. 379A-392) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 73](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Losses from overseas property business.
F1179 379B **F1180**

Textual Amendments

F1179 S. 379B inserted (with effect in accordance with s. 38(2)(3) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 5 para. 27](#) (with [Sch. 5 para. 73](#))

F1180 Pt. 10 Ch. 1 (ss. 379A-392) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 73](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Trade etc. losses

380 Set-off against general income.
F1181

Textual Amendments

F1181 Pt. 10 Ch. 1 (ss. 379A-392) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 73](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

381 Further relief for individuals for losses in early years of trade.
F1182

Textual Amendments

F1182 Pt. 10 Ch. 1 (ss. 379A-392) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 73](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

382 Provisions supplementary to sections 380 and 381.
F1183

Textual Amendments

F1183 Pt. 10 Ch. 1 (ss. 379A-392) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 73](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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383 Extension of right of set-off to capital allowances.

F1184

Textual Amendments

F1184S. 383 repealed (with effect in accordance with ss. 211(2), 218(1)(b) of the repealing Act) by [Finance Act 1994 \(c. 9\)](#), s. 214(1)(b), [Sch. 26 Pt. 5\(24\)](#), Note 5

384 Restrictions on right of set-off.

F1185

Textual Amendments

F1185Pt. 10 Ch. 1 (ss. 379A-392) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 73](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F1186}384A Restriction of set-off of allowances against general income

F1187]

Textual Amendments

F1186S. 384A inserted (with effect in accordance with s. 579(1) of the amending Act) by [Capital Allowances Act 2001 \(c. 2\)](#), [Sch. 2 para. 30](#) (with [Sch. 3](#))

F1187Pt. 10 Ch. 1 (ss. 379A-392) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 73](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

385 Carry-forward against subsequent profits.

F1188

Textual Amendments

F1188Pt. 10 Ch. 1 (ss. 379A-392) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 73](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

386 Carry-forward where business transferred to a company.

F1189

Textual Amendments

F1189Pt. 10 Ch. 1 (ss. 379A-392) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 73](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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387 Carry-forward as losses of amounts taxed under section 350.

F1190

Textual Amendments

F1190 Pt. 10 Ch. 1 (ss. 379A-392) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 73](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

388 Carry-back of terminal losses.

F1191

Textual Amendments

F1191 Pt. 10 Ch. 1 (ss. 379A-392) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 73](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

389 Supplementary provisions relating to carry-back of terminal losses.

F1192

Textual Amendments

F1192 Pt. 10 Ch. 1 (ss. 379A-392) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 73](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

390 Treatment of interest as a loss for purposes of carry-forward and carry-back.

F1193

Textual Amendments

F1193 Pt. 10 Ch. 1 (ss. 379A-392) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 73](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

391 Losses from trade etc. carried on abroad

F1194

Textual Amendments

F1194 Pt. 10 Ch. 1 (ss. 379A-392) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 73](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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Case VI losses

392 Losses from miscellaneous transactions

F1195

Textual Amendments

F1195 Pt. 10 Ch. 1 (ss. 379A-392) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 73](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F1196}CHAPTER II

LOSS RELIEF: CORPORATION TAX]

Textual Amendments

F1196 Pt. 10 Ch. 2 (ss. 392A-396) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 34](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F1197} Losses from [^{F1198}UK property business] or overseas property business

Textual Amendments

F1197 Ss. 392A, 392B and preceding cross-heading inserted (with effect in accordance with s. 38(2)(3) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 5 para. 28](#) (with [Sch. 5 paras. 72, 73](#))

F1198 Words in cross-heading preceding s. 392A substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 108\(8\)](#) (with [Sch. 2 Pts. 1, 2](#))

392A [^{F1199}UK property business losses]

F1200

Textual Amendments

F1199 S. 392A title substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 108\(7\)](#) (with [Sch. 2 Pts. 1, 2](#))

F1200 Pt. 10 Ch. 2 (ss. 392A-396) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 34](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

392B Losses from overseas property business.

F1201

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Textual Amendments

F1201 Pt. 10 Ch. 2 (ss. 392A-396) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 34, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Trade etc. losses

393 Losses other than terminal losses.

F1202

Textual Amendments

F1202 Pt. 10 Ch. 2 (ss. 392A-396) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 34, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F1203} 393A Losses: set off against profits of the same, or an earlier, accounting period.

F1204]

Textual Amendments

F1203 S. 393A inserted by [Finance Act 1991 \(c. 31\), s. 73\(1\)\(4\)\(5\)](#)

F1204 Pt. 10 Ch. 2 (ss. 392A-396) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 34, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F1205} 393B Losses of ring fence trade: set off against profits of an earlier accounting period

F1206]

Textual Amendments

F1205 S. 393B inserted (with effect in accordance with s. 111(3) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 111\(1\)](#)

F1206 Pt. 10 Ch. 2 (ss. 392A-396) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 34, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

^{F1207} 394 Terminal losses.

.

Textual Amendments

F1207 S. 394 repealed by [Finance Act 1991 \(c. 31\), ss. 73\(2\)\(4\)\(5\), 123, Sch. 19 Pt. V](#)

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395 Leasing contracts and company reconstructions.

F1208
.....

Textual Amendments

F1208Pt. 10 Ch. 2 (ss. 392A-396) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 34, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Case VI losses

396 [^{F1209}Losses from miscellaneous transactions]

F1210
.....

Textual Amendments

F1209S. 396 title substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 112\(5\)](#) (with [Sch. 2 Pts. 1, 2](#))

F1210Pt. 10 Ch. 2 (ss. 392A-396) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 34, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

CHAPTER III

LOSS RELIEF: MISCELLANEOUS PROVISIONS

397 Restriction of relief in case of farming and market gardening.

F1211
.....

Textual Amendments

F1211S. 397 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 35, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

398 Transactions in deposits with and without certificates or in debts.

^{M76}Where [^{F1212}a company] sustains a loss on the exercise or disposal of a right to receive any amount, being a right to which section 56(2) ^{F1213}. . . applies, in a case where—

- (a) if a profit had arisen from that exercise or disposal, that profit would have been chargeable to [^{F1214}corporation] tax by virtue of section 56(2) ^{F1215}. . . , and
- (b) [^{F1216}the company is chargeable to corporation tax under [^{F1217}Part 5 of CTA 2009 (loan relationships)] in respect of interest payable on that amount,

then the amount of that interest shall be included in the amounts against which [^{F1218}the amount of its loss may be set off under [^{F1219}section 91 of CTA 2010].]

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Textual Amendments

- F1212** Words in s. 398 substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 75\(2\)](#) (with [Sch. 2](#))
- F1213** Words in s. 398 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 75\(3\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F1214** Words in s. 398(a) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 75\(4\)\(a\)](#) (with [Sch. 2](#))
- F1215** Words in s. 398(a) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 75\(4\)\(b\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F1216** Words in s. 398(b) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 75\(5\)](#) (with [Sch. 2](#))
- F1217** Words in s. 398(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 114](#) (with [Sch. 2 Pts. 1, 2](#))
- F1218** Words in s. 398 substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 75\(6\)](#) (with [Sch. 2](#))
- F1219** Words in s. 398 substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 36](#) (with [Sch. 2](#))

Marginal Citations

M76 Source—1973 s.26(2); 1974 s.30(2)

399 Dealings in commodity futures etc: withdrawal of loss relief.

F1220

Textual Amendments

- F1220** S. 399 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 37](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

400 Write-off of government investment.

F1221

Textual Amendments

- F1221** S. 400 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 38](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

401 Relief for pre-trading expenditure.

F1222

Textual Amendments

- F1222** S. 401 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 117](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

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[^{F1223}CHAPTER IV
GROUP RELIEF]

Textual Amendments

F1223Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, Sch. 3 Pt. 1 (with Sch. 2)

402 Surrender of relief between members of groups and consortia.

^{F1224}

Textual Amendments

F1224Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, Sch. 3 Pt. 1 (with Sch. 2)

403 Losses etc. which may be surrendered by way of group relief.

^{F1225}

Textual Amendments

F1225Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, Sch. 3 Pt. 1 (with Sch. 2)

[^{F1226}**403ZA Amounts eligible for group relief: trading losses.**

^{F1227}

Textual Amendments

F1226Ss. 403-403ZE substituted for s. 403 (with effect in accordance with s. 38(2)(3) of the amending Act) by Finance Act 1998 (c. 36), Sch. 5 para. 29 (with Sch. 5 para. 73)
F1227Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, Sch. 3 Pt. 1 (with Sch. 2)

403ZB Amounts eligible for group relief: excess capital allowances.

^{F1228}

Textual Amendments

F1226Ss. 403-403ZE substituted for s. 403 (with effect in accordance with s. 38(2)(3) of the amending Act) by Finance Act 1998 (c. 36), Sch. 5 para. 29 (with Sch. 5 para. 73)
F1228Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, Sch. 3 Pt. 1 (with Sch. 2)

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403ZC Amounts eligible for group relief: non-trading deficit on loan relationships.

F1229

Textual Amendments

F1226Ss. 403-403ZE substituted for s. 403 (with effect in accordance with s. 38(2)(3) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 5 para. 29** (with Sch. 5 para. 73)

F1229Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, **Sch. 3 Pt. 1** (with Sch. 2)

403ZD Other amounts available by way of group relief.

F1230

Textual Amendments

F1226Ss. 403-403ZE substituted for s. 403 (with effect in accordance with s. 38(2)(3) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 5 para. 29** (with Sch. 5 para. 73)

F1230Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, **Sch. 3 Pt. 1** (with Sch. 2)

403ZE Computation of gross profits.

F1231]

Textual Amendments

F1226Ss. 403-403ZE substituted for s. 403 (with effect in accordance with s. 38(2)(3) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 5 para. 29** (with Sch. 5 para. 73)

F1231Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F1232}403A Limits on group relief.

F1233

Textual Amendments

F1232Ss. 403A-403C inserted (with effect in accordance with Sch. 7 para. 9 of the amending Act) by Finance (No. 2) Act 1997 (c. 58), **Sch. 7 para. 2**

F1233Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, **Sch. 3 Pt. 1** (with Sch. 2)

403B Apportionments under section 403A.

F1234

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Textual Amendments

F1232Ss. 403A-403C inserted (with effect in accordance with [Sch. 7 para. 9](#) of the amending Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), [Sch. 7 para. 2](#)

F1234Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 39](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

403C Amount of relief in consortium cases.

F1235]

Textual Amendments

F1232Ss. 403A-403C inserted (with effect in accordance with [Sch. 7 para. 9](#) of the amending Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), [Sch. 7 para. 2](#)

F1235Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 39](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F1236}**403D**^{F1237} **Relief for or in respect of UK losses of non-resident companies]**

F1238

Textual Amendments

F1236Ss. 403D, 403E inserted (with effect in accordance with [Sch. 27 para. 6\(1\)\(2\)\(4\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 27 para. 4](#)

F1237S. 403D title substituted (with effect in accordance with [Sch. 1 para. 9](#) of the amending Act) by virtue of [Finance Act 2006 \(c. 25\)](#), [Sch. 1 para. 3\(4\)](#)

F1238Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 39](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

403E Relief for overseas losses of UK resident companies.

F1239]

Textual Amendments

F1236Ss. 403D, 403E inserted (with effect in accordance with [Sch. 27 para. 6\(1\)\(2\)\(4\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 27 para. 4](#)

F1239Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 39](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F1240}**403F** **Relief in respect of overseas losses of non-resident companies**

F1241]

Status: Point in time view as at 01/04/2010. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F1240S. 403F inserted (with effect in accordance with Sch. 1 para. 9 of the amending Act) by Finance Act 2006 (c. 25), Sch. 1 para. 4(1)

F1241Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, Sch. 3 Pt. 1 (with Sch. 2)

[^{F1242}**403** Unallowable overseas losses of non-resident companies

^{F1243}]

Textual Amendments

F1242S. 403G inserted (with effect in accordance with Sch. 1 para. 9 of the amending Act) by Finance Act 2006 (c. 25), Sch. 1 para. 4(2)

F1243Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, Sch. 3 Pt. 1 (with Sch. 2)

404 Limitation of group relief in relation to certain dual resident companies.

^{F1244}

Textual Amendments

F1244Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, Sch. 3 Pt. 1 (with Sch. 2)

405 Claims relating to losses etc. of members of both group and consortium.

^{F1245}

Textual Amendments

F1245Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, Sch. 3 Pt. 1 (with Sch. 2)

406 Claims relating to losses etc. of consortium company or group member.

^{F1246}

Textual Amendments

F1246Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, Sch. 3 Pt. 1 (with Sch. 2)

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407 Relationship between group relief and other relief.

F1247
.....

Textual Amendments

F1247Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, Sch. 3 Pt. 1 (with Sch. 2)

408 Corresponding accounting periods.

F1248
.....

Textual Amendments

F1248Ss. 408, 409 repealed (with effect in accordance with Sch. 7 para. 9, Sch. Pt. 2(14) Note of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 7 para. 6, Sch. 8 Pt. 2(14)

409 Companies joining or leaving group or consortium.

F1249
.....

Textual Amendments

F1249Ss. 408, 409 repealed (with effect in accordance with Sch. 7 para. 9, Sch. Pt. 2(14) Note of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 7 para. 6, Sch. 8 Pt. 2(14)

410 Arrangements for transfer of company to another group or consortium.

F1250
.....

Textual Amendments

F1250Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, Sch. 3 Pt. 1 (with Sch. 2)

411 Exclusion of double allowances.

F1251
.....

Textual Amendments

F1251Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, Sch. 3 Pt. 1 (with Sch. 2)

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[^{F1252}**411ZA** ~~No relief where deduction of relevant return under alternative finance arrangements disallowed~~

F1253]

Textual Amendments

F1252S. 411ZA inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 124** (with Sch. 2 Pts. 1, 2)

F1253Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F1254}**411A** ~~Group relief by way of substitution for loss relief.~~

F1255]

Textual Amendments

F1254S. 411A inserted (with effect in accordance with s. 101(2) of the amending Act) by Finance Act 1990 (c. 29), **s. 101(1)**

F1255S. 411A repealed (with effect in accordance with s. 93(2) of the repealing Act) by Finance Act 1999 (c. 16), Sch. 11 para. 1, **Sch. 20 Pt. 3(21)**, Note

412 Claims and adjustments.

F1256

Textual Amendments

F1256Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, **Sch. 3 Pt. 1** (with Sch. 2)

413 Interpretation of Chapter IV.

F1257

Textual Amendments

F1257Pt. 10 Ch. 4 (ss. 402-413) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 39, **Sch. 3 Pt. 1** (with Sch. 2)

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PART XI

CLOSE COMPANIES

[^{F1258}CHAPTER I

INTERPRETATIVE PROVISIONS]

Textual Amendments

F1258Pt. 11 Ch. 1 (ss. 414-418) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 40](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

414 Close companies.

F1259
.....

Textual Amendments

F1259Pt. 11 Ch. 1 (ss. 414-418) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 40](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

415 Certain quoted companies not to be close companies.

F1260
.....

Textual Amendments

F1260Pt. 11 Ch. 1 (ss. 414-418) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 40](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

416 Meaning of “associated company” and “control”.

F1261
.....

Textual Amendments

F1261Pt. 11 Ch. 1 (ss. 414-418) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 40](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

417 Meaning of “participator”, “associate”, “director” and “loan creditor”.

F1262
.....

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Textual Amendments

F1262Pt. 11 Ch. 1 (ss. 414-418) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 40, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Additional matters to be treated as distributions

418 “Distribution” to include certain expenses of close companies.

F1263

Textual Amendments

F1263Pt. 11 Ch. 1 (ss. 414-418) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 40, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F1264}CHAPTER II

CHARGES TO TAX IN CONNECTION WITH LOANS]

Textual Amendments

F1264Pt. 11 Ch. 2 (ss. 419-422) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 41, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

419 Loans to participators etc.

- (1)^{M77} Subject to the following provisions of this section and section 420, where a close company, otherwise than in the ordinary course of a business carried on by it which includes the lending of money, makes any loan or advances any money to an individual who is a participator in the company or an associate of a participator, there shall be assessed on and recoverable from the company, as if it were an amount of corporation tax chargeable on the company for the accounting period in which the loan or advance is made, an amount equal to [^{F1265}25 per cent. of the amount of the loan or advance].

In relation to a loan or advance made in an accounting period ending after the day, not being earlier than 31st March 1992, appointed by order by the Treasury for the purpose of this provision, this subsection shall have effect with the substitution for “assessed on and recoverable” of “due”.

- (2)^{M78} For the purposes of this section the cases in which a close company is to be regarded as making a loan to any person include a case where—
- (a) that person incurs a debt to the close company; or
 - (b) a debt due from that person to a third party is assigned to the close company; and then the close company shall be regarded as making a loan of an amount equal to the debt.
- [^{F1266}(3) Tax due by virtue of this section in relation to any loan or advance shall be due and payable [^{F1267}in accordance with section 59D of the Management Act] on the day

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following the expiry of nine months from the end of the accounting period in which the loan or advance was made.]

- (4)^{M79} Where a close company has made a loan or advance which gave rise to a charge to tax on the company under subsection (1) above and

- [^{F1268}(a) the loan or advance or any part of it is repaid to the company,^{F1269} or
(b) the whole or part of the debt in respect of the loan or advance is released or written off,]

relief shall be given from that tax, or a proportionate part of it ^{F1270}

Relief under this subsection shall be given on a claim, which must be made within [^{F1271}4 years] from the end of the financial year in which the repayment is made [^{F1272} or the release or writing off occurs].

- [^{F1273}(4A) Where

- [the repayment of the whole or any part of a loan or advance occurs on or after
^{F1274}(a) the day on which tax by virtue of this section becomes due in relation to that loan or advance,^{F1275} or
(b) the release or writing off of the whole or any part of the debt in respect of a loan or advance occurs on or after the day on which tax by virtue of this section becomes due in relation to that loan or advance,]

relief in respect of the repayment [^{F1276}, release or writing off] shall not be given under subsection (4) above at any time before the expiry of nine months from the end of the accounting period in which the repayment [^{F1276}, release or writing off] occurred.]

- [^{F1277}(4B) Schedule 1A to the Taxes Management Act 1970 (claims and elections not included in return) applies to a claim for relief under subsection (4) above unless—

- (a) the claim is included (by amendment or otherwise) in the return for the period in which the loan or advance was made, and
(b) the relief may be given at the time the claim is made.]

- (5)^{M80} Where, under arrangements made by any person otherwise than in the ordinary course of a business carried on by him—

- (a) a close company makes a loan or advance which, apart from this subsection, does not give rise to any charge on the company under subsection (1) above, and
(b) some person other than the close company makes a payment or transfers property to, or releases or satisfies (in whole or in part) a liability of, an individual who is a participator in the company or an associate of a participator,

then, unless in respect of the matter referred to in paragraph (b) above there falls to be included in the total income of the participator or associate an amount not less than the loan or advance, this section shall apply as if the loan or advance had been made to him.

- (6) In subsections (1) and (5)(b) above the references to an individual shall apply also to a company receiving the loan or advance in a fiduciary or representative capacity ^{F1278}

- (7) For the purposes of this section any participator in a company which controls another company shall be treated as being also a participator in that other company.

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Subordinate Legislation Made

P1 S. 419(1)(3): 30.9.1993 appointed for the purposes of s. 419(1)(3) by S.I. 1992/3066, **art. 2(2)(b)**

Textual Amendments

F1265 Words in s. 419(1) substituted (with effect in accordance with Sch. 3 para. 24(5) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 3 para. 24(2)**

F1266 S. 419(3) substituted (with effect in accordance with s. 173(6) of the amending Act) by Finance Act 1996 (c. 8), **s. 173(2)**

F1267 Words in s. 419(3) inserted (with effect in accordance with s. 117(4)(5) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 19 para. 47(2)**; S.I. 1998/3173, **art. 2**

F1268 Word in s. 419(4) renumbered as s. 419(4)(a) (with effect in accordance with Sch. 3 para. 24(6) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 3 para. 24(3)(a)**

F1269 S. 419(4)(b) and preceding word inserted (with effect in accordance with Sch. 3 para. 24(6) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 3 para. 24(3)(b)**

F1270 Words in s. 419(4) repealed (with effect in accordance with s. 117(4)(5) of the repealing Act) by Finance Act 1998 (c. 36), Sch. 19 para 47(3), **Sch. 27 Pt. 3(28)**, Note; S.I. 1998/3173, **art. 2**

F1271 Words in s. 419(4) substituted (1.4.2010) by Finance Act 2008 (c. 9), s. 118(2), **Sch. 39 para. 22**; S.I. 2009/403, **art. 2(2)** (with art. 10)

F1272 Words in s. 419(4) inserted (with effect in accordance with Sch. 3 para. 24(6) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 3 para. 24(3)(c)**

F1273 S. 419(4A) inserted (with effect in accordance with s. 173(6) of the amending Act) by Finance Act 1996 (c. 8), **s. 173(3)**

F1274 Word in s. 419(4A) renumbered as s. 419(4A)(a) (with effect in accordance with Sch. 3 para. 24(6) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 3 para. 24(4)(a)**

F1275 S. 419(4A)(b) and preceding word inserted (with effect in accordance with Sch. 3 para. 24(6) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 3 para. 24(4)(b)**

F1276 Words in s. 419(4A) inserted (with effect in accordance with Sch. 3 para. 24(6) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 3 para. 24(4)(c)**

F1277 S. 419(4B) inserted (with effect in accordance with s. 117(4)(5) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 19 para. 47(4)**; S.I. 1998/3173, **art. 2**

F1278 Words in s. 419(6) repealed (with effect in accordance with s. 173(6) of the repealing Act) by Finance Act 1996 (c. 8), s. 173(4), **Sch. 41 Pt. 5(29)**, Note

Modifications etc. (not altering text)

C47 See 1970(M) s.109—*application of s.419 to corporation tax enactments generally.*

Marginal Citations

M77 Source—1970 s.286(1); 1972 Sch.17 3(2); 1987 (No.2) s.90(3)

M78 Source—1970 s.286(2)

M79 Source—1970 s.286(5); 1972 Sch.17 3(4); 1986 s.43(2); 1976 s.44

M80 Source—1970 s.286(7)-(9)

420 Exceptions from section 419.

F1279

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Textual Amendments

F1279Pt. 11 Ch. 2 (ss. 419-422) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 41, **Sch. 3 Pt. 1** (with Sch. 2)

421 Taxation of borrower when loan under section 419 released etc

F1280

Textual Amendments

F1280Pt. 11 Ch. 2 (ss. 419-422) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 41, **Sch. 3 Pt. 1** (with Sch. 2)

422 Extension of section 419 to loans by companies controlled by close companies.

F1281

Textual Amendments

F1281Pt. 11 Ch. 2 (ss. 419-422) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 41, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F1282}CHAPTER III

APPORTIONMENT OF UNDISTRIBUTED INCOME ETC.]

Textual Amendments

F1282Pt. 11 Ch. 3 (ss. 423-430) repealed (with effect in accordance with s. 103(1) of the repealing Act) by Finance Act 1989 (c. 4), **Sch. 17 Pt. 5**, Note 4 (with s. 103(2))

^{F1283}423 Apportionment of certain income, deductions and interest.

.....

Textual Amendments

F1283Pt. 11 Ch. 3 (ss. 423-430) repealed (with effect in accordance with s. 103(1) of the repealing Act) by Finance Act 1989 (c. 4), **Sch. 17 Pt. 5**, Note 4 (with s. 103(2))

^{F1284}424 Exclusions from section 423.

.....

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.....

Textual Amendments
F1284Pt. 11 Ch. 3 (ss. 423-430) repealed (with effect in accordance with s. 103(1) of the repealing Act) by Finance Act 1989 (c. 4), **Sch. 17 Pt. 5**, Note 4 (with s. 103(2))

F1285 425 Manner of apportionment.

.....

.....

Textual Amendments
F1285Pt. 11 Ch. 3 (ss. 423-430) repealed (with effect in accordance with s. 103(1) of the repealing Act) by Finance Act 1989 (c. 4), **Sch. 17 Pt. 5**, Note 4 (with s. 103(2))

F1286 426 Charge to income tax where apportionment is to an individual.

.....

.....

Textual Amendments
F1286Pt. 11 Ch. 3 (ss. 423-430) repealed (with effect in accordance with s. 103(1) of the repealing Act) by Finance Act 1989 (c. 4), **Sch. 17 Pt. 5**, Note 4 (with s. 103(2))

F1287 427 Reduction of charge under section 426 in certain cases.

.....

.....

Textual Amendments
F1287Pt. 11 Ch. 3 (ss. 423-430) repealed (with effect in accordance with s. 103(1) of the repealing Act) by Finance Act 1989 (c. 4), **Sch. 17 Pt. 5**, Note 4 (with s. 103(2))

F1288 428 Increase of apportioned sum etc. by reference to ACT.

.....

.....

Textual Amendments
F1288Pt. 11 Ch. 3 (ss. 423-430) repealed (with effect in accordance with s. 103(1) of the repealing Act) by Finance Act 1989 (c. 4), **Sch. 17 Pt. 5**, Note 4 (with s. 103(2))

F1289 429 Payment and collection of income tax.

.....

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Textual Amendments

F1289Pt. 11 Ch. 3 (ss. 423–430) repealed (with effect in accordance with s. 103(1) of the repealing Act) by Finance Act 1989 (c. 4), **Sch. 17 Pt. 5**, Note 4 (with s. 103(2))

F1290 **430 Consequences of apportionment: ACT.**

Textual Amendments

F1290Pt. 11 Ch. 3 (ss. 423–430) repealed (with effect in accordance with s. 103(1) of the repealing Act) by Finance Act 1989 (c. 4), **Sch. 17 Pt. 5**, Note 4 (with s. 103(2))

PART XII

SPECIAL CLASSES OF COMPANIES AND BUSINESSES

CHAPTER I

**INSURANCE COMPANIES, UNDERWRITERS
AND CAPITAL REDEMPTION BUSINESS**

Insurance companies: general

431 Interpretative provisions relating to insurance companies.

[^{F1291M81}(1) This section has effect for the interpretation of the life assurance provisions of the Corporation Tax Acts.]

(2) ^{M82}Unless the context otherwise requires—

F1292

F1293

F1293

[^{F1294F1295}

F1296

[^{F1297c}“basic life assurance and general annuity business” has the meaning given by section 431F;]

[^{F1298c}“brought into account” has the meaning given by section 83A of the Finance Act 1989;]

[^{F1299c}“child trust fund business” has the meaning given by section 431BA;]

“closing” and “opening”, in relation to a period of account, refer respectively to the position at the end and at the beginning of the period and, in relation to an accounting period, refer respectively to the position at the end and at the beginning of the period of account in which the accounting period falls;

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“closing liabilities” includes liabilities assumed at the end of the period of account concerned in consequence of the declaration of reversionary bonuses or a reduction in premiums;

[^{F1300}“contract of insurance” has the meaning given by Article 3(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 and “contract of long-term insurance” means any contract which falls within Part II of Schedule 1 to that Order;]

[^{F1301}“deposit back arrangements” means arrangements by which an amount is deposited by the reinsurer under a contract of reinsurance with the cedant;]

[^{F1302}“fair value”, in relation to assets, means the amount which would be obtained from an independent person purchasing them or, if the assets are money, its amount;]

[^{F1303}[^{F1304}“foreign business assets”, in relation to an insurance company, means assets, other than linked assets, which either—

- (a) are shown in the records of the company as being primarily attributable to liabilities of the company's foreign business, or
- (b) are attributable, under the law of a country or territory outside the United Kingdom, to a permanent establishment of the company in that country or territory through which it carries on foreign business;

and for this purpose “foreign business” means overseas life assurance business or life reinsurance business to the extent that it consists of the reinsurance of overseas life assurance business;]

[^{F1305}[^{F1306}.....]

[^{F1307}“free assets amount”, in relation to an insurance company, means the excess of the value of the assets of the company's long-term business [^{F1308}, other than any structural assets (within the meaning of section 83XA of the Finance Act 1989),] over the aggregate of —

- (a) the value of the liabilities of that business,
- (b) any money debts (within the meaning of [^{F1309}Part 5 of CTA 2009 (see section 303 of that Act)]) of the company not within paragraph (a) above which are owed in respect of that business, and
- (c) the amount of the shareholders' excess assets within the meaning given by section 432A(8)(b));]

[^{F1310}“General Prudential Sourcebook” means the General Prudential Sourcebook made by the Financial Services Authority under the Financial Services and Markets Act 2000^{M83};

[^{F1311}“gross roll-up business” has the meaning given by section 431EA;]

[^{F1312}“the I minus E basis” means the basis under which a company carrying on life assurance business is charged to tax on the relevant profits (within the meaning of section 88(3) of the Finance Act 1989) of that business otherwise than under [^{F1313}section 35 of CTA 2009 (charge on trade profits)];]

[^{F1314}“immediate needs annuities business” means business which consists of the effecting or carrying out of immediate needs annuities (within the meaning of section 725 of ITTOIA 2005);]

[^{F1315}“individual savings account business” has the meaning given by section 431BB;]

[^{F1316}.....]

[^{F1317}[^{F1318}[^{F1319}“insurance business transfer scheme” means—

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- (a) a scheme falling within section 105 of the Financial Services and Markets Act 2000, including an excluded scheme falling within Case 2, 3 ^[F1320], 4 or 5] of subsection (3) of that section, or
- (b) a scheme which would fall within that section but for subsection (1)(b) of that section;]

“insurance company” means—

- (a) a person (other than a friendly society) who has permission under Part 4 of the Financial Services and Markets Act 2000 to effect or carry out contracts of insurance, or
- (b) an EEA firm of the kind mentioned in paragraph 5(d) of Schedule 3 to that Act or a firm qualifying for authorisation under Schedule 4 to that Act which—
 - (i) carries on business which consists of the effecting or carrying out of contracts of insurance, and
 - (ii) carries on that business through a branch or agency in the United Kingdom,

^[F1321]but does not include an insurance special purpose vehicle;]]

^[F1322]“the Insurance Prudential Sourcebook” means the Prudential Sourcebook for Insurers made by the Financial Services Authority under the Financial Services and Markets Act 2000;

“insurance special purpose vehicle” means any undertaking which assumes risks from insurance or reinsurance undertakings and which fully funds its exposure to such risks through the proceeds of a debt issue or some other financing mechanism where the repayment rights of the providers of such debt or other financing mechanism are subordinated to the reinsurance obligations of the undertaking;]

^[F1323F1324]

^[F1325]“internal linked fund”, in relation to an insurance company, means an account—

- (a) to which linked assets are appropriated by the company, and
- (b) which may be divided into units the value of which is determined by the company by reference to the value of those assets;]

^[F1326F1327]

^[F1328F1329]

^[F1330]“liabilities”, in relation to an insurance company, means—

- (a) the mathematical reserves of the company as determined in accordance with ^[F1331]section 1.2 of the Insurance Prudential Sourcebook], and
- (b) liabilities of the company (whose value falls to be determined in accordance with ^[F1332]section 1.3 of the General Prudential Sourcebook]) which arise from deposit back arrangements;

^{F1333}

^[F1334]“life assurance business” means business which—

- (a) consists of the effecting or carrying out of contracts of insurance which fall within paragraph I, II, III or VII(b) of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, or
- (b) is capital redemption business,

other than immediate needs annuities business;]

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[^{F1335}“the life assurance provisions of the Corporation Tax Acts” means—
 (a) the provisions of this Chapter so far as relating to life assurance business, companies carrying on such business and friendly societies, and
 (b) any other provisions of the Corporation Tax Acts making separate provision by reference to whether or not the business of a company is or includes life assurance business or any category of business that includes life assurance business;]

[^{F1336}“life assurance trade profits provisions” means the provisions applicable for the purposes of the taxation under section 35 of CTA 2009 (charge on trade profits) of the profits of life assurance business carried on by an insurance company;]

[^{F1337}“life reinsurance business” has the meaning given by section 431C;

[^{F1338}[^{F1339}“linked assets”, and related expressions, shall be construed in accordance with section 432ZA;]

[^{F1340}“long-term business” means business which consists of the effecting or carrying out of contracts of long-term insurance;]

“[^{F1341}long-term insurance fund]” means the fund maintained by an insurance company in respect of its [^{F1342}long-term] business ^{F1343} . . . ;]

[^{F1344}[^{F1345}]]

[^{F1346}“net value”, in relation to any assets, means the excess of the value of the assets over the value of money debts (within the meaning of [^{F1347}Part 5 of CTA 2009: see section 303 of that Act]) attributable to an internal linked fund which are not owed in respect of liabilities;]

[^{F1348}“non-profit company”, in relation to a period of account, means a company carrying on long-term business where, at the end of the period—

- (a) none of the liabilities of that business, or
- (b) none but an insignificant proportion of those liabilities,

are with-profits liabilities;]

[^{F1349}“non-profit fund” means a fund that is not a with-profits fund;]

^{F1350}

[^{F1351}[^{F1352}]]

^{F1353}

[^{F1354}“overseas life assurance business” has the meaning given by section 431D; ^{F1355}]]

“overseas life insurance company” means an insurance company [^{F1356}not resident in] the United Kingdom but carrying on life assurance business through a branch or agency in the United Kingdom; ^{F1357}

[^{F1358}“pension business” has the meaning given by section 431B;

“periodical return”, in relation to an insurance company, means a return deposited with the [^{F1359}Financial Services Authority under section 9.6 of the Prudential Sourcebook (Insurers)] [^{F1360}(and does not include the Forms mentioned in Rule 9.3(5))].

[^{F1361}“period of account” means the period covered by a periodical return;]

[^{F1362}“PHI business” means long-term business other than life assurance business (including the reinsurance of such long-term business);]

^{F1363}

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[^{F1364}“the Prudential Sourcebook (Insurers)” means the Interim Prudential Sourcebook for Insurers made by the Financial Services Authority under the Financial Services and Markets Act 2000;]

[^{F1365}[^{F1366}“reinsurance” includes retrocession;]]

[^{F1367}“shareholders' excess assets” has the meaning given by section 432A(8)(b);]

[^{F1368}^{F1369}.....]

[^{F1370}[^{F1371}“value”, in relation to an asset of an insurance company, means the value of the asset as determined in accordance with [^{F1372}section 1.3 of the General Prudential Sourcebook, as read with section 2.1 of the Insurance Prudential Sourcebook;]]

[^{F1373}“with-profits fund” has the meaning given by the Prudential Sourcebook (Insurers);]

“with-profits liabilities” means liabilities in respect of policies or contracts under which the policy holders or annuitants are eligible to participate in surplus;]

^{F1374}(2YA) [Where an insurance company becomes an insurance special purpose vehicle otherwise than on the last day of a period of account, it shall be treated as an insurance special purpose vehicle from the beginning of that period.]

^{F1375}(2YB) [“BLAGAB profits”, in relation to an accounting period of an insurance company, means the company's BLAGAB income and gains for the period reduced (but not below nil) by the company's BLAGAB deductions for the period.

(2YC) “BLAGAB income and gains”, in relation to an accounting period of an insurance company, means the aggregate of—

(a) income chargeable for the period ^{F1376} . . . so far as referable (in accordance with section 432A) to the company's basic life assurance and general annuity business, and

(b) chargeable gains so far as so referable accruing to the company in the period, but (subject to section 210A of the 1992 Act) after deducting—
 (i) any allowable losses so referable and so accruing, and
 (ii) so far as they have not been allowed as a deduction from chargeable gains in any previous accounting period, any allowable losses so referable previously accruing to the company.

(2YD) “BLAGAB deductions”, in relation to an accounting period of an insurance company, means the aggregate of—

(a) amounts falling in respect of any non-trading deficits on the company's loan relationships to be brought into account in the period in accordance with [^{F1377}sections 387 to 391 of CTA 2009], and

(b) the expenses deduction given by Step 8 in section 76(7) for the period.]

^{F1378}(2ZA) [Subsections (2ZB) and (2ZC) below apply where an insurance business transfer scheme has effect to transfer long-term business from one person (“the transferor”) to another (“the transferee”).

(2ZB) If the transfer takes place otherwise than on the last day of a period of account of the transferor, references to—

(a) opening liabilities of the transferor,

(b) opening values or net values of assets of the transferor, ^{F1379} . . . [^{F1380}or]

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- (c) the opening amount of the [^{F1381}free assets amount] of the transferor,
[^{F1382}^{F1383}]
- (d) [^{F1383}]

for the period of account, so far as relating to the business transferred, are to the part of those liabilities, [^{F1384}values or amounts] which bears to the whole the proportion A/C.

(2ZC) If the transfer takes place otherwise than on the first day of a period of account of the transferee, references to—

- (a) closing liabilities of the transferee,
- (b) closing values or net values of assets of the transferee, ^{F1385} . . . [^{F1386}or]
- (c) the closing amount of the [^{F1387}free assets amount] of the transferee,
[^{F1388}^{F1389}]
- (d) [^{F1389}]

for the period of account, so far as relating to the business transferred, are to the part of those liabilities, [^{F1390}values or amounts] which bears to the whole the proportion B/C.

(2ZD) For the purposes of subsection (2ZC) above—

- (a) closing liabilities of the transferee are to be taken not to relate to the business transferred to the extent that they are liabilities which, immediately before the transfer, were reinsured by the transferor with the transferee, but
- (b) closing liabilities of the transferee are to be taken to relate to the business transferred to the extent that they are liabilities which, immediately before the transfer, were reinsured by the transferee with the transferor if the business transferred consists of or includes that reinsurance business.

(2ZE) In subsections (2ZB) and (2ZC) above—

- A is the number of days in the period beginning with the period of account and ending with the day of the transfer,
- B is the number of days in the period beginning with the day of the transfer and ending with the period of account, and
- C is one-half of the number of days in the period of account.]

^{F1391}(2ZF) [In this Chapter “capital redemption business” means any business of a company carrying on insurance business in so far as it consists of the effecting on the basis of actuarial calculations, and the carrying out, of contracts under which, in return for one or more fixed payments, a sum or series of sums of a specified amount become payable at a future time or over a period.]

^{F1392}(2ZG) [The Treasury may by order amend the definition of “insurance business transfer scheme” given by subsection (2) above where it is expedient to do so in consequence of any amendment of section 105 of the Financial Services and Markets Act 2000.

(2ZH) The power conferred by subsection (2ZG) above includes power to make incidental, supplementary, consequential or transitional provisions and savings (including provision amending any provision of the Corporation Tax Acts relating to insurance companies).]

- ^{F1393}(2A) [^{F1394}]
- (3) [^{F1394}]
- (4) [^{F1394}]

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- (5) ^{F1394}
- (6) ^{F1394}]]]

Textual Amendments

- F1291S.** 431(1) substituted (with effect in accordance with Sch. 10 para. 17(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 10 para. 11(2)**
- F1292S.** 431(2): definition of "annuity business" repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 7 para. 6(3)(a), **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)
- F1293S.** 431(2): definition of "general annuity business" and "pension business" repealed (with effect in accordance with Sch. 8 para. 57, Sch. 29 Pt. 8(5) Notes 2, 3 of the repealing Act) by Finance Act 1995 (c. 4), **Sch. 29 Pt. 8(5)**
- F1294S.** 431(2): definitions inserted by Finance Act 1990 (c. 29), **Sch. 6 para. 1(2)**
- F1295S.** 431(2): definition of "basic life assurance business" repealed (with effect in accordance with Sch. 8 para. 57 of the repealing Act) by Finance Act 1995 (c. 4), **Sch. 29 Pt. 8(5)**, Note 2
- F1296S.** 431(2): definition of "basic life assurance and general annuity business" repealed (with effect in accordance with Sch. 8 para. 57 of the repealing Act) by Finance Act 1995 (c. 4), **Sch. 29 Pt. 8(5)**, Note 2
- F1297S.** 431(2): definition of "basic life assurance and general annuity business" inserted (with effect in accordance with Sch. 8 para. 57 of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 1**
- F1298S.** 431(2): definition of "brought into account" inserted (with effect in accordance with Sch. 33 para. 20(3) of the amending Act) by Finance Act 2003 (c. 14), **Sch. 33 para. 20(2)**
- F1299S.** 431(2): definition of "child trust fund business" inserted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 6(2)** (with Sch. 7 Pt. 2)
- F1300S.** 431(2): definition of "contract of insurance" inserted (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 26(2)**
- F1301S.** 431(2): definition of "deposit back arrangements" inserted (with effect in accordance with Sch. 17 para. 9(3) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 9(2)**
- F1302S.** 431(2): definition of "fair value" inserted (with effect in accordance with Sch. 10 para. 17(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 10 para. 10(1)**
- F1303S.** 431(2): definition of "foreign currency assets" inserted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 6(2)** (with Sch. 7 Pt. 2)
- F1304S.** 431(2): definition of "foreign business assets" substituted for definition of "foreign currency assets" (with effect in accordance with Sch. 17 para. 10(6)(7) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 10(1)**
- F1305S.** 431(2): definition of "foreign income dividends" inserted (3.5.1994) by Finance Act 1994 (c. 9), **Sch. 16 para. 4**
- F1306S.** 431(2): definition of "foreign income dividends" repealed (with effect in accordance with Sch. 6 para. 5(2) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 5(1), **Sch. 8 Pt. 2(11)**, Note
- F1307S.** 431(2): definition of "free assets amount" inserted (6.1.2006 with effect in accordance with art. 1 of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2005 (S.I. 2005/3465), **art. 3(2)(a)**
- F1308S.** 431(2): words in definition of "free assets amount" inserted (with effect in accordance with Sch. 17 para. 8(2) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 8(1)**
- F1309S.** 431(2): words in para. (b) of definition of "free assets amount" substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 126(2)(a)** (with Sch. 2 Pts. 1, 2)

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- F1310S.** 431(2): definition of "General Prudential Sourcebook" inserted (31.12.2006 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Miscellaneous Amendments\) Order 2006 \(S.I. 2006/3270\)](#), **arts. 1(1), 4(2)(a)**
- F1311S.** 431(2): definition of "gross roll-up business" inserted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 7 para. 6(2)** (with Sch. 7 Pt. 2)
- F1312S.** 431(2): definition of "the I minus E basis" inserted (with effect in accordance with s. 39(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 8 para. 3** (with Sch. 8 Pt. 2)
- F1313S.** 431(2): words in definition of "the I minus E basis" substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 126(2)(b)** (with Sch. 2 Pts. 1, 2)
- F1314S.** 431(2): definition of "immediate needs annuities business" inserted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 7 para. 6(2)** (with Sch. 7 Pt. 2)
- F1315S.** 431(2): definition of "individual savings account business" inserted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 7 para. 6(2)** (with Sch. 7 Pt. 2)
- F1316S.** 431(2): definition of "industrial assurance business" repealed (with effect in accordance with Sch. 41 Pt. 5(26) Note of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), **Sch. 41 Pt. 5(26)**
- F1317S.** 431(2): definition of "insurance company" substituted (with effect in accordance with s. 52(5) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), **s. 52(1)**
- F1318S.** 431(2): definitions of "insurance business transfer scheme" and "insurance company" substituted for definition of "insurance company" (1.12.2001 in accordance with arts. 1(2)(a), 26(9) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), **art. 26(3)**
- F1319S.** 431(2): definition of "insurance business transfer scheme" substituted (with effect in accordance with Sch. 9 para. 17(1) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 9 para. 1(1)**
- F1320S.** 431(2): words in para. (a) of definition of "insurance business transfer scheme" substituted (19.2.2008 with effect in accordance with art. 1(3) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1), 4**
- F1321S.** 431(2): words in definition of "insurance company" inserted (31.12.2006 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Miscellaneous Amendments\) Order 2006 \(S.I. 2006/3270\)](#), **arts. 1(1), 4(2)(b)**
- F1322S.** 431(2): definitions of "the Insurance Prudential Sourcebook" and "insurance special purpose vehicle" inserted (31.12.2006 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Miscellaneous Amendments\) Order 2006 \(S.I. 2006/3270\)](#), **arts. 1(1), 4(2)(c)**
- F1323S.** 431(2): definition of "the Integrated Prudential Sourcebook" inserted (with effect in accordance with Sch. 9 para. 2(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 9 para. 2(2)**
- F1324S.** 431(2): definition of "the Integrated Prudential Sourcebook" omitted (31.12.2006 with effect in accordance with art. 1(2) of the repealing S.I.) by virtue of [The Insurance Companies \(Corporation Tax Acts\) \(Miscellaneous Amendments\) Order 2006 \(S.I. 2006/3270\)](#), **arts. 1(1), 4(2)(d)**
- F1325S.** 431(2): definition of "internal linked fund" inserted (with effect in accordance with Sch. 10 para. 17(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 10 para. 9(1)**
- F1326S.** 431(2): definition of "investment reserve" inserted (with effect in accordance with Sch. 33 para. 28 of the amending Act) by [Finance Act 2003 \(c. 14\)](#), **Sch. 33 para. 25**
- F1327S.** 431(2): definition of "investment reserve" omitted (6.1.2006 with effect in accordance with art. 1 of the repealing S.I.) by virtue of [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) Order 2005 \(S.I. 2005/3465\)](#), **art. 3(2)(b)**
- F1328S.** 431(2): definitions inserted by [Finance Act 1990 \(c. 29\)](#), **Sch. 6 para. 1(2)**
- F1329S.** 431(2): definition of "investment reserve" repealed (with effect in accordance with s. 109(10) of the repealing Act) by [Finance Act 2000 \(c. 17\)](#), s. 109(9)(a), **Sch. 40 Pt. 2(16)**, Note 1
- F1330S.** 431(2): definition of "liabilities" substituted (with effect in accordance with Sch. 9 para. 2(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 9 para. 2(3)**

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- F1331S.** 431(2): words in para. (a) of definition of "liabilities" substituted (31.12.2006 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Miscellaneous Amendments\) Order 2006 \(S.I. 2006/3270\)](#), [arts. 1\(1\), 4\(2\)\(e\)\(i\)](#)
- F1332S.** 431(2): words in para. (b) of definition of "liabilities" substituted (31.12.2006 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Miscellaneous Amendments\) Order 2006 \(S.I. 2006/3270\)](#), [arts. 1\(1\), 4\(2\)\(e\)\(ii\)](#)
- F1333S.** 431(2): words in definition of "liabilities" omitted (with effect in accordance with Sch. 17 para. 9(3) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 17 para. 9\(2\)](#)
- F1334S.** 431(2): definition of "life assurance business" substituted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 6\(4\)](#) (with [Sch. 7 Pt. 2](#))
- F1335S.** 431(2): definition of "the life assurance provisions of the Corporation Tax Acts" inserted (with effect in accordance with [Sch. 10 para. 17\(2\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 10 para. 11\(3\)](#)
- F1336S.** 431(2): definition of "life assurance trade profits provisions" inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 126\(2\)\(c\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F1337S.** 431(2): definition of "life reinsurance business" inserted (with effect in accordance with [Sch. 8 para. 57](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 8 para. 1](#)
- F1338S.** 431(2): definitions inserted by [Finance Act 1990 \(c. 29\)](#), [Sch. 6 para. 1\(2\)](#)
- F1339S.** 431(2): definition of "linked assets" substituted (with effect in accordance with [Sch. 8 para. 57](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 8 para. 11\(1\)](#)
- F1340S.** 431(2): definition of "long-term business" substituted for definition of "long term business" (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 26\(5\)](#)
- F1341S.** 431(2): words in definition of "long term business fund" substituted (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 52\(1\)\(b\)](#)
- F1342S.** 431(2): word in definition of "long term business fund" substituted (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 52\(2\)\(a\)](#)
- F1343S.** 431(2): words in definition of "long term business fund" repealed (with effect in accordance with [Sch. 41 Pt. 5\(26\)](#) Note of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 41 Pt. 5\(26\)](#)
- F1344S.** 431(2): definition of "long-term liabilities" inserted (1.12.2001 in accordance with arts. 1(2)(a), 26(9) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 26\(6\)](#)
- F1345S.** 431(2): definition of "long-term liabilities" repealed (with effect in accordance with [Sch. 9 para. 2\(6\)](#) of the repealing Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 9 para. 2\(4\)](#), [Sch. 11 Pt. 2\(10\)](#), Note 1
- F1346S.** 431(2): definition of "net value" inserted (with effect in accordance with [Sch. 10 para. 17\(2\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 10 para. 9\(1\)](#)
- F1347S.** 431(2): words in definition of "net value" substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 126\(2\)\(d\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F1348S.** 431(2): definition of "non-profit company" inserted (with effect in accordance with [Sch. 10 para. 17\(2\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 10 para. 8\(1\)](#)
- F1349S.** 431(2): definition of "non-profit fund" inserted (with effect in accordance with [Sch. 10 para. 17\(2\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 10 para. 8\(1\)](#)
- F1350S.** 431(2): definition of "offshore income gain" repealed (with effect in accordance with [Sch. 8 para. 55](#) of the repealing Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 29 Pt. 8\(5\)](#), Note 1
- F1351S.** 431(2): definitions inserted by [Finance Act 1990 \(c. 29\)](#), [Sch. 6 para. 1\(2\)](#)
- F1352S.** 431(2): definition of "ordinary long term business" and "ordinary life assurance business" repealed (with effect in accordance with [Sch. 41 Pt. 5\(26\)](#) Note of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 41 Pt. 5\(26\)](#)

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- F1353S.** 431(2): definition of "overseas life assurance business" repealed (with effect in accordance with Sch. 8 para. 55 of the repealing Act) by [Finance Act 1995 \(c. 4\)](#), **Sch. 29 Pt. 8(5)**, Note 1
- F1354S.** 431(2): definition of "overseas life assurance business" inserted (with effect in accordance with Sch. 8 para. 55 of the amending Act) by [Finance Act 1995 \(c. 4\)](#), **Sch. 8 para. 1**
- F1355S.** 431(2): definition of "overseas life assurance fund" repealed (with effect in accordance with s. 38(2) of the repealing Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 6\(3\)\(b\)](#), **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)
- F1356S.** 431(2): words in the definition of "overseas life insurance company" substituted (27.7.1993 as mentioned in s. 103(3)(4) of the amending Act) by [1993 c. 34](#), **s. 103(1)(3)(4)**
- F1357S.** 431(2): word following the definition of "overseas life assurance company" repealed (with effect in accordance with Sch. 8 para. 57 of the repealing Act) by [Finance Act 1995 \(c. 4\)](#), **Sch. 29 Pt. 8(5)**, Note 2
- F1358S.** 431(2): definition of "pension business" inserted (with effect in accordance with Sch. 8 para. 57 of the amending Act) by [Finance Act 1995 \(c. 4\)](#), **Sch. 8 para. 1**
- F1359S.** 431(2): words in definition of "periodical return" substituted (1.12.2001 in accordance with arts. 1(2)(a), 26(9) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), **art. 26(7)**
- F1360S.** 431(2): words in definition of "periodical return" inserted (21.7.2008) by [Finance Act 2008 \(c. 9\)](#), **Sch. 17 para. 34**
- F1361S.** 431(2): definition of "period of account" inserted (10.7.2003) by [Finance Act 2003 \(c. 14\)](#), **Sch. 33 para. 29**
- F1362S.** 431(2): definition of "PHI business" inserted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 7 para. 6(2)** (with Sch. 7 Pt. 2)
- F1363S.** 431(2): definition of "policy holders' fraction" and "shareholders' fraction" inserted by [Finance Act 1989 \(c. 26\)](#), **Sch.8 para.1** and repealed (retrospectively) by [Finance Act 1990 \(c. 29\)](#), **Sch.19 Part IV**, Note 6
- F1364S.** 431(2): definition of "the Prudential Sourcebook (Insurers)" inserted (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), **art. 26(8)**
- F1365S.** 431(2): definition of "reinsurance business" inserted (with effect in accordance with Sch. 8 para. 57 of the amending Act) by [Finance Act 1995 \(c. 4\)](#), **Sch. 8 para. 1**
- F1366S.** 431(2): definition of "reinsurance" substituted for definition of "reinsurance business" (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 7 para. 6(5)** (with Sch. 7 Pt. 2)
- F1367S.** 431(2): definition of "shareholders' excess assets" inserted (6.1.2006 with effect in accordance with art. 1 of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) Order 2005 \(S.I. 2005/3465\)](#), **art. 3(2)(c)**
- F1368S.** 431(2): definition of "UK distribution income" inserted (27.7.1993 with effect in relation to accounting periods beginning after 31.12.1992) by [1993 c. 34](#), **s. 99(2)(3)**
- F1369S.** 431(2): definition of "UK distribution income" repealed (with effect in accordance with Sch. 8 para. 57 of the repealing Act) by [Finance Act 1995 \(c. 4\)](#), **Sch. 29 Pt. 8(5)**, Note 2
- F1370S.** 431(2): definitions inserted by [Finance Act 1990 \(c. 29\)](#), **Sch. 6 para. 1(2)**
- F1371S.** 431(2): definition of "value" substituted (with effect in accordance with Sch. 9 para. 2(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 9 para. 2(5)**
- F1372S.** 431(2): words in definition of "value" substituted (31.12.2006 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Miscellaneous Amendments\) Order 2006 \(S.I. 2006/3270\)](#), **arts. 1(1), 4(2)(f)**
- F1373S.** 431(2): definition of "with-profits fund" inserted (with effect in accordance with Sch. 10 para. 17(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 10 para. 8(1)**
- F1374S.** 431(2YA) inserted (27.12.2007 with effect in accordance with art. 1(3) of the amending S.I.) by [The Insurance Companies \(Taxation of Reinsurance Business\) \(Corporation Tax Acts\) \(Amendment\) Order 2007 \(S.I. 2007/3430\)](#), **arts. 1(1), 2(1)**

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- F1375**S. 431(2YB)-(2YD) inserted (with effect in accordance with Sch. 17 para. 18(6) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 18(1)**
- F1376**Words in s. 431(2YC)(a) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 126(3), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F1377**Words in s. 431(2YD)(a) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 126(4)** (with Sch. 2 Pts. 1, 2)
- F1378**S. 431(2ZA)-(2ZE) inserted (with effect in accordance with Sch. 33 para. 22(2) of the amending Act) by Finance Act 2003 (c. 14), **Sch. 33 para. 22(1)**
- F1379**Word at the end of s. 431(2ZB)(b) omitted (6.1.2006 with effect in accordance with art. 1 of the repealing S.I.) by virtue of The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2005 (S.I. 2005/3465), **art. 3(3)(a)**
- F1380**Word at the end of s. 431(2ZB)(b) inserted (with effect in accordance with Sch. 17 para. 19(5) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 19(2)**
- F1381**Words in s. 431(2ZB)(c) substituted (6.1.2006 with effect in accordance with art. 1 of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2005 (S.I. 2005/3465), **art. 3(3)(b)**
- F1382**S. 431(2ZB)(d) and preceding word inserted (6.1.2006 with effect in accordance with art. 1 of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2005 (S.I. 2005/3465), **art. 3(3)(c)**
- F1383**S. 431(2ZB)(d) and preceding word omitted (with effect in accordance with Sch. 17 para. 19(5) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 17 para. 19(2)**
- F1384**Words in s. 431(2ZB) substituted (6.1.2006 with effect in accordance with art. 1 of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2005 (S.I. 2005/3465), **art. 3(3)(d)**
- F1385**Word at the end of s. 431(2ZC)(b) omitted (6.1.2006 with effect in accordance with art. 1 of the repealing S.I.) by virtue of The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2005 (S.I. 2005/3465), **art. 3(4)(a)**
- F1386**Word at the end of s. 431(2ZC)(b) inserted (with effect in accordance with Sch. 17 para. 19(5) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 19(2)**
- F1387**Words in s. 431(2ZC)(c) substituted (6.1.2006 with effect in accordance with art. 1 of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2005 (S.I. 2005/3465), **art. 3(4)(b)**
- F1388**S. 431(2ZC)(d) and preceding word inserted (6.1.2006 with effect in accordance with art. 1 of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2005 (S.I. 2005/3465), **art. 3(4)(c)**
- F1389**S. 431(2ZC)(d) and preceding word omitted (with effect in accordance with Sch. 17 para. 19(5) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 17 para. 19(2)**
- F1390**Words in s. 431(2ZC) substituted (6.1.2006 with effect in accordance with art. 1 of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2005 (S.I. 2005/3465), **art. 3(4)(d)**
- F1391**S. 431(2ZF) inserted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 6(6)** (with Sch. 7 Pt. 2)
- F1392**S. 431(2ZG)(2ZH) inserted (with effect in accordance with Sch. 9 para. 17(1) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 9 para. 1(3)**
- F1393**S. 431(2A) inserted by Finance Act 1990 (c. 29), **Sch. 6 para. 1(3)**
- F1394**S. 431(2A)-(6) repealed (with effect in accordance with Sch. 8 para. 57 of the repealing Act) by Finance Act 1995 (c. 4), **Sch. 29 Pt. 8(5)**, Note 2

Modifications etc. (not altering text)

- C48** S. 431 modified (20.3.1997 with effect as mentioned in reg. 1(2) of the modifying S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. 1997/473), **regs. 1(1), 6** (as amended by: S.I. 2001/3629, **regs. 1, 156, 165(2)(b)**; S.I. 2003/23, **regs. 1, 4**; S.I. 2004/822, **regs. 1, 6**; S.I. 2005/2005, **regs. 1, 5**)

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- C49** S. 431 modified (12.8.2005 with effect in accordance with reg. 1(2) of the modifying S.I.) by [The Friendly Societies \(Modification of the Corporation Tax Acts\) Regulations 2005 \(S.I. 2005/2014\)](#), [regs. 1\(1\)](#), 6 (as amended by: S.I. 2007/2134, [regs. 1\(1\)\(2\)](#), 6; S.I. 2008/1937, [regs. 1\(2\)\(3\)](#), 4)
- C50** S. 431(2) modified (31.7.1992 with effect as mentioned in reg. 1 of the modifying S.I.) by S.I. 1992/1655, [regs. 1](#), 5 (as amended (31.12.1993) by [The Friendly Societies \(Modification of the Corporation Tax Acts\) \(Amendment\) Regulations 1993 \(S.I. 1993/3111\)](#), [regs. 1](#), 5, 6; and as further amended (19.3.1997) by [The Friendly Societies \(Modification of the Corporation Tax Acts\) \(Amendment\) Regulations 1997 \(S.I. 1997/471\)](#), [regs. 1](#), 6)
- C51** S. 431(2) modified (20.3.1997 with effect as mentioned in reg. 7(1) of the modifying S.I.) by [The Friendly Societies \(Modification of the Corporation Tax Acts\) Regulations 1997 \(S.I. 1997/473\)](#), [regs. 1\(1\)](#), 7
- C52** S. 431(2) modified (6.4.1999) by [The Individual Savings Account \(Insurance Companies\) Regulations 1998 \(S.I. 1998/1871\)](#), [regs. 1](#), 5, 7
- C53** S. 431(2) modified (23.3.1999 with effect in accordance with reg. 1 of the modifying S.I.) by [The Insurance Companies \(Capital Redemption Business\) \(Modification of the Corporation Tax Acts\) Regulations 1999 \(S.I. 1999/498\)](#), [regs. 3](#), 5
- C54** S. 431(2) modified (6.4.2005) by [The Child Trust Funds \(Insurance Companies\) Regulations 2004 \(S.I. 2004/2680\)](#), [regs. 1](#), 4, 5; S.I. 2004/3369, [art. 2\(1\)](#)
- C55** S. 431(2) modified (28.10.2008 with effect in accordance with reg. 1(2) of the modifying S.I.) by [The Group Relief for Overseas Losses \(Modification of the Corporation Tax Acts for Non-resident Insurance Companies\) Regulations 2008 \(S.I. 2008/2646\)](#), [regs. 1\(1\)](#), 3

Marginal Citations

- M81** Source—1970 s.323(1); 1973 s.40(7); 1982 s.58(7)
M82 Source—1970 s.323(2); 1970(F) Sch.5 Pt.III 11(4)
M83 2000 c. 8

^{F1395} **431ZA Election that assets not be foreign business assets**

- (1) An insurance company may, in its company tax return for the first accounting period of the company beginning on or after 1 January 2008 in which any of the assets of the company's long-term insurance fund would (apart from this section) be foreign business assets, elect that none of the assets of the company's long-term insurance fund are to be regarded for the purposes of this Act as being foreign business assets.
- (2) The election has effect for that accounting period and all subsequent accounting periods of the company.
- (3) An election under subsection (1) is irrevocable.]

Textual Amendments

- F1395** S. 431ZA inserted (with effect in accordance with [Sch. 17 para. 10\(6\)\(7\)](#) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 17 para. 10\(2\)](#)

^{F1396} ^{F1397} **431A Amendment of Chapter etc**

- (1) The Treasury may by order amend any [^{F1398} of the life assurance provisions of the Corporation Tax Acts] where it is expedient to do so in consequence of the exercise of any power under the Financial Services and Markets Act 2000, in so far as that Act relates to insurance companies.

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- (2) Where any exercise of a power under that Act has effect for a period ending on or before, or beginning before and ending after, the day on which an order containing an amendment in consequence of that exercise is made under subsection (1) above, the power conferred by that subsection includes power to provide for the amendment to have effect in relation to that period.
- [^{F1399}(2A) The Treasury may by order make provision as to the application of the Corporation Tax Acts in relation to insurance special purpose vehicles.
- (2B) An order under subsection (2A) above may in particular contain provision—
- (a) making amendments of any provision of the Corporation Tax Acts, or
 - (b) making provision for the life assurance provisions of the Corporation Tax Acts to have effect in relation to any specified description of insurance special purpose vehicles subject to specified modifications or exceptions.
- (2C) An order under subsection (2A) above—
- (a) may make provision having effect in relation to accounting periods current when it is made, and
 - (b) if it is made in consequence of, or otherwise in connection with, provision made by any enactment or instrument, may make provision having effect in relation to the same times as that enactment or instrument.]

(3) The Treasury may by order amend any of the following provisions—

 - (a) sections 432ZA, 432A, 432B to 432G and 755A ^{F1400} . . . ;
 - (b) sections 83A, 85, 88 and 89 of the Finance Act 1989;
 - (c) section 210A of the Taxation of Chargeable Gains Act 1992.

(4) An order under subsection (3) above may only be made so as to have effect in relation to periods of account—

 - (a) beginning on or after 1st January 2005, and
 - (b) ending before 1st October 2006.

(5) ^{F1401}

(6) Any power conferred by this section to make an order includes power to make—

 - (a) different provision for different cases or different purposes, and
 - (b) incidental, supplemental, consequential or transitional provision and savings.

(7) ^{F1402}]]

Textual Amendments

F1396S. 431A inserted (1.1.1990) by Finance Act 1990 (c. 29), Sch. 6 paras. 2, **11(2)** (with Sch. 6 para. 12)

F1397S. 431A substituted (20.7.2005) by Finance (No. 2) Act 2005 (c. 22), **Sch. 9 para. 3**

F1398 Words in s. 431A(1) substituted (with effect in accordance with Sch. 10 para. 17(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 10 para. 12(2)**

F1399S. 431(2A)-(2C) inserted (21.7.2008) by Finance Act 2008 (c. 9), **Sch. 17 para. 20**

F1400 Words in s. 431A(3)(a) repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 7 para. 7, **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)

F1401S. 431A(5) repealed (19.7.2006) by Finance Act 2006 (c. 25), Sch. 11 para. 1(2)(a), **Sch. 26 Pt. 3(14)**

F1402S. 431A(7) repealed (with effect in accordance with Sch. 10 para. 17(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 10 para. 12(3), **Sch. 27 Pt. 2(10)**, Note

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[^{F1403} **431A** **Relevant benefits for purposes of section 431(4)(d) and (e).**

^{F1404}]

Textual Amendments

F1403S. 431AA inserted (with application in accordance with s. 143(5) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), **s. 143(4)**

F1404S. 431AA repealed (with effect in accordance with Sch. 8 para. 57 of the repealing Act) by [Finance Act 1995 \(c. 4\)](#), **Sch. 29 Pt. 8(5)**, Note 2

[^{F1405} *Classes of life assurance business*]

Textual Amendments

F1405Ss. 431B-431F and cross-heading inserted (with effect in accordance with Sch. 8 paras. 55, 57 of the amending Act) by [Finance Act 1995 \(c. 4\)](#), **Sch. 8 para. 2**

[^{F1406} **431B** **Meaning of “pension business”.**

- (1) In this Chapter “pension business” means so much of a company’s life assurance business as is referable to contracts entered into for the purposes of a registered pension scheme or is the reinsurance of such business.
- (2) Where a pension scheme ceases to be a registered pension scheme by virtue of the withdrawal of registration of the pension scheme under section 157 of the Finance Act 2004, any of the company’s life assurance business that was pension business when the pension scheme was a registered pension scheme is to be treated as ceasing to be pension business at the beginning of the period of account of the company in which the pension scheme so ceases to be a registered pension scheme.
- (3) Where—
 - (a) immediately before 6th April 2006 an annuity contract falls within any of the descriptions of contracts specified in subsection (2) of this section as it had effect immediately before that date, but
 - (b) on or after that date the contract does not fall to be regarded for the purposes of this section as having been entered into for the purposes of a registered pension scheme,

the contract is to be treated for the purposes of this section as having been entered into for such purposes.]

Textual Amendments

F1406S. 431B substituted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), **Sch. 35 para. 20** (as amended by [Finance Act 2005 \(c. 5\)](#), **Sch. 9 para. 18(2)-(4)(7)**) (with Sch. 36)

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[^{F1407} **431B** Meaning of “child trust fund business”

- (1) In this Chapter “child trust fund business” means so much of a company's life assurance business as is referable to child trust fund policies (but not including the reinsurance of such business).
- (2) In this section “child trust fund policy” means a policy of life insurance which is an investment under a child trust fund (within the meaning of the Child Trust Funds Act 2004).]

Textual Amendments

F1407Ss. 431BA, 431BB inserted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 8](#) (with [Sch. 7 Pt. 2](#))

[^{F1407} **431B** Meaning of “individual savings account business”

- (1) In this Chapter “individual savings account business” means so much of a company's life assurance business as is referable to individual savings account policies (but not including the reinsurance of such business).
- (2) In this section “individual savings account policy” means a policy of life insurance which is an investment of a kind specified in regulations made by virtue of section 695(1) of ITTOIA 2005.]

Textual Amendments

F1407Ss. 431BA, 431BB inserted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 8](#) (with [Sch. 7 Pt. 2](#))

431C Meaning of “life reinsurance business”.

- (1) In this Chapter “life reinsurance business” means reinsurance of life assurance business other than pension business or business of any description excluded from this section by regulations made by the Board.
- (2) Regulations under subsection (1) above may describe the excluded business by reference to any circumstances appearing to the Board to be relevant.

Modifications etc. (not altering text)

- C56** S. 431C modified (with effect in accordance with reg. 1 of the affecting S.I.) by [The Insurance Companies \(Taxation of Reinsurance Business\) Regulations 1995 \(S.I. 1995/1730\)](#), [reg. 11](#) (as amended by: [S.I. 1996/1621](#), [regs. 1, 5](#); [S.I. 2003/2573](#), [regs. 1\(1\)\(2\), 10](#); [S.I. 2007/2087](#), [regs. 1\(1\)\(2\), 6](#))
- C57** S. 431C(1) modified (6.4.1999) by [The Individual Savings Account \(Insurance Companies\) Regulations 1998 \(S.I. 1998/1871\)](#), [regs. 1, 5, 8](#)
- C58** S. 431C(1) modified (6.4.2005) by [The Child Trust Funds \(Insurance Companies\) Regulations 2004 \(S.I. 2004/2680\)](#), [regs. 1, 4, 6](#); [S.I. 2004/3369](#), [art. 2\(1\)](#)

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431D Meaning of “overseas life assurance business”.

^{F1408}(1) In this Chapter “overseas life assurance business” means so much of a company's relevant life assurance business as is with a policy holder or annuitant not residing in the United Kingdom (but not including the reinsurance of such business).

(1A) In subsection (1) above “relevant life assurance business” means life assurance business other than—

- (a) pension business
- (b) individual savings account business,
- (c) child trust fund business, and
- (d) business of any description prescribed by regulations made by the Commissioners for Her Majesty's Revenue and Customs.]

^{F1409}(2) Regulations under subsection [^{F1410}(1A)] above may describe the excluded business by reference to any circumstances appearing to the [^{F1411}Commissioners] to be relevant.

(3) The [^{F1412}Commissioners for Her Majesty's Revenue and Customs] may by regulations—

- (a) make provision as to the circumstances in which a trustee who is a policy holder or annuitant residing in the United Kingdom is to be treated for the purposes of this section as not so residing; and
- (b) provide that nothing in Chapter II of Part XIII [^{F1413}or Chapter 9 of Part 4 of ITTOIA 2005] shall apply to a policy or contract which constitutes overseas life assurance business by virtue of any such provision as is mentioned in paragraph (a) above.

(4) Regulations under subsection [^{F1410}(1A)] or (3) above may contain such supplementary, incidental, consequential or transitional provision as appears to the [^{F1411}Commissioners] to be appropriate [^{F1414}(including provision amending any enactment or any instrument made under an enactment)].]

Textual Amendments

F1408S. 431D(1)(1A) substituted for s. 431D(1) (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 9\(2\)](#) (with [Sch. 7 Pt. 2](#))

F1409S. 431D(2)-(4) substituted for s. 431D(2)-(8) (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [s. 108\(2\)](#) (with [s. 108\(3\)](#))

F1410 Words in s. 431D(2)(4) substituted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 9\(3\)](#) (with [Sch. 7 Pt. 2](#))

F1411 Words in s. 431D(2)(4) substituted (21.7.2008) by [Finance Act 2008 \(c. 9\)](#), [Sch. 17 para. 26\(2\)](#)

F1412 Words in s. 431D(3) substituted (21.7.2008) by [Finance Act 2008 \(c. 9\)](#), [Sch. 17 para. 26\(3\)](#)

F1413 Words in s. 431D(3)(b) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 176](#) (with [Sch. 2](#))

F1414 Words in s. 431D(4) inserted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 9\(4\)](#) (with [Sch. 7 Pt. 2](#))

431E Overseas life assurance business: regulations.

- (1) The Board may by regulations make provision for giving effect to section 431D.
- (2) Such regulations may, in particular—

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- (a) provide that, in such circumstances as may be prescribed, any prescribed issue as to whether business is or is not overseas life assurance business (or overseas life assurance business of a particular kind) shall be determined by reference to such matters (including the giving of certificates or undertakings, the giving or possession of information or the making of declarations) as may be prescribed,
 - (b) require companies to obtain certificates, undertakings, information or declarations from policy holders or annuitants, or from trustees or other companies, for the purposes of the regulations,
 - (c) make provision for dealing with cases where any issue such as is mentioned in paragraph (a) above is (for any reason) wrongly determined, including provision allowing for the imposition of charges to tax (with or without limits on time) on the insurance company concerned or on the policy holders or annuitants concerned,
 - (d) require companies to supply information and make available books, documents and other records for inspection on behalf of the Board, and
 - (e) make provision (including provision imposing penalties) for contravention of, or non-compliance with, the regulations.
- (3) The regulations may—
- (a) make different provision for different cases, and
 - (b) contain such supplementary, incidental, consequential or transitional provision as appears to the Board to be appropriate.

[^{F1415}431E] Meaning of “gross roll-up business”

In this Chapter “gross roll-up business” means business of any of the following kinds—

- (a) pension business;
- (b) child trust fund business;
- (c) individual savings account business;
- (d) life reinsurance business; and
- (e) overseas life assurance business.]

Textual Amendments

F1415S. 431EA inserted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), Sch. 7 para. 10 (with Sch. 7 Pt. 2)

431F Meaning of “basic life assurance and general annuity business”.

In this Chapter “basic life assurance and general annuity business” means life assurance business [^{F1416}other than gross roll-up business].

Textual Amendments

F1416Words in s. 431F substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), Sch. 7 para. 11 (with Sch. 7 Pt. 2)

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Modifications etc. (not altering text)

- C59** S. 431F modified (6.4.1999) by [The Individual Savings Account \(Insurance Companies\) Regulations 1998 \(S.I. 1998/1871\)](#), [regs. 1, 5, 9](#)
- C60** S. 431F modified (6.4.2005) by [The Child Trust Funds \(Insurance Companies\) Regulations 2004 \(S.I. 2004/2680\)](#), [regs. 1, 4, 7](#); [S.I. 2004/3369](#), [art. 2\(1\)](#)

[^{F1417}[^{F1418}Basis of taxation etc]]

Textual Amendments

- F1417** Cross-heading before s. 432 inserted (with effect in accordance with [Sch. 8 para. 57\(1\)](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 8 para. 51\(2\)](#) (with [Sch. 8 para. 55\(2\)](#))
- F1418** Ss. 431G, 431H and preceding cross-heading substituted for s. 432 and preceding cross-heading (with effect in accordance with [s. 39\(2\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 8 para. 4](#) (with [Sch. 8 Pt. 2](#))

[^{F1419}**431** Company carrying on life assurance business

- (1) This section applies in relation to an insurance company which carries on life assurance business (whether or not it also carries on insurance business of any other kind).
- (2) Subject as follows, the profits of the life assurance business for any accounting period shall be charged to tax under the I minus E basis.
- (3) Where in the case of an insurance company for an accounting period either—
 - (a) all of its life assurance business is reinsurance business and none of that business is of a type excluded from this subsection by regulations made by the Board, or
 - (b) all, or substantially all, of its life assurance business is gross roll-up business, the profits of that business for the accounting period shall be charged to tax [^{F1420}under section 35 of CTA 2009 (charge on trade profits)] and not otherwise.
- (4) Where—
 - (a) the profits of the life assurance business of an insurance company for any accounting period are charged to tax under the I minus E basis, and
 - (b) had those profits been charged to tax [^{F1421}under section 35 of CTA 2009], a loss would have arisen to the company from that business for the period, the loss (after being reduced in accordance with section 434A(2)(a)) may be [^{F1422}relieved under section 37 of CTA 2010 or under Chapter 4 of Part 5 of that Act].
- (5) The application, in relation to the life assurance business of an insurance company, of any [^{F1423}of the life assurance trade profits provisions] is not to be taken—
 - (a) to prevent the application of the I minus E basis in relation to that business of the company for any accounting period, or
 - (b) to affect the operation of the I minus E basis in relation to the that business of the company for any accounting period except as specifically provided by the Corporation Tax Acts.]

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Textual Amendments

- F1419** Ss. 431G, 431H and preceding cross-heading substituted for s. 432 and preceding cross-heading (with effect in accordance with s. 39(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 8 para. 4** (with Sch. 8 Pt. 2)
- F1420** Words in s. 431G(3) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 127(2)** (with Sch. 2 Pts. 1, 2)
- F1421** Words in s. 431G(4)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 127(3)** (with Sch. 2 Pts. 1, 2)
- F1422** Words in s. 431G(4) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 42** (with Sch. 2)
- F1423** Words in s. 431G(5) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 127(4)** (with Sch. 2 Pts. 1, 2)

Modifications etc. (not altering text)

- C61** S. 431G modified by The Insurance Companies (Taxation of Reinsurance Business) Regulations 1995 (S.I. 1995/1730), **reg. 12** (as amended (13.8.2007 with effect in accordance with reg. 1(2) of the amending S.I.) by The Insurance Companies (Taxation of Reinsurance Business) (Amendment) Regulations 2007 (S.I. 2007/2087), **regs. 1(1), 8**)

[^{F1424}**431K** Company carrying on life assurance business and other insurance business

- (1) This section applies in relation to an insurance company which carries on life assurance business and insurance business of any other kind.
- (2) For the purposes of the Corporation Tax Acts—
 - (a) the life assurance business, and
 - (b) the other insurance business,are to be treated as separate businesses.
- (3) The profits of the other insurance business shall be charged to tax under [^{F1425}section 35 of CTA 2009 (charge on trade profits)] as the profits of a separate trade.
- (4) But subsection (3) above does not apply where that business is mutual business.
- (5) As to the profits of the life assurance business, see section 431G.]

Textual Amendments

- F1424** Ss. 431G, 431H and preceding cross-heading substituted for s. 432 and preceding cross-heading (with effect in accordance with s. 39(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 8 para. 4** (with Sch. 8 Pt. 2)
- F1425** Words in s. 431H(3) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 128** (with Sch. 2 Pts. 1, 2)

Modifications etc. (not altering text)

- C62** S. 431H modified by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005 (S.I. 2005/2014), **reg. 7A** (as inserted (14.8.2007 with effect in accordance with reg. 1(2) of the amending S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 2007 (S.I. 2007/2134), **regs. 1(1), 7**; and as amended by S.I. 2008/1937, **regs. 1(1)(2), 5**)

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[^{F1430}432^{F1429}YA PHI business] other than life assurance business — adjustment consequent on change in Insurance Prudential Sourcebook

- (1) This section applies in the case of—
- (a) a company which is a non-profit company, or
 - (b) the non-profit fund of a company which is not a non-profit company,
- if an amount [^{F1431} (“the relevant amount”)] is shown in paragraph 4(12) of Appendix 9.4 to the periodical return for the company for [^{F1432}a] period of account which ends on or after 31st December 2006 [^{F1433} but before 1st January 2009 (a “relevant period of account”)].

- [^{F1434}(2) In computing profits of [^{F1435}PHI business] in accordance with the provisions applicable [^{F1436} for the purposes of section 35 of CTA 2009 (charge on trade profits)]—
- (a) X shall be added to the closing long term business provision of the company for the relevant period of account; and
 - (b) XA shall be brought into account as a trading receipt of the company for each subsequent period of account until the total sum of the amounts so brought into account is equal to X (and if that total sum would otherwise exceed X, the excess shall be ignored).

(2A) ^{F1437}

- (2B) X is—
- (a) where the relevant period of account ends before 1st April 2007, the whole of the relevant amount;
 - (b) where the relevant period of account ends on or after 1st April 2007 but before 1st January 2008, two-thirds of the relevant amount;
 - (c) where the relevant period of account ends on or after 1st January 2008, one-third of the relevant amount.

(2C) XA is the amount found by applying the following formula—

$$\frac{Y}{12} \times Z$$

Here—

Y is the number of months of the period of account in question (part of a month being counted as a month); and

Z is—

- (a) where X is the whole of the relevant amount, one-third of X;
- (b) where X is two thirds of the relevant amount, one-half of X;
- (c) where X is one third of the relevant amount, the whole of X.]

(3) ^{F1438}

(4) ^{F1438}

(5) In this section—

“long term business provision” has the same meaning as in [^{F1439}Schedule 3 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008];

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F1440
F1440

- [This section is subject to sections 82E and 82F of the Finance Act 1989 (treatment of transferors and transferees under insurance business transfer schemes) and those sections shall apply in relation to this section as if—
- (a) any reference in them to a provision of section 82D of that Act (treatment of profits: life assurance – adjustment consequent on change in Insurance Prudential Sourcebook) were a reference to the corresponding provision of this section,
 - [F1443](b) the reference in section 82E(4) to life assurance business were a reference to PHI business, and
 - (c) the reference in section 82E(7) to the life assurance trade profits provisions were a reference to the provisions applicable for the purposes of section 35 of CTA 2009.]]]]

Textual Amendments

- F1429** Words in s. 432YA heading substituted (27.12.2008 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) \(No. 2\) Order 2008 \(S.I. 2008/3096\)](#), [arts. 1\(1\), 2\(4\)](#)
- F1430** S. 432YA inserted (8.1.2007 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Amendment No. 2\) Order 2006 \(S.I. 2006/3387\)](#), [arts. 1\(1\), 2](#)
- F1431** Words in s. 432YA(1) substituted (17.4.2007 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) Order 2007 \(S.I. 2007/1031\)](#), [arts. 1\(1\), 3\(2\)\(a\)](#)
- F1432** Word in s. 432YA(1) substituted (17.4.2007 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) Order 2007 \(S.I. 2007/1031\)](#), [arts. 1\(1\), 3\(2\)\(b\)](#)
- F1433** Words in s. 432YA(1) inserted (17.4.2007 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) Order 2007 \(S.I. 2007/1031\)](#), [arts. 1\(1\), 3\(2\)\(c\)](#)
- F1434** S. 432YA(2)-(2C) substituted for s. 432YA(2) (17.4.2007 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) Order 2007 \(S.I. 2007/1031\)](#), [arts. 1\(1\), 3\(3\)](#)
- F1435** Words in s. 432YA(2) substituted (27.12.2008 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) \(No. 2\) Order 2008 \(S.I. 2008/3096\)](#), [arts. 1\(1\), 2\(2\)](#)
- F1436** Words in s. 432YA(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 129\(2\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F1437** S. 432YA(2A) omitted (19.2.2008 with effect in accordance with art. 1(2) of the repealing S.I.) by virtue of [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), [arts. 1\(1\), 5](#)
- F1438** S. 432YA(3)(4) omitted (17.4.2007 with effect in accordance with art. 1(2) of the repealing S.I.) by virtue of [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) Order 2007 \(S.I. 2007/1031\)](#), [arts. 1\(1\), 3\(4\)](#)
- F1439** S. 432YA(5): words in definition of "long term business provision" substituted (6.4.2008 with effect in accordance with art. 1(2) of the amending S.I.) by [The Companies Act 2006 \(Consequential Amendments\) \(Taxes and National Insurance\) Order 2008 \(S.I. 2008/954\)](#), [arts. 1\(1\), 8](#) (with art. 4)

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- F1440S.** 432YA(5): definitions of "non-profit company" and "non-profit fund" repealed (with effect in accordance with Sch. 10 para. 17(2) of the repealing Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 10 para. 8\(2\)\(a\)](#), [Sch. 27 Pt. 2\(10\)](#), Note
- F1441S.** 432YA(6) added (17.4.2007 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) Order 2007 \(S.I. 2007/1031\)](#), [arts. 1\(1\), 3\(5\)](#)
- F1442S.** 432YA(6) substituted (27.12.2008 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) \(No. 2\) Order 2008 \(S.I. 2008/3096\)](#), [arts. 1\(1\), 2\(3\)](#)
- F1443S.** 432YA(6)(b)(c) substituted for s. 432YA(6)(b) and preceding word (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 129\(3\)](#) (with [Sch. 2 Pts. 1, 2](#))

[^{F1444}432ZA] Linked assets.

- (1) In this Chapter “linked assets” means assets of an insurance company which are identified in its records as assets by reference to the value of which benefits provided for under a policy or contract are to be determined [^{F1445} and in a case where only part of an asset is so identified, references to a linked asset are references to that part.]
- (2) Linked assets shall be taken—
 - (a) to be linked to [^{F1446}long-term] business of a particular category if the policies or contracts providing for the benefits concerned are policies or contracts the effecting of which constitutes the carrying on of business of that category; and
 - (b) to be linked solely to [^{F1446}long-term] business of a particular category if all (or all but an insignificant proportion) of the policies or contracts providing for the benefits concerned are policies or contracts the effecting of which constitutes the carrying on of business of that category.
- (3) Where an asset is linked to more than one category of [^{F1446}long-term] business, a part of the asset shall be taken to be linked to each category; and references in this Chapter to assets linked (but not solely linked) to any category of business shall be construed accordingly.
- (4) Where subsection (3) above applies, the part of the asset linked to any category of business shall be a proportion determined as follows—
 - (a) where in the records of the company values are shown for the asset in funds referable to particular categories of business, the proportion shall be determined by reference to those values;
 - (b) in any other case the proportion shall be equal to [^{F1447}the proportion A/B where—

A is the total of the linked liabilities of the company which are liabilities of the internal linked fund in which the asset is held and are referable to that category of business;

B is the total of the linked liabilities of the company which are liabilities of that fund.]
- (5) For the purposes of sections 432A to [^{F1448}432E]—
 - (a) income arising in any period from assets linked but not solely linked to a category of business,

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- (b) gains arising in any period from the disposal of such assets, and
- (c) increases and decreases in the value of such assets,

shall be treated as arising to that category of business in the proportion which is the mean of the proportions determined under subsection (4) above at the beginning and end of the period.

[^{F1449}(6) In this section—

^{F1450}

“linked liabilities” means liabilities in respect of benefits to be determined by reference to the value of linked assets.]

- (7) In the case of a policy or contract the effecting of which constitutes a class of life assurance business the fact that it also constitutes [^{F1451}PHI] business shall be disregarded for the purposes of this section unless the benefits to be provided which constitute [^{F1451}PHI] business are to be determined by reference to the value of assets.]

Textual Amendments

F1444S. 432ZA inserted (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 11(2)** (with Sch. 8 para. 55(2))

F1445Words in s. 432ZA(1) inserted (6.1.2006 with effect in accordance with art. 1 of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2005 (S.I. 2005/3465), **art. 4(2)**

F1446Words in s. 432ZA(2)(a)(b)(3)(7) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 52(2)(b)**

F1447Words in s. 432ZA(4)(b) substituted (with effect in accordance with s. 109(10) of the amending Act) by Finance Act 2000 (c. 17), **s. 109(1)**

F1448Words in s. 432ZA(5) substituted (with effect in accordance with Sch. 10 para. 17(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 10 para. 15(1)**

F1449S. 432ZA(6) substituted (with effect in accordance with s. 109(10) of the amending Act) by Finance Act 2000 (c. 17), **s. 109(2)**

F1450S. 432ZA(6): definition of “internal linked fund” repealed (with effect in accordance with Sch. 10 para. 17(2) of the repealing Act) by Finance Act 2007 (c. 11), **Sch. 10 para. 9(2)(a), Sch. 27 Pt. 2(10)**, Note

F1451Words in s. 432ZA(7) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 12** (with Sch. 7 Pt. 2)

[^{F1452}**432A** Apportionment of income and gains.

[^{F1453}(1) [^{F1454}Subject to section 432B, this] section has effect [^{F1455}for determining for the purposes of any provision of the Corporation Tax Acts in relation to any period for which an insurance company carries on business] what parts of—

- (a) income [^{F1456}or losses] arising from the assets of the company’s [^{F1457}long-term insurance fund], or
- (b) gains or losses accruing on the disposal of such assets [^{F1458}in accordance with the provisions of the 1992 Act],

are referable to any category of business.

[^{F1459}(1ZA) In subsection (1)(a) above “income” means—

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- (a) income chargeable under ^{F1460}Chapter 3 of Part 4 of CTA 2009 (profits of a property business) in respect of any separate UK property] businesses treated as carried on by the company under section 432AA,
 - ^{F1461}(b) income chargeable under Chapter 3 of Part 4 of CTA 2009 in respect of distributions treated by ^{F1462}section 548(5) of CTA 2010] as profits of a UK property business carried on by the company,]
 - (c) income chargeable under ^{F1463}Chapter 3 of Part 4 of CTA 2009] in respect of any overseas property business treated as carried on by the company under section 432AA,
 - ^{F1464}(d) income chargeable under Chapter 2 of Part 10 of CTA 2009 (dividends of non-UK resident companies) or Chapter 6 of that Part (sale of foreign dividend coupons),
 - (da) income chargeable under Chapter 7 of Part 10 of CTA 2009 (annual payments not otherwise charged) or Chapter 8 of that Part (income not otherwise charged) which arises from a source outside the United Kingdom,]
 - (e) distributions received by the company from companies resident in the United Kingdom,
 - (f) credits in respect of any creditor relationships (within the meaning of ^{F1465}Part 5 of CTA 2009]) of the company,
 - (g) credits in respect of any derivative contracts (within the meaning of ^{F1466}Part 7 of CTA 2009]) of the company,
 - (h) any income of the company chargeable under ^{F1467}Chapter 5 of Part 10 of CTA 2009 (distributions from unauthorised unit trusts) or Chapter 7 of that Part (annual payments not otherwise charged)],
 - (i) any credits brought into account by the company under ^{F1468}Chapter 2 of Part 8 of CTA 2009] (intangible fixed assets), and
 - (j) any income of the company chargeable under ^{F1469}any provision to which ^{F1470}section 1173 of CTA 2010] (miscellaneous charges) applies], other than profits of the company chargeable under section 436A (gross roll-up business).
- (1ZB) In subsection (1)(a) above “losses” means—
- (a) losses in respect of any separate ^{F1471}UK property businesses] treated as carried on by the company under section 432AA,
 - (b) losses in respect of any overseas property businesses treated as carried on by the company under that section,
 - (c) debits in respect of any creditor relationships (within the meaning of ^{F1472}Part 5 of CTA 2009]) of the company,
 - (d) debits in respect of any derivative contracts (within the meaning of ^{F1473}Part 7 of CTA 2009]) of the company,
 - (e) any debits brought into account by the company under ^{F1474}Chapter 3 of Part 8 of CTA 2009] (intangible fixed assets), and
 - (f) any losses of the company computed in the same way as profits chargeable under ^{F1475}any provision to which ^{F1476}section 1173 of CTA 2010] applies], other than any losses of gross roll-up business.
- (1ZC) For determining as mentioned in subsection (1) above what parts of income or gains arising from the assets of the company's long-term insurance fund are referable to PHI business (to the extent that it would not be the case by virtue of subsections (1ZA) and (1ZB))—

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- (a) “income” also includes profits shown in the technical account, and
- (b) “losses” also includes losses so shown.]

[^{F1477}(1A) If the company carries on only one category of business in the period—
 [all of the income and losses referred to in paragraph (a) of subsection (1)
^{F1478}(a) above, and
 (b) all of the gains and losses referred to in paragraph (b) of that subsection,
 are] referable to that category of business; but if the company carries on more than
 one category of business in the period, the following provisions shall apply.]

- (2) The categories of business referred to in [^{F1479}subsections (1) and (1A)] above are—
 [^{F1480}(a) basic life assurance and general annuity business,
 (b) gross roll-up business, and
 (c) PHI business.]

(3) Income [^{F1481}or losses] arising from, and gains or losses accruing on the disposal of,
 assets linked to any category of business [^{F1482}is] referable to that category of business.]

[Amounts falling within—
^{F1483}(3A) (a) section 442A,
 (b) section 85(2C) of the Finance Act 1989, or
 (c) section 85A of that Act,
 are directly referable to basic life assurance and general annuity business.]

(4) ^{F1484}

[Income [^{F1486}or losses] arising from, and gains or losses accruing on the disposal of,
^{F1485}(4A) foreign [^{F1487}business] assets is referable to gross roll-up business.]

(5) There [^{F1488}is] referable to any category of business ^{F1489} . . . the relevant fraction of any
 [^{F1490}income and losses referred to in paragraph (a) of subsection (1) above, and any
 gains and losses referred to in paragraph (b) of that subsection,] not directly referable
 to [^{F1491}any category] of business.

[^{F1492}(6) For the purposes of subsection (5) above “the relevant fraction”, in relation to basic
 life assurance and general annuity business, is—

$$\frac{A}{A + B + C}$$

where—

A is the aggregate of—

- (a) the mean of the opening and closing liabilities of the basic life assurance and
 general annuity business (but taking that mean to be nil if it would otherwise be
 below nil), reduced (but not below nil) by the mean of the opening and closing
 net values of any assets directly referable to that category of business,
- (b) ^{F1493} and
- (c) the mean of the appropriate parts (that is, the parts relating to that category)
 of the opening and closing amounts of the free assets amounts;

B is the aggregate of—

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- (a) the mean of the opening and closing liabilities of the gross roll-up business (but taking that mean to be nil if it would otherwise be below nil), reduced (but not below nil) by the mean of the opening and closing net values of any assets directly referable to that category of business, and
- (b) the mean of the appropriate parts (that is, the parts relating to that category) of the opening and closing amounts of the free assets amounts; and

C is the aggregate of—

- (a) the mean of the opening and closing liabilities of the PHI business (but taking that mean to be nil if it would otherwise be below nil), reduced (but not below nil) by the mean of the opening and closing net values of any assets directly referable to that category of business, and
- (b) the mean of the appropriate parts (that is, the parts relating to that category) of the opening and closing amounts of the free assets amounts.

(6A) For the purposes of subsection (5) above “the relevant fraction”, in relation to gross roll-up business, is—

$$\frac{B}{A + B + C}$$

where A, B and C have the same meaning as in subsection (6) above.

(6B) For the purposes of subsection (5) above “the relevant fraction”, in relation to PHI business, is—

$$\frac{C}{A + B + C}$$

where A, B and C have the same meaning as in subsection (6) above.

(6C) But if the denominator found in accordance with subsection (6), (6A) or (6B) above is nil, the relevant fraction for the purposes of subsection (5) above in relation to the category of business in question is such fraction as is just and reasonable.]

[^{F1494}(7) For the purposes of subsections [^{F1495}(5), (6) [^{F1496}, (6A) and (6B)]] above—

- (a) income and losses referred to in paragraph (a) of subsection (1) above, and gains and losses referred to in paragraph (b) of that subsection,] are directly referable to a category of business if referable to that category by virtue of subsection (3) or [^{F1497}(4A)] above, ^{F1498} . . . [^{F1499}and]
- (b) assets are directly referable to a category of business if income [^{F1500}and losses arising from the assets, and gains and losses accruing on the disposal of the assets, are] so referable by virtue of subsection (3) [^{F1501}or (4A)] above, [^{F1502}^{F1503} . . .
- (c) ^{F1503}]]

[^{F1504}(8) In [^{F1505}subsection (6)] above—

- (a) “appropriate part”, in relation to the free assets amount, means—

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(i) where none (or none but an insignificant proportion) of the liabilities of the long-term business are with-profits liabilities, the part of that amount which bears to the whole the proportion A/B where—

A is the amount of the liabilities of the category of business in question [^{F1506}(but taking that amount to be nil if it would otherwise be below nil)];

B is the whole amount of the liabilities of the long-term business; and

(ii) in any other case the part of the free assets amount which bears to the whole the proportion C/D where—

C is the amount of the with-profits liabilities of the category of business in question;

D is the whole amount of the with-profits liabilities of the long-term business; ^{F1507} . . .

(b) ^{F1507}

[^{F1508}This is subject to subsection (8ZA) below.]

[^{F1509}(8ZA) If for the purposes of subsection (8)(a) above either B or D is nil then, in [^{F1510}paragraph (c) of the definition of A and paragraph (b) of the definitions of B and C in subsection (6)] above, “appropriate part”, in relation to the free assets amount, means the part of that amount which bears to the whole such proportion as is just and reasonable.]

(8A) ^{F1511}

(8B) ^{F1511}]

(9) ^{F1512}

[^{F1513}(9A) ^{F1514}

(9B) ^{F1515}]

^{F1516}(10)

Textual Amendments

F1452Ss. 432A-432E inserted by Finance Act 1990 (c. 29), **Sch. 6 para. 4**

F1453S. 432A(1)-(3) substituted (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 13(2)**

F1454Words in s. 432A(1) substituted (with effect in accordance with Sch. 17 para. 17(12) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 17(2)(a)**

F1455Words in s. 432A(1) substituted (22.7.2004) by Finance Act 2004 (c. 12), **Sch. 7 para. 8(2)**

F1456Words in s. 432A(1)(a) inserted (with effect in accordance with Sch. 17 para. 17(12) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 17(2)(b)**

F1457Words in s. 432A(1)(a)(9B) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 52(1)(c)**

F1458Words in s. 432A(1)(b) inserted (with effect in accordance with Sch. 17 para. 17(12) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 17(2)(c)**

F1459S. 432A(1ZA)-(1ZC) inserted (with effect in accordance with Sch. 17 para. 17(12) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 17(3)**

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- F1460** Words in s. 432A(1ZA)(a) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 130(2)(a)** (with Sch. 2 Pts. 1, 2)
- F1461** S. 432A(1ZA)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 130(2)(b)** (with Sch. 2 Pts. 1, 2)
- F1462** Words in s. 432A(1ZA)(b) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 43(2)(a)** (with Sch. 2)
- F1463** Words in s. 432A(1ZA)(c) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 130(2)(c)** (with Sch. 2 Pts. 1, 2)
- F1464** S. 432A(1ZA)(d)(da) substituted for s. 432A(1ZA)(d) (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 130(2)(d)** (with Sch. 2 Pts. 1, 2)
- F1465** Words in s. 432A(1ZA)(f) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 130(2)(e)** (with Sch. 2 Pts. 1, 2)
- F1466** Words in s. 432A(1ZA)(g) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 130(2)(f)** (with Sch. 2 Pts. 1, 2)
- F1467** Words in s. 432A(1ZA)(h) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 130(2)(g)** (with Sch. 2 Pts. 1, 2)
- F1468** Words in s. 432A(1ZA)(i) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 130(2)(h)** (with Sch. 2 Pts. 1, 2)
- F1469** Words in s. 432A(1ZA)(j) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 130(2)(i)** (with Sch. 2 Pts. 1, 2)
- F1470** Words in s. 432A(1ZA)(j) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 43(2)(b)** (with Sch. 2)
- F1471** Words in s. 432A(1ZB)(a) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 130(3)(a)** (with Sch. 2 Pts. 1, 2)
- F1472** Words in s. 432A(1ZB)(c) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 130(3)(b)** (with Sch. 2 Pts. 1, 2)
- F1473** Words in s. 432A(1ZB)(d) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 130(3)(c)** (with Sch. 2 Pts. 1, 2)
- F1474** Words in s. 432A(1ZB)(e) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 130(3)(d)** (with Sch. 2 Pts. 1, 2)
- F1475** Words in s. 432A(1ZB)(f) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 130(3)(e)** (with Sch. 2 Pts. 1, 2)
- F1476** Words in s. 432A(1ZB)(f) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 43(3)** (with Sch. 2)
- F1477** S. 432A(1A) inserted (22.7.2004) by Finance Act 2004 (c. 12), **Sch. 7 para. 8(3)**
- F1478** Words in s. 432A(1A) substituted (with effect in accordance with Sch. 17 para. 17(12) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 17(4)**
- F1479** Words in s. 432A(2) substituted (22.7.2004) by Finance Act 2004 (c. 12), **Sch. 7 para. 8(4)**
- F1480** S. 432A(2)(a)-(c) substituted for s. 432A(2)(a)-(f) (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 13(3)** (with Sch. 7 Pt. 2)
- F1481** Words in s. 432A(3) inserted (with effect in accordance with Sch. 17 para. 17(12) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 17(5)**
- F1482** Word in s. 432A(3) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 13(4)** (with Sch. 7 Pt. 2)
- F1483** S. 432A(3A) inserted (with effect in accordance with Sch. 17 para. 17(12) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 17(6)**
- F1484** S. 432A(4) repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 7 para. 13(5), **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)
- F1485** S. 432A(4A) inserted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 13(6)** (with Sch. 7 Pt. 2)
- F1486** Words in s. 432A(4A) inserted (with effect in accordance with Sch. 17 para. 17(12) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 17(7)**

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- F1487** Word in s. 432A(4A) substituted (with effect in accordance with Sch. 17 para. 10(6)(7) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 10(3)(a)**
- F1488** Word in s. 432A(5) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 13(7)(a)** (with Sch. 7 Pt. 2)
- F1489** Words in s. 432A(5) repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 7 para. 13(7)(b), **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)
- F1490** Words in s. 432A(5) substituted (with effect in accordance with Sch. 17 para. 17(12) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 17(8)**
- F1491** Words in s. 432A(5)(6)(b)(i) substituted (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 13(3)** (with Sch. 8 para. 55(2))
- F1492** S. 432A(6)-(6C) substituted for s. 432A(6)-(6AA) (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 13(8)** (with Sch. 7 Pt. 2)
- F1493** Words in s. 432A(6) omitted (with effect in accordance with Sch. 17 para. 19(5) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 17 para. 19(3)(a)**
- F1494** S. 432A(7) substituted (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 13(4)** (with Sch. 8 para. 55(2))
- F1495** Words in s. 432A(7) substituted (6.1.2006 with effect in accordance with art. 1 of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2005 (S.I. 2005/3465), **art. 5(4)(a)**
- F1496** Words in s. 432A(7) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 13(9)(a)** (with Sch. 7 Pt. 2)
- F1497** Words in s. 432A(7)(a) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 13(9)(b)** (with Sch. 7 Pt. 2)
- F1498** Word at the end of s. 432A(7)(a) omitted (6.1.2006 with effect in accordance with art. 1 of the repealing S.I.) by virtue of The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2005 (S.I. 2005/3465), **art. 5(4)(b)**
- F1499** Word at the end of s. 432A(7)(a) inserted (with effect in accordance with Sch. 17 para. 17(12) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 17(9)(a)**
- F1500** Words in s. 432A(7)(b) substituted (with effect in accordance with Sch. 17 para. 17(12) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 17(9)(b)**
- F1501** Words in s. 432A(7)(b) inserted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 13(9)(c)** (with Sch. 7 Pt. 2)
- F1502** S. 432A(7)(c) and preceding word inserted (6.1.2006 with effect in accordance with art. 1 of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2005 (S.I. 2005/3465), **art. 5(4)(c)**
- F1503** S. 432A(7)(c) and preceding word omitted (with effect in accordance with Sch. 17 para. 17(12) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 17 para. 17(9)(c)**
- F1504** S. 432A(8)-(8B) substituted for s. 432A(8) (6.1.2006 with effect in accordance with art. 1 of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2005 (S.I. 2005/3465), **art. 5(5)**
- F1505** Words in s. 432A(8) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 13(10)** (with Sch. 7 Pt. 2)
- F1506** Words in s. 432A(8)(a)(i) inserted (17.4.2007 with effect in accordance with art. 1(2) of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2007 (S.I. 2007/1031), **arts. 1(1), 4(5)(a)**
- F1507** S. 432A(8)(b) and preceding word omitted (with effect in accordance with Sch. 17 para. 19(5) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 17 para. 19(3)(b)**
- F1508** Words in s. 432A(8) inserted (17.4.2007 with effect in accordance with art. 1(2) of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2007 (S.I. 2007/1031), **arts. 1(1), 4(5)(b)**
- F1509** S. 432A(8ZA) inserted (17.4.2007 with effect in accordance with art. 1(2) of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2007 (S.I. 2007/1031), **arts. 1(1), 4(6)**

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- F1510** Words in s. 432A(8ZA) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 13(11)** (with Sch. 7 Pt. 2)
- F1511** S. 432A(8A)(8B) omitted (with effect in accordance with Sch. 17 para. 19(5) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 17 para. 19(3)(c)**
- F1512** S. 432A(9) repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 7 para. 13(12), **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)
- F1513** S. 432A(9A)(9B) inserted (with effect in accordance with s. 109(10) of the amending Act) by Finance Act 2000 (c. 17), **s. 109(6)**
- F1514** S. 432A(9A) repealed (with effect in accordance with Sch. 10 para. 17(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 10 para. 9(2)(b), **Sch. 27 Pt. 2(10)**, Note
- F1515** S. 432A(9B) repealed (with effect in accordance with Sch. 43 Pt. 3(12), Note 1 of the repealing Act) by Finance Act 2003 (c. 14), **Sch. 43 Pt. 3(12)**
- F1516** S. 432A(10) repealed (27.7.1993 with effect in relation to accounting periods beginning on or after 1.1.1993) by 1993 c. 34, ss. 91(2)(a), 213, **Sch. 23 Pt. III** (8), Note

Modifications etc. (not altering text)

- C65** S. 432A modified (3.5.1994) by Finance Act 1994, (c. 9), s. 169, Sch. 18 para 1(4)
- C66** S. 432A modified by S.I. 1992/1655, **regs. 6-8** (as amended (31.12.1993) by The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 1993 (S.I. 1993/3111), **regs. 1, 5, 7**; and as further amended (10.8.1995) by The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 1995 (S.I. 1995/1916), **regs. 1, 5**)
- C67** S. 432A applied (with effect in accordance with s. 105(1) of the affecting Act) by Finance Act 1996 (c. 8), **Sch. 11 para. 3** (with Sch. 15)
- C68** S. 432A applied (19.3.1997) by Finance Act 1997 (c. 16), **Sch. 12 para 19**
- C69** S. 432A modified (20.3.1997 with effect in accordance with reg. 1(2) of the modifying S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. 1997/473), **regs. 1(1), 9, 13** (as amended by: S.I. 2000/2710, **regs. 1, 4**; S.I. 2001/3629, **arts. 1, 157, 165**; S.I. 2001/3975, **regs. 1, 4**; S.I. 2003/23, **regs. 1, 5, 6**; S.I. 2004/822, **regs. 1, 8, 9**; S.I. 2005/2005, **regs. 1, 6**)
- C70** S. 432A modified by Finance Act 1996 (c. 8), **Sch. 11 para. 3A(5)** (as inserted (with effect in accordance with s. 109(10) of the 2000 amending Act) by Finance Act 2000 (c. 17), **s. 109(8)**)
- C71** S. 432A applied (with effect in accordance with Sch. 29 Pt. 14 of the affecting Act) by Finance Act 2002 (c. 23), **Sch. 29 para. 138(2)(3)**
- C72** S. 432A modified (12.8.2005 with effect in accordance with reg. 1(2) of the amending S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005 (S.I. 2005/2014), **regs. 1(1), 9** (as amended by: S.I. 2007/2134, **regs. 1(1)(2), 9**; S.I. 2008/1937, **regs. 1(1)(2), 6**)
- C73** S. 432A excluded by Finance Act 1989 (c. 26), **s. 83XA(14)** (as inserted (with effect in accordance with Sch. 10 para. 17(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 10 para. 2(1)**)
- C74** S. 432A(2) modified (with effect in accordance with reg. 1(2) of the modifying S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. 1997/473), **regs. 1(1), 10-12**
- C75** S. 432A(2) modified (6.4.1999) by The Individual Savings Account (Insurance Companies) Regulations 1998 (S.I. 1998/1871), **regs. 1, 5, 10**
- C76** S. 432A(2) modified (6.4.2005) by The Child Trust Funds (Insurance Companies) Regulations 2004 (S.I. 2004/2680), **regs. 1, 4, 8**; S.I. 2004/3369, **art. 2(1)**

[^{F1518}432A^{F1517} UK property business or overseas property business]

- (1) An insurance company [^{F1519}is treated (despite sections 205 and 206 of CTA 2009) as carrying on separate UK property businesses or overseas property businesses], in accordance with the following rules.

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- (2) The exploitation of land held as an asset of the company's [^{F1520}long-term insurance fund] is treated as a separate business from the exploitation of land not so held.
- (3) ^{F1521}
- (4) The exploitation of land held as an asset linked to any of the following categories of business is regarded as a separate business—
 - [^{F1522}(a) basic life assurance and general annuity business;
 - (b) gross roll-up business; and
 - (c) PHI business.]
- (5) Accordingly, the exploitation of land held as an asset of the company's [^{F1520}long-term insurance fund] otherwise than as mentioned in subsection ^{F1523} . . . (4) is treated as a separate business from any other.
- (6) In this section “land” means any estate, interest or rights in or over land.]

Textual Amendments

- F1517S.** 432AA title substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 131(3)** (with Sch. 2 Pts. 1, 2)
- F1518Ss.** 432AA, 432AB inserted (with effect in accordance with s. 38(2)(3) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 5 para 39** (with Sch. 5 para. 73)
- F1519**Words in s. 432AA(1) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 131(2)** (with Sch. 2 Pts. 1, 2)
- F1520**Words in s. 432AA(2)(3)(5) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 52(1)(d)**
- F1521S.** 432AA(3) repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 7 para. 14(2), **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)
- F1522S.** 432AA(4)(a)-(c) substituted for s. 432AA(4)(a)-(d) (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 14(3)** (with Sch. 7 Pt. 2)
- F1523**Words in s. 432AA(5) repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 7 para. 14(4), **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)

Modifications etc. (not altering text)

- C77** S. 432AA modified by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. 1997/473), **reg. 13A** (as inserted (13.10.1999) by The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 1999 (S.I. 1999/2636), **regs. 1, 3**)
- C78** S. 432AA modified (12.8.2005 with effect in accordance with reg. 1(2) of the amending S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005 (S.I. 2005/2014), **regs. 1(1), 10** (as amended by: S.I. 2007/2134, **regs. 1(1)(2), 11**; S.I. 2008/1937, **regs. 1(1)(2), 8**)
- C79** S. 432AA(4) modified (6.4.1999) by The Individual Savings Account (Insurance Companies) Regulations 1998 (S.I. 1998/1871), **regs. 1, 5, 11**
- C80** S. 432AA(4) modified (6.4.2005) by The Child Trust Funds (Insurance Companies) Regulations 2004 (S.I. 2004/2680), **regs. 1, 4, 9**; S.I. 2004/3369, **art. 2(1)**

[^{F1518}432AB]sses from [^{F1524}UK property business] or overseas property business.

- (1) This section applies to any loss arising in a [^{F1525}UK property business] or overseas property business.

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- (2) ^{F1526}
- [^{F1527}(3) So far as a loss is referable to basic life assurance and general annuity business, it shall be treated for the purposes of section 76 as expenses payable which fall to be brought into account at Step 3 in subsection (7) of that section.]
- (4) Where a company is treated under section 432AA as carrying on—
- (a) more than one [^{F1528}UK property business], or
 - (b) more than one overseas property business,
- then, in relation to either kind of business, the reference in subsection (3) above to a loss referable to basic life assurance and general annuity business shall be construed as a reference to any aggregate net loss after setting the losses from those businesses which are so referable against any profits from those businesses that are so referable.
- (5) The provisions of [^{F1529}Chapter 4 of Part 4 of CTA 2010 (loss relief: property losses)] do not apply to a loss referable to life assurance business or any category of life assurance business.
- (6) ^{F1530}]

Textual Amendments

- F1518** Ss. 432AA, 432AB inserted (with effect in accordance with s. 38(2)(3) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 5 para 39** (with Sch. 5 para. 73)
- F1524** Words in s. 432AB title substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 132(4)** (with Sch. 2 Pts. 1, 2)
- F1525** Words in s. 432AB(1) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 132(2)** (with Sch. 2 Pts. 1, 2)
- F1526** S. 432AB(2) omitted (with effect in accordance with Sch. 17 para. 17(12) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 17 para. 17(11)(a)**
- F1527** S. 432AB(3) substituted (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), Sch. para. 17(2)
- F1528** Words in s. 432AB(4)(a) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 132(3)** (with Sch. 2 Pts. 1, 2)
- F1529** Words in s. 432AB(5) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 44** (with Sch. 2)
- F1530** S. 432AB(6) repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 7 para. 15, **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)

Modifications etc. (not altering text)

- C81** S. 432AB modified by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. 1997/473), **reg. 13B** (as inserted (13.10.1999) by The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 1999 (S.I. 1999/2636), **regs. 1, 3**)
- C82** S. 432AB modified (12.8.2005 with effect in accordance with reg. 1(2) of the amending S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005 (S.I. 2005/2014), **regs. 1(1), 11**

[^{F1531}432B] Apportionment of receipts brought into account.

- (1) This section and [^{F1532}sections 432C to [^{F1533}432G]] have effect where it is necessary in accordance with section 83 of the Finance Act 1989 to determine what parts of any

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items [^{F1534}brought into account, within the meaning of that section.] are referable to life assurance business or [^{F1535}gross roll-up business].

[^{F1536}(2) Where for that purpose reference falls to be made to more than one account recognised for the purposes of that section, the provisions of sections 432C to [^{F1537}432G] apply separately in relation to each account.]

(3) [^{F1538}Section 432C applies] where the business with which an account is concerned (“the relevant business”) relates exclusively to policies or contracts under which the policy holders or annuitants are not eligible to participate in surplus; and [^{F1539}sections 432E and 432F apply] where the relevant business relates wholly or partly to other policies or contracts [^{F1540}(and section 432G applies in either case)].]

[^{F1541}(4) ^{F1542}

(5) ^{F1542}

(6) ^{F1542}

(7) ^{F1542}

[^{F1543}(8) ^{F1542}

(8A) ^{F1542}

(8B) ^{F1542}

(8C) ^{F1542}

(8D) ^{F1542}

(8E) ^{F1542}

(8F) ^{F1542}

(8G) ^{F1542}

(9) ^{F1542}

(10) ^{F1542}

(11) ^{F1542}

[^{F1544}(12) ^{F1542}

Textual Amendments

F1531 Ss. 432A-432E inserted by Finance Act 1990 (c. 29), **Sch. 6 para. 4**

F1532 Words in s. 432B(1)(2) substituted (with effect in accordance with **Sch. 8 para. 53(1)** of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 17(1)(a)** (with **Sch. 8 para. 55(2)**)

F1533 Words in s. 432B(1) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 16(2)(a)** (with **Sch. 7 Pt. 2**)

F1534 Words in s. 432B(1) substituted (with effect in accordance with **Sch. 8 para. 57(1)** of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 16(2)(a)** (with **Sch. 8 para. 55(2)**)

F1535 Words in s. 432B(1) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 16(2)(b)** (with **Sch. 7 Pt. 2**)

F1536 S. 432B(2) substituted (with effect in accordance with **Sch. 8 para. 57(1)** of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 16(2)(b)** (with **Sch. 8 para. 55(2)**)

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- F1537** Words in s. 432B(2) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 16(3)** (with Sch. 7 Pt. 2)
- F1538** Words in s. 432B(3) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 16(4)(a)** (with Sch. 7 Pt. 2)
- F1539** Words in s. 432B(3) substituted (with effect in accordance with Sch. 8 para. 53(1) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 17(1)(b)** (with Sch. 8 para. 55(2))
- F1540** Words in s. 432B(3) inserted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 16(4)(b)** (with Sch. 7 Pt. 2)
- F1541** S. 432B(4)-(11) inserted (6.1.2006 with effect in accordance with art. 1 of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2005 (S.I. 2005/3465), **art. 6(2)**
- F1542** S. 432B(4)-(12) omitted (with effect in accordance with Sch. 17 para. 19(5) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 17 para. 19(4)**
- F1543** S. 432B(8)-(8G) substituted for s. 432B(8) (9.6.2006 with effect in accordance with art. 1(2)(3) of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2006 (S.I. 2006/1358), **arts. 1(1), 3(2)**
- F1544** S. 432B(12) inserted (9.6.2006 with effect in accordance with art. 1(2)(3) of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2006 (S.I. 2006/1358), **arts. 1(1), 3(5)**

Modifications etc. (not altering text)

- C83** S. 432B modified by S.I. 1992/1655, **reg. 9** (as amended (31.12.1993) by The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 1993 (S.I. 1993/3111), **regs. 1, 8**)
- C84** Ss. 432B-432E excluded (31.7.1992 with effect as mentioned in reg. 1 of the amending S.I.) by S. I. 1992/1655, **regs. 1, 10**
- C85** S. 432B modified (31.7.1992 with effect as mentioned in reg. 1 of the amending S.I.) by S.I. 1992/1655, **regs. 1, 9(1)**
- C86** S. 432B modified by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005 (S.I. 2005/2014), **reg. 9A** (as inserted (14.8.2007 with effect in accordance with reg. 1(2) of the amending S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 2007 (S.I. 2007/2134), **regs. 1(1), 10** (and that modifying reg. 10 is omitted (12.8.2008 with effect in accordance with reg. 1(2) of the revoking S.I.) by virtue of S.I. 2008/1937, **regs. 1(1), 7))**
- C87** Ss. 432B-432G applied (1.4.2010 with effect in accordance with s. 381(1) of the affecting Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), **s. 102(3)** (with Sch. 9)

[^{F1545}432B] Section 432B apportionment: non-participating funds

- (1) This section specifies the extent to which the net amount is referable to life assurance business or to gross roll-up business.
- (2) In this section “the net amount” means the aggregate of the amounts brought into account—
 - (a) as investment income,
 - (b) as an increase in the value of assets, or
 - (c) as other income,
 less the aggregate of the amounts brought into account as a decrease in the value of assets.
- (3) To the extent that the net amount is attributable to—
 - (a) assets linked to life assurance business, or
 - (b) foreign [^{F1546}business] assets,

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it is referable to life assurance business.

- (4) There is also referable to life assurance business the appropriate fraction of so much of the net amount as is not attributable to linked assets or foreign [^{F1546}business] assets.
- (5) For the purposes of subsection (4) above “the appropriate fraction” is—

$$\frac{A}{A + B}$$

where—

A is the mean of the opening and closing liabilities of the relevant business so far as referable to life assurance business (but taking that mean to be nil if it would otherwise be below nil), reduced (but not below nil) by the aggregate of the mean of the opening and closing net values of assets linked to the relevant business so far as so referable and foreign [^{F1546}business] assets; and

B is the mean of the opening and closing liabilities of the relevant business so far as referable to PHI business, reduced (but not below nil) by the mean of the opening and closing net values of any assets linked to PHI business.

- (6) But if the denominator found in accordance with subsection (5) above is nil, the appropriate fraction for the purposes of subsection (4) above is such fraction as is just and reasonable.
- (7) To the extent that the net amount is attributable to—
- (a) assets linked to gross roll-up business, or
 - (b) foreign [^{F1546}business] assets,
- it is referable to gross roll-up business.
- (8) There is also referable to gross roll-up business the relevant fraction of so much of the net amount as is not attributable to linked assets or foreign [^{F1546}business] assets.
- (9) For the purposes of subsection (8) above “the relevant fraction” is—

$$\frac{C}{C + D}$$

where—

C is the mean of the opening and closing liabilities of the relevant business so far as referable to gross roll-up business (but taking that mean to be nil if it would otherwise be below nil), reduced (but not below nil) by the aggregate of the mean of the opening and closing net values of any assets linked to gross roll-up business and foreign [^{F1546}business] assets; and

D is the mean of the opening and closing liabilities of the relevant business so far as referable to basic life assurance and general annuity business or PHI business (but taking that mean to be nil if it would otherwise be below nil), reduced (but not below nil) by the mean of the opening and closing net values of any assets linked to either of those categories of business.

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- (10) But if the denominator found in accordance with subsection (9) above is nil, the relevant fraction for the purposes of subsection (8) above is such fraction as is just and reasonable.
- (11) For the purposes of this section, so much of the net amount—
- (a) as is brought into account as other income in an internal linked fund of the company, and
 - (b) as is not attributable to assets of that fund,
- is to be treated as linked to a category of business to the same extent as income attributable to an asset of the fund would, by virtue of section 432ZA, be referable to that category of business.]

Textual Amendments

F1545S. 432C substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 17** (with Sch. 7 Pt. 2)

F1546 Words in s. 432C(3)-(5)(7)-(9) substituted (with effect in accordance with Sch. 17 para. 10(6)(7) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 10(3)(b)**

Modifications etc. (not altering text)

C88 Ss. 432B-432G applied (1.4.2010 with effect in accordance with s. 381(1) of the affecting Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), **s. 102(3)** (with Sch. 9)

VALID FROM 08/04/2010

^{F1547} **432CA Apportionment of asset value increase where line 51 amount decreases**

- (1) This section applies where—
- (a) an insurance company is not a non-profit company in relation to a period of account (“the current period of account”),
 - (b) in the case of any business with which an account of the company for the current period of account is concerned (“the relevant business”), an amount is a relevant brought into account amount for that period of account (see subsection (2)),
 - (c) section 432C applies for determining the extent to which the relevant brought into account amount is referable to life assurance business or to gross roll-up business, and
 - (d) the line 51 reduction condition is met (see subsection (3)).
- (2) An amount is a relevant brought into account amount for a period of account if—
- (a) it is brought into account as mentioned in subsection (2)(b) of section 83 of the Finance Act 1989 (increases in value of non-linked assets) for that period,
 - (b) it is deemed to be brought into account for that period by subsection (2B) of that section in consequence of the transfer of non-linked assets, or
 - (c) it is taken into account under subsection (2) of that section for that period by virtue of section 444AB as being the relevant amount in relation to non-linked assets.
- (3) The line 51 reduction condition is met if—

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- (a) the amount shown in column 1 of line 51 of Form 14 of the company's periodical return in respect of the relevant business for the current period of account, is less than
- (b) the amount so shown for the period of account immediately before it; and the amount of the difference is “the relevant reduction”.
- (4) Section 432C applies in relation to so much of the relevant brought into account amount as does not exceed the relevant reduction (“the affected amount”) as if it were brought into account as an increase in the value of assets in the case of the relevant business for the applicable appropriate period of account of the company.
- (5) A period of account is an “appropriate period of account” if it ended before the current period of account and—
- (a) the amount shown in column 1 of line 51 of Form 14 of the company's periodical return in respect of the relevant business for it, was more than
- (b) the amount so shown for the period of account immediately before it; and the amount of the difference is “the relevant increase.”
- (6) The “applicable” appropriate period of account is the one which ended most recently (“the most recent appropriate period of account”).
- (7) But if the relevant increase in the case of the most recent appropriate period of account is less than the affected amount, the most recent appropriate period of account is the applicable appropriate period of account in relation to only so much of the affected amount as does not exceed that relevant increase.
- (8) In that case, the appropriate period of account which ended most recently before the most recent appropriate period of account is the applicable appropriate period of account in relation to so much of the remainder as does not exceed the relevant increase in the case of that appropriate period of account (and, where necessary, so on until the applicable appropriate period of account is established in relation to all of the affected amount or there are no more appropriate periods of account).
- (9) If the current period of account is not the first in relation to which this section has applied in the case of the business concerned, the amount of the relevant increase in the case of any appropriate period of account (“the period in question”) is to be treated as reduced by the relevant aggregate.
- (10) The “relevant aggregate” is the aggregate of so much of the affected amount for any period or periods of account earlier than the current period of account as was an amount to which section 432C applied as if it were brought into account as mentioned in subsection (4) for the period in question.
- (11) For the purposes of this section an insurance company which has elected under section 83YA(9) of the Finance Act 1989 (changes in value of assets brought into account: non-profit companies) to be treated as a non-profit company in relation to a period of account is to be regarded as a non-profit company in relation to the period of account.]

Textual Amendments

F1547S. 432CA inserted (with effect in accordance with s. 47(2)-(4) of the amending Act) by [Finance Act 2010 \(c. 13\), s. 47\(1\)](#)

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VALID FROM 27/07/2010

^{F1548} 432CB Transfers of business involving excess assets

- (1) This section applies where, under an insurance business transfer scheme, there is a transfer of long-term business—
- (a) from a non-profit fund of an insurance company (“the transferor”) which is not a non-profit company in relation to the relevant period of account,
 - (b) to another insurance company (“the transferee”) to constitute or form part of a non-profit fund of the transferee (“the transferee's non-profit fund”),
- (“the transfer”) and conditions A and B are met.

- (2) Condition A is that the fair value of the assets transferred by the transfer exceeds by an amount (“the chargeable excess”) the amount of the relevant liabilities transferred by the transfer.

For this purpose “relevant” liabilities are liabilities of a type shown (or treated as shown) in any of lines 14, 17, 21 to 23 and 31 to 38 of Form 14 of a periodical return of an insurance company.

- (3) Condition B is that the main purpose, or one of the main purposes, of the transferor or the transferee (or both) in entering into any part of the transfer scheme arrangements is to secure a reduction in tax as a result of section 432C having effect in the case of the transferee, rather than the transferor, in relation to the business transferred by the transfer.
- (4) The chargeable excess is to be brought into account by the transferor as mentioned in section 83(2)(b) of the Finance Act 1989 for the relevant period of account.
- (5) Where there is no amount shown in relation to the transferee's non-profit fund in column 1 of line 51 of Form 14 of the periodical return of the transferee for the first period of account of the transferee ending on or after the transfer date (“the first post-transfer period of account”), the chargeable excess is to be brought into account by the transferee as mentioned in section 83(2) of the Finance Act 1989 as a decrease in the value of non-linked assets for the first post-transfer period of account.
- (6) Where—
- (a) there is an amount shown in relation to the transferee's non-profit fund in column 1 of line 51 of Form 14 of the periodical return of the transferee for the first post-transfer period of account, and
 - (b) the amount so shown in column 1 of line 51 of Form 14 of the periodical return of the transferee for that period of account, or for any other period of account of the transferee ending after the transfer date, (an “affected period of account”) is less than the total chargeable excess amount,
- the relevant amount is to be brought into account by the transferee as mentioned in section 83(2) of the Finance Act 1989 as a decrease in the value of non-linked assets for the affected period of account.
- (7) For this purpose “the relevant amount” is the amount by which—
- (a) the amount shown in relation to the transferee's non-profit fund in column 1 of line 51 of Form 14 of the periodical return of the transferee for the affected period of account, is less than

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- (b) the total chargeable excess amount less any amount brought into account by the transferee as mentioned in section 83(2) of the Finance Act 1989 as a decrease in the value of non-linked assets for any earlier period of account by virtue of the operation of this section in relation to the transferee's non-profit fund.
- (8) In subsections (6) and (7) “the total chargeable excess amount” means the aggregate of—
- (a) the chargeable excess, and
 - (b) any amount which is the chargeable excess in relation to any other transfer of business to the transferee's non-profit fund.
- (9) In this section “the relevant period of account” means—
- (a) the period of account of the transferor ending immediately before the transfer date, or
 - (b) if no period of account of the transferor so ends, the period of account of the transferor covering the transfer date.
- (10) In this section “the transfer scheme arrangements” means the insurance business transfer scheme and any relevant associated operations; and for this purpose “relevant associated operations” means—
- (a) any other insurance business transfer scheme,
 - (b) any contract of reinsurance, or
 - (c) any reconstruction or amalgamation involving the transferor, a dependant of the transferor which is an insurance undertaking or the transferee,
- which is effected in connection with the insurance business transfer scheme.
- (11) In subsection (10)—
- “dependant”, and
- “insurance undertaking”,
- have the same meaning as in the Insurance Prudential Sourcebook.
- (12) In this section “the transfer date” means the date on which the insurance business transfer scheme takes effect.
- (13) For the purposes of this section an insurance company which has elected under section 83YA(9) of the Finance Act 1989 (changes in value of assets brought into account: non-profit companies) to be treated as a non-profit company in relation to a period of account is to be regarded as a non-profit company in relation to the period of account.]

Textual Amendments

F1548S. 432CB inserted (with effect in accordance with s. 9(2) of the amending Act) by [Finance \(No. 2\) Act 2010 \(c. 31\), s. 9\(1\)](#)

[^{F1549}**Section 432B apportionment: value of non-participating funds.**

^{F1550}]

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Textual Amendments

F1549Ss. 432A-432E inserted by Finance Act 1990 (c. 29), Sch. 6 para. 4

F1550S. 432D repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 7 para. 18, Sch. 27 Pt. 2(7), Note (with Sch. 7 Pt. 2)

[^{F1551}432B] Section 432B apportionment: participating funds.

[^{F1552}(1) The part of the net amount which is referable to life assurance business or to gross roll-up business is—

- (a) the amount determined in accordance with subsections (2) and (2A) below, or
- (b) if greater, the amount determined in accordance with subsection (3) below.

(1A) In this section “the net amount” means the aggregate of the amounts brought into account—

- (a) as investment income,
- (b) as an increase in the value of assets, or
- (c) as other income,

less the aggregate of the amounts brought into account as a decrease in the value of assets.]

(2) For the purposes of subsection (1) above there shall be determined the amount which is such as to secure—

- (a) ^{F1553}
- (b) ^{F1554} ... that

$$CS - CAS = \left(S - AS \right) \times \frac{CAS}{AS}$$

where—

S is the surplus of the relevant business;

AS is so much of that surplus as is allocated to persons entitled to the benefits provided for by the policies or contracts to which the relevant business relates;

CAS is so much of the surplus so allocated as is attributable to policies or contracts of life assurance business or of gross roll-up business]; and CS is so much of the surplus of the relevant business as would remain if the relevant business were confined to [^{F1555}life assurance business or to gross roll-up business].

(2A) In a case where [^{F1556}an amount or amounts are] taken into account under subsection (2) of section 83 of the Finance Act 1989 by virtue of subsection (2B) of that section [^{F1557}or by virtue of section ^{F1558} . . . [^{F1559}[^{F1560}444AB, ^{F1561} . . .]]^{F1562}444AEA,]^{F1563}444AECA,] 444AF(2) or 444AK(2)] of this Act], the amount determined under subsection (2) above is increased by—

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$$\frac{\text{CAS}}{\text{AS}} \times \text{RP}$$

where—

CAS and AS have the same meanings as in subsection (2) above; and

[^{F1564}RP is the amount or the aggregate of the amounts taken into account under subsection (2) of section 83 of the Finance Act 1989 by virtue of any of the following provisions—

- (a) subsection (2B) of that section;
- (aa) [^{F1565}section 444AB ^{F1566} . . . of this Act;]
- (ab) [^{F1567}section 444AEA [^{F1568} or 444AECA] of this Act;]
- (b) ^{F1558}
- (c) [^{F1569}subsection (2) of section 444AF of this Act (and see subsections (5) and (6) of that section);
- (d) subsection (2) of section 444AK of this Act (but only for the purposes mentioned in subsection (3) of that section).]

(3) For the purposes of subsection (1) above there shall also be determined the aggregate of—

- (a) the applicable percentage of what is left of the mean of the opening and closing liabilities of the relevant business so far as referable to the category of business concerned [^{F1570}(but taking that mean to be nil if it would otherwise be below nil)] after deducting from it the mean of the opening and closing values of any assets of the relevant business [^{F1571}linked] to that category of business [^{F1572F1573} . . .], and
- (b) the part of the net amount ^{F1574} . . . that is attributable to assets [^{F1571}linked] to that category of business [^{F1575F1576} . . .].

(4) [^{F1577}Subject to subsection (4A) below, for] the purposes of subsection (3) above “the applicable percentage”, in any case, [^{F1578}is—

$$\frac{A}{B} \times 100$$

where—

A is so much of the net amount as is brought into account in respect of the relevant business less such part of it as is attributable to linked assets ^{F1579} . . . ; and

B is the mean of the opening and closing liabilities of the relevant business reduced by the mean of the opening and closing values of any assets of the relevant business which are linked assets ^{F1580}]

[If the mean of the opening and closing liabilities of the relevant business reduced by ^{F1581}(4A) the opening and closing values of any assets of the relevant business which are linked assets [^{F1582F1583} . . .] is nil then, for the purposes of subsection (3) above, “the applicable percentage” is such percentage as is just and reasonable.]

(5) ^{F1584}

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(6) ^{F1584}]

Textual Amendments

- F1551** Ss. 432A–432E inserted by [Finance Act 1990 \(c. 29\)](#), **Sch. 6 para. 4**
- F1552** S. 432E(1)(1A) substituted for s. 432E(1) (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 7 para. 19(2)** (with Sch. 7 Pt. 2)
- F1553** S. 432E(2)(a) repealed (with effect in accordance with Sch. 33 para. 10(5) of the repealing Act) by [Finance Act 2003 \(c. 14\)](#), Sch. 33 para. 10(3)(a), **Sch. 43 Pt. 3(12)**, Note 2
- F1554** Words in s. 432E(2)(b) repealed (with effect in accordance with Sch. 33 para. 10(5) of the repealing Act) by [Finance Act 2003 \(c. 14\)](#), Sch. 33 para. 10(3)(b), **Sch. 43 Pt. 3(12)**, Note 2
- F1555** Words in s. 432E(2) substituted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 7 para. 19(3)(b)** (with Sch. 7 Pt. 2)
- F1556** Words in s. 432E(2A) substituted (with effect in accordance with Sch. 9 para. 5(4) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 9 para. 5(2)(a)**
- F1557** Words in s. 432E(2A) inserted (with effect in accordance with Sch. 9 para. 5(4) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 9 para. 5(2)(b)**
- F1558** Words in s. 432E(2A) repealed (with effect in accordance with Sch. 10 para. 17(2) of the repealing Act) by [Finance Act 2007 \(c. 11\)](#), Sch. 10 para. 2(3), **Sch. 27 Pt. 2(10)**, Note
- F1559** Words in s. 432E(2A) inserted (with effect in accordance with Sch. 11 para. 2(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 11 para. 2(2)**
- F1560** Words in s. 432E(2A) inserted (with effect in accordance with Sch. 9 para. 17(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 9 para. 4(2)(a)**; S.I. 2008/379, **art. 2**
- F1561** Words in s. 432E(2A) omitted (19.2.2008 with effect in accordance with art. 1(4) of the repealing S.I.) by virtue of [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1)**, 6(a)
- F1562** Words in s. 432E(2A) inserted (with effect in accordance with Sch. 9 para. 17(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 9 para. 8(2)**; S.I. 2008/379, **art. 2**
- F1563** Words in s. 432E(2A) inserted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1)**, 6(b)
- F1564** Words in s. 432E(2A) substituted (with effect in accordance with Sch. 9 para. 5(4) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 9 para. 5(3)**
- F1565** Words in s. 432E(2A) inserted (with effect in accordance with Sch. 9 para. 17(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 9 para. 4(2)(b)**; S.I. 2008/379, **art. 2**
- F1566** Words in s. 432E(2A) omitted (19.2.2008 with effect in accordance with art. 1(4) of the repealing S.I.) by virtue of [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1)**, 6(c)
- F1567** Words in s. 432E(2A) inserted (with effect in accordance with Sch. 9 para. 17(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 9 para. 8(2)**; S.I. 2008/379, **art. 2**
- F1568** Words in s. 432E(2A) inserted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1)**, 6(d)
- F1569** Words in s. 432E(2A) inserted (with effect in accordance with Sch. 11 para. 2(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 11 para. 2(3)**
- F1570** Words in s. 432E(3)(a) inserted (17.4.2007 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) Order 2007 \(S.I. 2007/1031\)](#), **arts. 1(1)**, 7(2)
- F1571** Words in s. 432E(3)(a)(b)(6)(a) substituted (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), **Sch. 8 para. 12(1)(a)** (with Sch. 8 para. 55(2))
- F1572** Words in s. 432E(3)(a) inserted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 7 para. 19(4)(a)** (with Sch. 7 Pt. 2)

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- F1573** Words in s. 432E(3)(a) omitted (with effect in accordance with Sch. 23 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 23 para. 5(2)**
- F1574** Words in s. 432E(3)(b) repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 19(4)(b)(i)**, **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)
- F1575** Words in s. 432E(3)(b) inserted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 19(4)(b)(ii)** (with Sch. 7 Pt. 2)
- F1576** Words in s. 432E(3)(b) omitted (with effect in accordance with Sch. 17 para. 10(6)(7) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 17 para. 10(4)(a)**
- F1577** Words in s. 432E(4) substituted (17.4.2007 with effect in accordance with art. 1(2) of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2007 (S.I. 2007/1031), **arts. 1(1)**, 7(3)
- F1578** Words in s. 432E(4) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 19(5)** (with Sch. 7 Pt. 2)
- F1579** Words in s. 432E(4) omitted (with effect in accordance with Sch. 23 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 23 para. 5(3)**
- F1580** Words in s. 432E(4) omitted (with effect in accordance with Sch. 17 para. 10(6)(7) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 17 para. 10(4)(b)**
- F1581** S. 432E(4A) inserted (17.4.2007 with effect in accordance with art. 1(2) of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2007 (S.I. 2007/1031), **arts. 1(1)**, 7(4)
- F1582** Words in s. 432E(4A) inserted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 19(6)** (with Sch. 7 Pt. 2)
- F1583** Words in s. 432E(4A) omitted (with effect in accordance with Sch. 23 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 23 para. 5(4)**
- F1584** S. 432E(5)(6) repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 19(7)**, **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)

Modifications etc. (not altering text)

- C89** Ss. 432B-432E excluded (31.7.1992 with effect as mentioned in reg. 1 of the amending S.I.) by S.I. 1992/1655, **regs. 1, 10**
- C90** S. 432E modified (20.3.1997 with effect in accordance with reg. 1(2) of the amending S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. 1997/473), **regs. 1(1)**, 14 (as amended by S.I. 2004/822, **regs. 1, 10**)
- C91** S. 432E modified (12.8.2005 with effect in accordance with reg. 1(2) of the amending S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005 (S.I. 2005/2014), **regs. 1(1)**, 12 (as amended by S.I. 2007/2134, **regs. 1(1)(2)**, 12)
- C92** Ss. 432B-432G applied (1.4.2010 with effect in accordance with s. 381(1) of the affecting Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), **s. 102(3)** (with Sch. 9)
- C93** S. 432E modified by Corporation Tax Act 2009 (c. 4), **s. 18Q(2)** (as inserted (19.7.2011) by Finance Act 2011 (c. 11), **Sch. 13 paras. 4, 31**)
- C94** For orders see Part III Vol.5 (under “Life assurance apportionment of participating funds: applicable percentage”).

[^{F1585}432B] Section 432B apportionment: supplementary provisions.

- (1) The provisions of this section provide for the reduction of the amount determined in accordance with section 432E(3) (“the subsection (3) figure”) for an accounting period in which that amount exceeds, or would otherwise exceed, the amount determined in accordance with section 432E(2) (“the subsection (2) figure”).

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- (2) ^{F1586} . . . There shall be determined for each accounting period the amount (if any) by which the subsection (2) figure ^{F1587} . . . exceeds the subsection (3) figure (“the subsection (2) excess”).
- (3) Where there is a subsection (2) excess, the amount shall be carried forward and if in any subsequent accounting period the subsection (3) figure exceeds, or would otherwise exceed, the subsection (2) figure, it shall be reduced by the amount or cumulative amount of subsection (2) excesses so far as not previously used under this subsection.
- (4) Where in an accounting period that amount is greater than is required to bring the subsection (3) figure down to the subsection (2) figure, the balance shall be carried forward and aggregated with any subsequent subsection (2) excess for use in subsequent accounting periods.]

Textual Amendments

F1585S. 432F inserted (with effect in accordance with [Sch. 8 para. 53](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 8 para. 17\(3\)](#) (with [Sch. 8 para. 55\(2\)](#))

F1586Words in s. 432F(2) repealed (with effect in accordance with s. 38(2) of the repealing Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 20\(a\)](#), [Sch. 27 Pt. 2\(7\)](#), Note (with [Sch. 7 Pt. 2](#))

F1587Words in s. 432F(2) repealed (with effect in accordance with s. 38(2) of the repealing Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 20\(b\)](#), [Sch. 27 Pt. 2\(7\)](#), Note (with [Sch. 7 Pt. 2](#))

Modifications etc. (not altering text)

C95 Ss. 432B-432G applied (1.4.2010 with effect in accordance with s. 381(1) of the affecting Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), [s. 102\(3\)](#) (with [Sch. 9](#))

C96 S. 432F(1) modified (20.3.1997 with effect in accordance with reg. 1(2) of the amending S.I.) by [The Friendly Societies \(Modification of the Corporation Tax Acts\) Regulations 1997 \(S.I. 1997/473\)](#), [regs. 1\(1\), 15](#); and that modifying reg. 15 is omitted (8.4.2004 with effect in accordance with reg. 1 of the revoking S.I.) by virtue of [S.I. 2004/822](#), [reg. 11](#)

^{F1588} ~~S. 432F~~ ^{F1589} **Section 432B apportionment: business transfers-in**

- (1) There is referable to the life assurance business of the transferee the appropriate fraction of the amount brought into account as a business transfer-in and of any amount taken into account as profits under section 444ABD(1).
- (2) For the purposes of subsection (1) above “the appropriate fraction” is—

$$\frac{\text{LABL}}{\text{TL}}$$

where—

LABL is the amount of the liabilities transferred that are referable to the life assurance business (but is nil if it would otherwise be below nil); and

TL is the whole of the liabilities transferred.

- (3) But if the amount of the liabilities transferred is nil, the appropriate fraction for the purposes of subsection (1) above is such fraction as is just and reasonable.

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- (4) There is referable to the gross roll-up business of the transferee the relevant fraction of the amount brought into account as a business transfer-in and of any amount taken into account as profits under section 444ABD(1).
- (5) For the purposes of subsection (4) above “the relevant fraction” is—

$$\frac{\text{GRBL}}{\text{TL}}$$

where—

GRBL is the amount of the liabilities transferred that are referable to the gross roll-up business (but is nil if it would otherwise be below nil); and

TL has the same meaning as in subsection (2) above.

- (6) But if the amount of the liabilities transferred is nil, the relevant fraction for the purposes of subsection (4) above is such fraction as is just and reasonable.]]

Textual Amendments

F1588S. 432G inserted (1.1.2005 with effect in accordance with art. 1 of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) Order 2004 \(S.I. 2004/3266\)](#), **art. 4**

F1589S. 432G substituted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 7 para. 21** (with Sch. 7 Pt. 2)

Modifications etc. (not altering text)

C97 Ss. 432B-432G applied (1.4.2010 with effect in accordance with s. 381(1) of the affecting Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), **s. 102(3)** (with Sch. 9)

^{F1590}433 Profits reserved for policy holders and annuitants.

Textual Amendments

F1590S. 433 repealed (14.3.1989) by [Finance Act 1989 \(c. 26\)](#), s. 84(5), **Sch. 8 para. 2**, **Sch. 17 Pt. IV**, Note 3 (with s. 84(6))

^{F1591}Miscellaneous provisions relating to life assurance business]

Textual Amendments

F1591Cross-heading before s. 434 inserted (with effect in accordance with [Sch. 8 para. 57\(1\)](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), **Sch. 8 para. 51(4)** (with [Sch. 8 para. 55\(2\)](#))

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434 Franked investment income etc.

[^{F1592}[^{F1593}[^{F1594}(1) Where an insurance company makes a payment representative of a distribution made by a company resident in the United Kingdom in respect of an asset of its long-term insurance fund, the payment is to be taken into account in computing its profits in accordance with the [^{F1595}life assurance trade profits provisions] unless the amount taken into account in accordance with section 83(2)(a) of the Finance Act 1989 includes the amount of the payment.]]]

(2) ^{F1596}

[^{F1597}(3) ^{F1598}

(3A) [^{F1599}So much of the policy holders' share of the franked investment income from investments of a company's long-term insurance fund as is referable to its] life assurance business shall be left out of account in determining, under [^{F1600}section 32(1) of CTA 2010 (which relates to relief for small companies)], the franked investment income forming part of the company's profits for the purposes of [^{F1601}Part 3 of that Act].]

[^{F1602}(3B) ^{F1603}

(3C) ^{F1603}

(3D) ^{F1603}]

(4) ^{M85}Subject to subsection (5)below, the specified part shall be, in the case of any unrelieved income, the same fraction of it as the fraction which, on a computation of the profits of the company in respect of its life assurance business in accordance with the provisions applicable to Case I of Schedule D (whether or not the company is in fact charged to tax under that Case for the relevant accounting period or periods), would be connoted by the words in section 433 “such part of those profits as belongs or is allocated to, or is reserved for, or expended on behalf of, policy holders or annuitants”.
^{F1604}

(5) If the income exceeds the profits as computed in accordance with the provisions applicable to Case I of Schedule D other than section 433, the specified part shall be that fraction of the income so far as not exceeding the profits, together with the amount of the excess.
^{F1605}

(6) ^{F1598}

[^{F1606}(6A) For the purposes of this section—

(a) “the policy holders’ share” of any franked investment income is so much of that income as is not the shareholders’ share within the meaning of section 89 of the Finance Act 1989, ^{F1607} . . .

[^{F1608} [^{F1609}

(aa) ^{F1609}

(ab) ^{F1609}

(ac) ^{F1609}]

(b) ^{F1610}

(7) ^{F1596}

(8) ^{F1598}]

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Textual Amendments

- F1592**S. 434(1) substituted (with effect in accordance with [Sch. 8 para. 57\(1\)](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), **Sch. 8 para. 19(2)** (with [Sch. 8 para. 55\(2\)](#))
- F1593**S. 434(1)-(1B) substituted for s. 434(1) (with effect in accordance with [Sch. 3 para. 3\(5\)](#) of the amending Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), **Sch. 3 para. 3(2)**
- F1594**S. 434(1) substituted for s. 434(1)(1B) (with effect in accordance with [s. 38\(2\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 7 para. 22(2)** (with [Sch. 7 Pt. 2](#))
- F1595**Words in s. 434(1) substituted (1.4.2009 with effect in accordance with [s. 1329\(1\)](#) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 133** (with [Sch. 2 Pts. 1, 2](#))
- F1596**S. 434(2)(7) repealed (with effect in accordance with [Sch. 29 Pt. 8\(5\)](#) Note 2 of the repealing Act) by [Finance Act 1995 \(c. 4\)](#), **Sch. 29 Pt. 8(5)**
- F1597**S. 434(3)(3A) substituted for s. 434(3) by [Finance Act 1989 \(c. 26\)](#), [s. 84\(4\)-\(6\)](#), **Sch. 8 para. 3(1)**
- F1598**S. 434(3)(6)(8) repealed (with effect in accordance with [Sch. 3 para. 25\(5\)\(6\)](#) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 3 para. 25\(2\)-\(4\)](#), **Sch. 27 Pt. 3(2)**, Note
- F1599**Words in s. 434(3A) substituted (with effect in accordance with [Sch. 33 para. 12\(5\)](#) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), **Sch. 33 para. 12(2)**
- F1600**Words in s. 434(3A) substituted (1.4.2010 with effect in accordance with [s. 1184\(1\)](#) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), **Sch. 1 para. 45(a)** (with [Sch. 2](#))
- F1601**Words in s. 434(3A) substituted (1.4.2010 with effect in accordance with [s. 1184\(1\)](#) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), **Sch. 1 para. 45(b)** (with [Sch. 2](#))
- F1602**S. 434(3B)-(3D) inserted (3.5.1994) by [Finance Act 1994 \(c. 9\)](#), **Sch. 16 para. 5(4)**
- F1603**S. 434(3B)-(3D) repealed (with effect in accordance with [Sch. 6 para. 3\(4\)](#) of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), [Sch. 6 para. 6\(2\)](#), **Sch. 8 Pt. 2(11)**, Note
- F1604**Repealed by 1989 ss.84and 187and [Sch.8 para.3\(2\)](#)and [Sch.17 Part IV](#)with respect to accounting periods beginning on or after 1January 1990.
- F1605**Repealed by 1989 ss.84and 187and [Sch.8 para.3\(2\)](#)and [Sch.17 Part IV](#)with respect to accounting periods beginning on or after 1January 1990.
- F1606**1990 s.45(7).
- F1607**Word at the end of s. 434(6A)(a) repealed (3.5.1994) by [Finance Act 1994 \(c. 9\)](#), [Sch. 16 para. 5\(5\)](#), **Sch. 26 pt. 5(16)**
- F1608**S. 434(6A)(aa)-(ac) inserted (3.5.1994) by [Finance Act 1994 \(c. 9\)](#), **Sch. 16 para 5(5)**
- F1609**S. 434(6A)(aa)-(ac) repealed (with effect in accordance with [Sch. 6 para. 6\(4\)](#) of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), [Sch. 6 para. 6\(3\)](#), **Sch. 8 Pt. 2(11)**, Note
- F1610**S. 434(6A)(b) repealed (with effect in accordance with [s. 38\(2\)](#) of the repealing Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 22\(3\)](#), **Sch. 27 Pt. 2(7)**, Note (with [Sch. 7 Pt. 2](#))

Modifications etc. (not altering text)

- C98** S. 434 amended (27.7.1993) by 1993 c. 34, **s. 78(6)(11)**
- C99** S. 434(3A) excluded by [The Corporation Tax \(Instalment Payments\) Regulations 1998 \(S.I. 1998/3175\)](#), **reg. 3(5)** (as substituted (11.8.2011 with effect in accordance with art. 1(2) of the amending S.I.) by [The Corporation Tax \(Instalment Payments\) \(Amendment\) Regulations 2011 \(S.I. 2011/1785\)](#), **regs. 1(1), 4(8)**)

Marginal Citations

- M85** Source—1970 s.310(6)

[^{F1611}][^{F1612}]**334** **Computation of losses and limitation on relief.**

(1) ^{F1613}

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- [^{F1614}(2) Where for any accounting period the loss arising to an insurance company from its life assurance business falls to be computed in accordance with the [^{F1615}life assurance trade profits provisions]—
- (a) the loss resulting from the computation shall be reduced (but not below nil) by ^{F1616} . . . —
- (i) ^{F1617}
- (ii) any relevant non-trading deficit for that period on the company’s debtor relationships; and
- [^{F1618}(iii) ^{F1619}]
- (b) if the whole or any part of that loss as so reduced is set off—
- [^{F1620}(i) under section 37 of CTA 2010, or
- (ii) under Chapter 4 of Part 5 of CTA 2010,]
- [^{F1621}any loss for that period under section 436A shall be reduced (but not below nil) by the total of the amounts set off as mentioned in sub-paragraphs (i) and (ii) above.]]
- [^{F1622}(2A) The reference in subsection [^{F1623}(2)(a)(ii)] above to a relevant non-trading deficit for any period on a company’s debtor relationships is a reference to the non-trading deficit on the company’s loan relationships ^{F1624} . . . for the company’s basic life assurance and general annuity business if credits and debits given in respect of the company’s creditor relationships (within the meaning of [^{F1625}Part 5 of CTA 2009]) were disregarded.]
- (3) In the case of a company carrying on life assurance business, no relief shall be allowable [^{F1626}—
- [^{F1627}(a) under Chapter 2, 4 or 6 of Part 4 of CTA 2010 (loss relief) or under Part 5 (group relief) of that Act,]
- [^{F1628}(aa) (where the company's life assurance business is not mutual business) in respect of any [^{F1629}qualifying charitable donation],] or
- (b) in respect of any amount representing a non-trading deficit on the company’s loan relationships that has been computed otherwise than by reference to debits and credits referable to that business,]
- against the policy holders’ share of the relevant profits for any accounting period.
- For the purposes of this subsection “the policy holders’ share of the relevant profits” has the same meaning as in section [^{F1630}89] of the Finance Act 1989.
- [^{F1631}(4) For the purposes of [^{F1632}section 105 of CTA 2010], where the surrendering company is an insurance company which is charged to tax under the I minus E basis in respect of its life assurance business for the surrender period, the company's gross profits of that period do not include its relevant profits (within the meaning of section 88 of the Finance Act 1989) for that period; and expressions used in this subsection and [^{F1632}section 105 of CTA 2010] have the same meaning here as there.]]]

Textual Amendments

F1611 S. 434A inserted by Finance Act 1989 (c. 26), s. 84(4)-(6), **Sch. 8 para. 4**

F1612 S. 434A substituted (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para 20(1)** (with Sch. 8 para. 55(2))

F1613 S. 434A(1) repealed (with effect in accordance with Sch. 3 para. 4(2) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 3 para. 4(1), **Sch. 8 Pt. 2(6)**, Note

F1614 S. 434A(2) substituted (with effect in accordance with Sch. 31 paras. 2(1), 10(1) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 31 para. 2(1)(a)(2)**

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- F1615** Words in s. 434A(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 134(2)** (with Sch. 2 Pts. 1, 2)
- F1616** Words in s. 434A(2)(a) repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 23(2)(a)**, **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)
- F1617** S. 434A(2)(a)(i) repealed (with effect in accordance with s. 38(6) of the repealing Act) by Finance (No. 2) Act 2005 (c. 22), s. 38(4), **Sch. 11 Pt. 2(7)**, Note
- F1618** S. 434A(2)(a)(iii) inserted (with effect in accordance with Sch. 27 para. 12(1) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 27 para. 8(a)**
- F1619** S. 434A(2)(a)(iii) repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 23(2)(b)**, **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)
- F1620** S. 434A(2)(b)(i)(ii) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 46(2)** (with Sch. 2)
- F1621** Words in s. 434A(2)(b) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 23(3)** (with Sch. 7 Pt. 2)
- F1622** S. 434A(2A) inserted (with effect in accordance with s. 105(1) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 14 para. 23(2)** (with Sch. 15)
- F1623** Words in s. 434A(2A) substituted (with effect in accordance with Sch. 31 paras. 2(1), 10(1) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 31 para. 2(1)(b)**
- F1624** Words in s. 434A(2A) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 134(3)(a)**, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F1625** Words in s. 434A(2A) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 134(3)(b)** (with Sch. 2 Pts. 1, 2)
- F1626** Words in s. 434A(3) substituted (with effect in accordance with s. 105(1) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 14 para. 23(3)** (with Sch. 15)
- F1627** S. 434A(3)(a) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 46(3)(a)** (with Sch. 2)
- F1628** S. 434A(3)(aa) inserted (with effect in accordance with Sch. 17 para. 22(2) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 22(1)**
- F1629** Words in s. 434A(3)(aa) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 46(3)(b)** (with Sch. 2)
- F1630** Words in s. 434A(3) substituted (with effect in accordance with Sch. 33 para. 6(12) of the amending Act) by Finance Act 2003 (c. 14), **Sch. 33 para. 6(7)(b)**
- F1631** S. 434A(4) inserted (with effect in accordance with Sch. 17 para. 21(2) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 21(1)**
- F1632** Words in s. 434A(4) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 46(4)** (with Sch. 2)

Modifications etc. (not altering text)

- C100** S. 434A(2) modified (with effect in accordance with s. 105(1) of the modifying Act) by Finance Act 1996 (c. 8), **Sch. 14 para. 23(1)** (with Sch. 15)
- C101** S. 434A(2) modified by Finance Act 1996 (c. 8), **Sch. 31 para. 2(3)**

^{F1633} **434AZB Reduced loss relief for additions to non-profit funds**

- (1) Where this section applies in the case of a company carrying on life assurance business, relief allowable under ^{F1634}section 37 of CTA 2010, or under Part 5 of that Act, in respect of losses incurred by the company in the life assurance business in an accounting period is reduced in accordance with section 434AZB.
- (2) This section applies in the case of a company where—

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- (a) there has been a relevant addition to one or more non-profit funds in a period of account ending no later than the accounting period (“the relevant period of account”) (see subsection (3)),
 - (b) the company is not a non-profit company in relation to the relevant period of account and has not elected under subsection (9) of section 83YA of the Finance Act 1989 to be treated for the purposes of that section as if it were, and
 - (c) condition A or B is met,
- and, if the relevant period of account is not the period of account ending with the accounting period (“the current period of account”), condition C is also met.
- (3) For the purposes of subsection (2), there is a relevant addition to a non-profit fund in the relevant period of account if an amount is shown as a transfer from non-technical account in line 32 of the Form 58 of the non-profit fund in the periodical return for that period of account.
 - (4) Condition A is that there is a relevant book value election in relation to assets of a non-profit fund of the company.
 - (5) For the purposes of subsection (4), there is a relevant book value election in relation to assets of a non-profit fund if an amount is shown in relation to the non-profit fund as the excess of the value of net admissible assets in line 51 of the Form 14 of the non-profit fund in the periodical return for the current period of account.
 - (6) Condition B is that the company is party to arrangements the main purpose, or one of the main purposes, of which is to reduce the relevant admissible value of assets of a non-profit fund of the company, other than any structural assets.
 - (7) For the purposes of subsection (6) (and section 434AZB), the “relevant admissible value” means the value reflected in line 89 of Form 13 of the periodical return for the current period of account.
 - (8) Condition C is that the surplus arising since the last valuation shown in line 34 of the Form 58 of the non-profit fund, or any of the non-profit funds, in relation to which condition A or B is met in the periodical return for the current period of account is a negative amount.]

Textual Amendments

F1633 Ss. 434AZA-434AZC inserted (with effect in accordance with [Sch. 23 para. 3\(2\)](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 23 para. 3\(1\)](#)

F1634 Words in [s. 434AZA\(1\)](#) substituted (1.4.2010 with effect in accordance with [s. 1184\(1\)](#) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 47](#) (with [Sch. 2](#))

^{F1633} ~~434AZB~~ **434AZB** Conditions to non-profit funds: amount of loss reduction

- (1) The amount of the relief allowable as mentioned in section 434AZA(1) is reduced by whichever of the following is the least—
 - (a) the amount of the loss,
 - (b) the amount specified in subsection (2), and
 - (c) the amount specified in subsection (4).
- (2) The amount mentioned in subsection (1)(b) is—

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- (a) where only condition A in section 434AZA is met, the relevant amount relating to the non-profit fund in relation to which it is met or (where it is met in relation to more than one non-profit fund) the sum of the relevant amounts relating to them,
 - (b) where only condition B is met, the amount of the relevant reduction relating to the non-profit fund in relation to which it is met or (where it is met in relation to more than one non-profit fund) the sum of the relevant reductions relating to them, and
 - (c) where both condition A and condition B are met, the aggregate of the amounts in paragraphs (a) and (b).
- (3) In subsection (2)—
- (a) “relevant amount”, in relation to a non-profit fund, means the amount shown in relation to the non-profit fund as the excess of the value of net admissible assets in line 51 of the Form 14 of the non-profit fund in the periodical return for the current period of account (as reduced by any amount which has had effect to reduce relief for losses for a previous accounting period), and
 - (b) “relevant reduction”, in relation to a non-profit fund, means the reduction of the relevant admissible value of assets of the non-profit fund (other than structural assets) which is attributable to the arrangements (as so reduced).
- (4) The amount mentioned in subsection (1)(c) is—
- (a) if the relevant period of account is the current period of account, the amount referred to in section 434AZA(3) in the case of the non-profit fund, or of each of the non-profit funds, to which there has been a relevant addition in the relevant period of account, and
 - (b) otherwise, so much of the amount shown in line 31 of the Form 58 of the non-profit fund or non-profit funds in the periodical return for the current period of account as is attributable to the amount so referred to.]

Textual Amendments

F1633 Ss. 434AZA-434AZC inserted (with effect in accordance with [Sch. 23 para. 3\(2\)](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 23 para. 3\(1\)](#)

[^{F1633} ~~434AZC~~ Sections 434AZA and 434AZB: supplementary

- (1) For the purposes of sections 434AZA and 434AZB, a non-profit fund required to support a with-profits fund is to be treated as not being a non-profit fund.
- (2) Sections 434AZA and 434AZB apply to a non-profit part of a with-profits fund as if references to something shown in the Form 14 or Form 58 of the non-profit fund in a periodical return were to what would be so shown if there were a Form 14 or Form 58 of the non-profit part of the with-profits fund in the periodical return.
- (3) In sections 434AZA and 434AZB—
 - “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable), and
 - “structural assets” has the same meaning as in section 83XA of the Finance Act 1989 (see subsection (3) of that section and any regulations made under it).]

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Textual Amendments

F1633Ss. 434AZA-434AZC inserted (with effect in accordance with [Sch. 23 para. 3\(2\)](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 23 para. 3\(1\)](#)

[^{F1635}**434B**Treatment of interest and annuities.

- (1) ^{F1636}
- (2) ^{F1637}

Textual Amendments

F1635S. 434B inserted (with effect in accordance with [Sch. 8 para. 57\(1\)](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 8 para. 21\(1\)](#) (with [Sch. 8 para. 55\(2\)](#))

F1636S. 434B(1) repealed (with effect in accordance with s. 165(4)(5) of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), s. 165(3), [Sch. 41 Pt 5\(25\)](#), Note (with [Sch. 14 para. 24](#))

F1637S. 434B(2) repealed (with effect in accordance with s. 67(7), [Sch. 18 Pt. 6\(6\)](#) Note of the repealing Act) by [Finance Act 1997 \(c. 16\)](#), s. 67(4), [Sch. 18 Pt. 6\(6\)](#)

[^{F1638}**434C**Interest on repayment of advance corporation tax.

- ^{F1639}

Textual Amendments

F1638S. 434C inserted (with effect in accordance with [Sch. 8 paras. 54, 57\(1\)](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 8 para. 22](#) (with [Sch. 8 para. 55\(2\)](#))

F1639S. 434C repealed (with effect in accordance with [Sch. 3 para. 26\(2\)](#) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 3 para. 26\(1\)](#), [Sch. 27 Pt. 3\(2\)](#), Note

[^{F1640}**434D**Capital allowances: management assets.

- ^{F1641}

Textual Amendments

F1640Ss. 434D, 434E inserted (with effect in accordance with [Sch. 8 para. 57\(1\)](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 8 para. 23\(1\)](#) (with [Sch. 8 para. 55\(2\)](#))

F1641S. 434D repealed (with effect in accordance with s. 579 of the repealing Act) by [Capital Allowances Act 2001 \(c. 2\)](#), [Sch. 2 para. 39](#), [Sch. 4](#)

434E Capital allowances: investment assets.

- ^{F1642}

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Textual Amendments

- F1640**Ss. 434D, 434E inserted (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by Finance Act 1995 (c. 4), Sch. 8 para. 23(1) (with Sch. 8 para. 55(2))
- F1642**S. 434E repealed (with effect in accordance with s. 579 of the repealing Act) by Capital Allowances Act 2001 (c. 2), Sch. 2 para. 39, Sch. 4

^{F1643}435 Taxation of gains reserved for policy holders and annuitants.

Textual Amendments

- F1643**S. 435 repealed (with effect in accordance with s. 84(5)(b) of the repealing Act) by Finance Act 1989 (c. 26), s. 84(4), Sch. 8 para. 5, Sch. 17 Pt. IV, Note 3 (with s. 84(6))

436 [^{F1644}Pension business]: separate charge on profits.

^{F1645}

Textual Amendments

- F1644**Words in s. 436 sidenote substituted (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by Finance Act 1995 (c. 4), Sch. 8 para. 51(5) (with Sch. 8 para. 55(2))
- F1645**S. 436 repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 7 para. 24, Sch. 27 Pt. 2(7), Note (with Sch. 7 Pt. 2)

^{F1646}436. Gross roll-up business: separate charge on profits

^{F1647}(1) The charge to corporation tax on income applies to profits arising to an insurance company from gross roll-up business.]

- (2) For that purpose—
 - (a) the gross roll-up business is to be treated separately, and
 - (b) the profits from it are to be computed in accordance with the [^{F1648}life assurance trade profits provisions].
- (3) In making that computation, sections 82 and 82B to [^{F1649}83ZA] of the Finance Act 1989 apply with the necessary modifications.
- (4) If in any accounting period an insurance company incurs a loss, to be computed on the same basis as the profits, arising from its gross roll-up business—
 - (a) the loss must be set off against the amount of any profits chargeable under this section for any subsequent accounting period, and
 - (b) accordingly, the amount of the company's profits so charged in any such accounting period is to be treated as reduced by the amount of the loss or so much of that amount as cannot be relieved under this section against profits of an earlier accounting period.

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- (5) [^{F1650}Section 91 of CTA 2010] does not apply to a loss incurred by an insurance company on its gross roll-up business.
- (6) No loss to which [^{F1651}section 91 of CTA 2010] applies may be set off ^{F1652} . . . against the amount of any profits chargeable under this section.
- (7) This section does not apply in relation to an insurance company for an accounting period if the profits of its long-term business for the accounting period are charged to tax under [^{F1653}section 35 of CTA 2009 (charge on trade profits)].

Textual Amendments

- F1646**Ss. 436A, 436B inserted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 25](#) (with Sch. 7 Pt. 2)
- F1647**S. 436A(1) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 135\(2\)](#) (with Sch. 2 Pts. 1, 2)
- F1648**Words in s. 436A(2)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 135\(3\)](#) (with Sch. 2 Pts. 1, 2)
- F1649**S. 436A(3): "83ZA" substituted for "83AB" (with effect in accordance with [Sch. 9 para. 17\(2\)\(3\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 9 para. 12](#); S.I. 2008/379, [art. 2](#)
- F1650**Words in s. 436A(5) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 48\(2\)](#) (with Sch. 2)
- F1651**Words in s. 436A(6) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 48\(3\)](#) (with Sch. 2)
- F1652**Words in s. 436A(6) omitted (with effect in accordance with Sch. 17 para. 40(2) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 17 para. 40\(1\)](#)
- F1653**Words in s. 436A(7) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 135\(4\)](#) (with Sch. 2 Pts. 1, 2)

Modifications etc. (not altering text)

- C102** S. 436A modified by [The Friendly Societies \(Modification of the Corporation Tax Acts\) Regulations 2005 \(S.I. 2005/2014\)](#), [reg. 13A](#) (as inserted (14.8.2007 with effect in accordance with reg. 1(2) of the amending S.I.) by [The Friendly Societies \(Modification of the Corporation Tax Acts\) \(Amendment\) Regulations 2007 \(S.I. 2007/2134\)](#), [regs. 1\(1\), 14](#))

[^{F1646}**436B** Gains referable to gross roll-up business not to be chargeable gains

- (1) Gains referable to gross roll-up business are not chargeable gains.
- (2) For the purposes of this section “gains referable to gross roll-up business” means gains which—
 - (a) accrue to an insurance company on the disposal by it of assets of its long-term insurance fund, and
 - (b) are referable (in accordance with section 432A) to gross roll-up business.]

Textual Amendments

- F1646**Ss. 436A, 436B inserted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 25](#) (with Sch. 7 Pt. 2)

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437 General annuity business.

^{F1654}^{F1655}(1A) In the computation [^{F1656}under the I minus E basis] of the [^{F1657}relevant profits (within the meaning of section 88(1) of the Finance Act 1989) of an insurance company for any accounting period], new annuities paid by the company in that period shall be brought into account by treating an amount equal to the income limit for that period [^{F1658}as expenses payable which fall to be brought into account for that period at Step 3 in section 76(7)].]

(1C) For the purposes of this section [^{F1659}(but subject to subsections (1CA) to (1CD) below)]—

- (a) “new annuity” means any annuity, so far as paid under a contract made by an insurance company in an accounting period beginning on or after 1st January 1992 and so far as referable to the company’s basic life assurance and general annuity business;
- (b) “the income limit” for an accounting period of an insurance company is the difference between—
 - (i) the total amount of the new annuities paid by the company in that accounting period; and
 - (ii) the total of the ^{F1660} . . . [^{F1661}amounts exempt under section 717 of ITTOIA 2005] contained in the new annuities so paid; ^{F1662} . . .
- (c) ^{F1663} [^{F1664}and
- (d) the amounts exempt under section 717 of ITTOIA 2005 [^{F1665} are so much of the payments under the new annuities as would be within the exemption in subsection (1) of that section if—
 - (i) section 718 of that Act were omitted, and
 - (ii) that exemption were an exemption applying in relation to companies as well as individuals.]]

^{F1666}(1CA) [Where a new annuity (“the actual annuity”) is a steep-reduction annuity, the income limit for an accounting period of the company paying the annuity shall be computed for the purposes of this section as if—

- (a) the contract providing for the actual annuity provided instead for the annuities identified by subsections (1CB) and (1CC) below; and
- (b) the consideration for each of those annuities were to be determined by the making of a just and reasonable apportionment of the consideration for the actual annuity.

(1CB) The annuities mentioned in subsection (1CA)(a) above are—

- (a) an annuity the payments in respect of which are confined to the payments in respect of the actual annuity that fall to be made before the earliest time for the making in respect of the actual annuity of a reduced payment such as is mentioned in section 437A(1)(c); and
- (b) subject to subsection (1CC) below, an annuity the payments in respect of which are all the payments in respect of the actual annuity other than those mentioned in paragraph (a) above.

(1CC) Where an annuity identified by paragraph (b) of subsection (1CB) above (“the later annuity”) would itself be a steep-reduction annuity, the annuities mentioned in subsection (1CA)(a) above—

- (a) shall not include the later annuity; but

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- (b) shall include, instead, the annuities which would be identified by subsection (1CB) above (with as many further applications of this subsection as may be necessary for securing that none of the annuities mentioned in subsection (1CA)(a) above is a steep-reduction annuity) if references in that subsection to the actual annuity were references to the later annuity.

(1CD) Subsections (1CA) to (1CC) above shall be construed in accordance with section 437A.]

(1D) In any case where—

- (a) a payment in respect of an annuity is made by an insurance company under a group annuity contract made in an accounting period beginning before 1st January 1992,
- (b) the company’s liabilities first include an amount in respect of that annuity in an accounting period beginning on or after that date, and
- (c) the company’s liability in respect of that annuity is referable to its basic life assurance and general annuity business,

the payment shall be treated for the purposes of this section, other than this subsection, as if the group annuity contract had been made in an accounting period beginning on or after 1st January 1992 (and, accordingly, as payment of a new annuity).

(1E) In any case where—

- (a) a payment in respect of an annuity is made by a reinsurer under a reinsurance treaty made in an accounting period beginning before 1st January 1992,
- (b) the reinsurer’s liabilities first include an amount in respect of that annuity in an accounting period beginning on or after that date, and
- (c) the reinsurer’s liability in respect of that annuity is referable to its basic life assurance and general annuity business,

the payment shall, as respects the reinsurer, be treated for the purposes of this section, other than this subsection, as if the reinsurance treaty had been made in an accounting period beginning on or after 1st January 1992 (and, accordingly, as payment of a new annuity).

(1F) In this section—

“group annuity contract” means a contract between an insurance company and some other person under which the company undertakes to become liable to pay annuities to or in respect of such persons as may subsequently be specified or otherwise ascertained under or in accordance with the contract (whether or not annuities under the contract are also payable to or in respect of persons who are specified or ascertained at the time the contract is made);

“reinsurance treaty” means a contract under which one insurance company is obliged to cede, and another (in this section referred to as a “reinsurer”) to accept, the whole or part of a risk of a class or description to which the contract relates.]

F1667(2)

F1668(3)

F1669(4)

F1670(5)

(6) F1671

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Textual Amendments

- F1654S.** 437(1A)-(1F) substituted for s. 437(1) (for accounting periods beginning on or after 1.1.1992) by Finance Act 1991 (c. 31, SIF 63:1), s. 48, Sch. 7 paras. 5, 18
- F1655S.** 437(1A) substituted for s. 437(1A)(1B) (with effect in accordance with s. 67(7) of the amending Act) by Finance Act 1997 (c. 16), s. 67(1)
- F1656** Words in s. 437(1A) substituted (with effect in accordance with s. 39(2) of the amending Act) by Finance Act 2007 (c. 11), Sch. 8 para. 6 (with Sch. 8 Pt. 2)
- F1657** Words in s. 437(1A) substituted (with effect in accordance with Sch. 33 para. 6(12) of the amending Act) by Finance Act 2003 (c. 14), Sch. 33 para. 6(9)
- F1658** Words in s. 437(1A) substituted (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), Sch. para. 18
- F1659** Words in s. 437(1C) inserted (with effect in accordance with s. 67(8) of the amending Act) by Finance Act 1997 (c. 16), s. 67(2)
- F1660** Words in s. 437(1C)(b)(ii) omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 2(2)
- F1661** Words in s. 437(1C)(b)(ii) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 178(2) (with Sch. 2)
- F1662** Word at the end of s. 437(1C)(b) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 178(3), Sch. 3 (with Sch. 2)
- F1663S.** 437(1C)(c) omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 2(3)
- F1664S.** 437(1C)(d) and preceding word inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 178(4) (with Sch. 2)
- F1665** Words in s. 437(1C)(d) substituted (with effect in accordance with Sch. 14 para. 18(1) of the amending Act) by Finance Act 2008 (c. 9), Sch. 14 para. 2(4)
- F1666S.** 437(1CA)-(1CD) inserted (with effect in accordance with s. 67(8) of the amending Act) by Finance Act 1997 (c. 16), s. 67(2)
- F1667S.** 437(2)-(5) repealed (for accounting periods beginning on or after 1.1.1992) by Finance Act 1991 (c. 31, SIF 63:1), ss. 48, 123, Sch. 7 paras. 4(4), 18, Sch. 19 Pt. V, Note 3
- F1668S.** 437(2)-(5) repealed (for accounting periods beginning on or after 1.1.1992) by Finance Act 1991 (c. 31, SIF 63:1), ss. 48, 123, Sch. 7 paras. 4(4), 18, Sch. 19 Pt. V, Note 3
- F1669S.** 437(2)-(5) repealed (for accounting periods beginning on or after 1.1.1992) by Finance Act 1991 (c. 31, SIF 63:1), ss. 48, 123, Sch. 7 paras. 4(4), 18, Sch. 19 Pt. V, Note 3
- F1670S.** 437(2)-(5) repealed (for accounting periods beginning on or after 1.1.1992) by Finance Act 1991 (c. 31, SIF 63:1), ss. 48, 123, Sch. 7 paras. 4(4), 18, Sch. 19 Pt. V, Note 3
- F1671S.** 437(6) repealed (with effect in accordance with Sch. 8 para. 57 of the repealing Act) by Finance Act 1995 (c. 4), Sch. 29 Pt. 8(5), Note 2

Modifications etc. (not altering text)

- C103** S. 437 modified (10.8.1995) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1992 (S.I. 1992/1655), reg. 10A (as inserted by The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 1995 (S.I. 1995/1916), regs. 1, 6)
- C104** S. 437 modified (with effect in accordance with reg. 1(2) of the modifying S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. 1997/473), regs. 1(1), 21 (as amended (31.12.1997) with effect in accordance with reg. 1(2) of the amending S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment No. 2) Regulations 1997 (S.I. 1997/2877), regs. 1(1), 4)

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C105 S. 437 modified (12.8.2005 with effect in accordance with reg. 1(2) of the modifying S.I.) by [The Friendly Societies \(Modification of the Corporation Tax Acts\) Regulations 2005 \(S.I. 2005/2014\)](#), [regs. 1\(1\)](#), 14

[^{F1672}437] Meaning of “steep-reduction annuity” etc.

- (1) For the purposes of section 437 an annuity is a steep-reduction annuity if—
 - (a) the amount of any payment in respect of the annuity (but not the term of the annuity) depends on any contingency other than the duration of a human life or lives;
 - (b) the annuitant is entitled in respect of the annuity to payments of different amounts at different times; and
 - (c) those payments include a payment (“a reduced payment”) of an amount which is substantially smaller than the amount of at least one of the earlier payments in respect of that annuity to which the annuitant is entitled.
- (2) Where there are different intervals between payments to which an annuitant is entitled in respect of any annuity, the question whether or not the conditions in subsection (1) (b) and (c) above are satisfied in the case of that annuity shall be determined by assuming—
 - (a) that the annuitant’s entitlement, after the first payment, to payments in respect of that annuity is an entitlement to payments at yearly intervals on the anniversary of the first payment; and
 - (b) that the amount to which the annuitant is assumed to be entitled on each such anniversary is equal to the annuitant’s assumed entitlement for the year ending with that anniversary.
- (3) For the purposes of subsection (2) above an annuitant’s assumed entitlement for any year shall be determined as follows—
 - (a) the annuitant’s entitlement to each payment in respect of the annuity shall be taken to accrue at a constant rate during the interval between the previous payment and that payment; and
 - (b) his assumed entitlement for any year shall be taken to be equal to the aggregate of the amounts which, in accordance with paragraph (a) above, are treated as accruing in that year.
- (4) In the case of an annuity to which subsection (2) above applies, the reference in section 437(1CB)(a) to the making of a reduced payment shall be construed as if it were a reference to the making of a payment in respect of that annuity which (applying subsection (3)(a) above) is taken to accrue at a rate that is substantially less than the rate at which at least one of the earlier payments in respect of that annuity is taken to accrue.
- (5) Where—
 - (a) any question arises for the purposes of this section whether the amount of any payment in respect of any annuity—
 - (i) is substantially smaller than the amount of, or
 - (ii) accrues at a rate substantially less than,
 an earlier payment in respect of that annuity, and
 - (b) the annuitant or, as the case may be, every annuitant is an individual who is beneficially entitled to all the rights conferred on him as such an annuitant,

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that question shall be determined without regard to so much of the difference between the amounts or rates as is referable to a reduction falling to be made as a result of the occurrence of a death.

- (6) Where the amount of any one or more of the payments to which an annuitant is entitled in respect of an annuity depends on any contingency, his entitlement to payments in respect of that annuity shall be determined for the purposes of section 437(1CA) to (1CC) and this section according to whatever (applying any relevant actuarial principles) is the most likely outcome in relation to that contingency.
- (7) Where any agreement or arrangement has effect for varying the rights of an annuitant in relation to a payment in respect of any annuity, that payment shall be taken, for the purposes of section 437(1CA) to (1CC) and this section, to be a payment of the amount to which the annuitant is entitled in accordance with that agreement or arrangement.
- (8) References in this section to a contingency include references to a contingency that consists wholly or partly in the exercise by any person of any option.]

Textual Amendments

F1672S. 437A inserted (with effect in accordance with s. 67(8) of the amending Act) by [Finance Act 1997 \(c. 16\)](#), s. 67(3)

438 Pension business: exemption from tax.

- (1) ^{M86}Exemption from corporation tax shall be allowed in respect of income [^{F1673}from assets solely linked to pension business.]
- (2) ^{F1674}
- (3) ^{F1675}
- [^{F1676}(3AA) ^{F1675}
- (4) ^{F1674}
- (5) ^{F1677}
- (6) ^{F1677}
- [^{F1678}(6A) ^{F1679}
- [^{F1680}(6B) ^{F1677}
- (6C) ^{F1677}
- (6D) ^{F1677}
- (6E) ^{F1677}
- (7) ^{F1677}
- (8) ^{F1681}
- [^{F1682}(9) ^{F1683}

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Textual Amendments

- F1673** Words in s. 438(1) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 26(2)** (with Sch. 7 Pt. 2)
- F1674** S. 438(2)(4) repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 7 para. 26(3), **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)
- F1675** S. 438(3)(3AA) repealed (with effect in accordance with Sch. 3 para. 6(7) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 3 para. 6(2), **Sch. 8 Pt. 2(6)**, Note
- F1676** S. 438(3AA) inserted (3.5.1994) by Finance Act 1994 (c. 9), **Sch. 16 para. 6(2)**
- F1677** S. 438(5)-(7) repealed (with effect in accordance with Sch. 3 para. 6(7)-(9) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 3 para. 6(4)(5), **Sch. 8 Pt. 2(6)**, Note (with Sch. 3 para. 13(17))
- F1678** 1990 s.45(9).
- F1679** S. 438(5)-(7) repealed (with effect in accordance with Sch. 3 para. 6(7)(8), Sch. 8 Pt. 2(6) Note of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 3 para. 6(4)(5), **Sch. 8 Pt. 2(6)**
- F1680** S. 438(6B)-(6E) inserted (3.5.1994) by Finance Act 1994 (c. 9), **Sch. 16 para. 6(4)**
- F1681** S. 438(8) repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3**, Note
- F1682** S. 438(9) inserted (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 28(2)** (with Sch. 8 para. 55(2))
- F1683** S. 438(9) repealed (with effect in accordance with Sch. 3 para. 6(8) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 3 para. 6(6), **Sch. 8 Pt. 2(6)**, Note

Modifications etc. (not altering text)

- C106** S. 438 amended (27.7.1993) by 1993 c. 34, **s. 78(6)(11)**
- C107** S. 438 modified (3.5.1994) by Finance Act 1994 (c. 9), **Sch. 18 para. 1(5)**
- C108** S. 438 modified (6.4.1999) by The Individual Savings Account (Insurance Companies) Regulations 1998 (S.I. 1998/1871), **regs. 1, 5, 14** (and as substituted (22.8.2000) by The Individual Savings Account (Insurance Companies) (Amendment) Regulations 2000 (S.I. 2000/2075), **regs. 1, 4**)
- C109** S. 438(1) modified (6.4.2005) by The Child Trust Funds (Insurance Companies) Regulations 2004 (S.I. 2004/2680), **regs. 1, 4, 12**; S.I. 2004/3369, **art. 2(1)**

Marginal Citations

- M86** Source—1970 s.314(1); 1970(F) Sch.5 Part III 11(3), (6)(c)

[^{F1684} **438 Pension business: payments on account of tax credits and deducted tax.**

^{F1685}

Textual Amendments

- F1684** S. 438A inserted (2.10.1992) by Finance Act 1991 (c. 31, SIF 63:1), **s. 49(1)**; S.I. 1992/1746, **art.2**
- F1685** S. 438A repealed (with effect in accordance with s. 87(2)(5) of the repealing Act) by Finance Act 2001 (c. 9), s. 87(1), **Sch. 33 Pt. 2(12)**

[^{F1686} **438 Income or gains arising from property investment LLP**

^{F1687}

Textual Amendments

- F1686** Ss. 438B, 438C inserted (6.4.2001) by Finance Act 2001 (c. 9), s. 76, **Sch. 25 para. 5**

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F1687S. 438B repealed (with effect in accordance with s. 38(2) of the repealing Act) by [Finance Act 2007](#) (c. 11), Sch. 7 para. 27, [Sch. 27 Pt. 2\(7\)](#), Note (with Sch. 7 Pt. 2)

438C Determination of policy holders' share for purposes of s.438B

F1688]

Textual Amendments

F1686Ss. 438B, 438C inserted (6.4.2001) by [Finance Act 2001](#) (c. 9), s. 76, [Sch. 25 para. 5](#)

F1688S. 438C repealed (with effect in accordance with s. 38(2) of the repealing Act) by [Finance Act 2007](#) (c. 11), Sch. 7 para. 28, [Sch. 27 Pt. 2\(7\)](#), Note (with Sch. 7 Pt. 2)

439 Restricted government securities.

F1689

Textual Amendments

F1689S. 439 repealed (with effect in accordance with s. 38(2) of the repealing Act) by [Finance Act 2007](#) (c. 11), Sch. 7 para. 29, [Sch. 27 Pt. 2\(7\)](#), Note (with Sch. 7 Pt. 2)

[^{F1690}439A Taxation of pure reinsurance business.

F1691]

Textual Amendments

F1690S. 439A inserted (with effect in accordance with [Sch. 8 para. 57\(1\)](#) of the amending Act) by [Finance Act 1995](#) (c. 4), [Sch. 8 para. 26](#) (with [Sch. 8 para. 55\(2\)](#))

F1691S. 439A repealed (with effect in accordance with s. 39(2) of the repealing Act) by [Finance Act 2007](#) (c. 11), Sch. 8 para. 7, [Sch. 27 Pt. 2\(8\)](#), Note (with Sch. 8 Pt. 2)

[^{F1692}439B Life reinsurance business: separate charge on profits.

F1693]

Textual Amendments

F1692S. 439B inserted (with effect in accordance with [Sch. 8 para. 57\(1\)](#) of the amending Act) by [Finance Act 1995](#) (c. 4), [Sch. 8 para. 27\(1\)](#) (with [Sch. 8 para. 55\(2\)](#))

F1693S. 439B repealed (with effect in accordance with s. 38(2) of the repealing Act) by [Finance Act 2007](#) (c. 11), Sch. 7 para. 30, [Sch. 27 Pt. 2\(7\)](#), Note (with Sch. 7 Pt. 2)

[^{F1694}440 Transfers of assets etc.

(1) If at any time an asset (or a part of an asset) held by an insurance company ceases to be within one of the categories set out in subsection (4) below and comes within another

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of those categories, the company shall for the purposes of corporation tax be deemed to have disposed of and immediately re-acquired the asset (or part) for a consideration equal to its [^{F1695}fair] value at that time.

(2) Where—

- [^{F1696}(a) an asset is acquired by a company as a result of an insurance business transfer scheme which has effect to transfer long-term business from any person (“the transferor”) to the company, and]
- (b) the asset (or part of it) is within one of the categories set out in subsection (4) below immediately before the acquisition and is within another of those categories immediately afterwards,

the transferor shall for the purposes of corporation tax be deemed to have disposed of and immediately re-acquired the asset (or part) immediately before the acquisition for a consideration equal to its [^{F1695}fair] value at that time.

[^{F1698}]
^{F1697}(2A)

[^{F1698}]
^{F1699}(2B)

- (3) Where, apart from this subsection, section [^{F1700}171 or 173 the 1992 Act] (transfers within a group) would apply to a disposal or acquisition by an insurance company of an asset (or part of an asset) which, immediately before the disposal or (as the case may be) immediately after the acquisition, is within one of the categories set out in [^{F1701}paragraphs [^{F1702}(a), (d) and (e)]] of subsection (4) below, that section shall not apply to the disposal or acquisition.

[^{F1703}(4) The categories referred to in subsections (1) to (3) above are—

- [^{F1704}(a) assets which are linked solely to gross roll-up business or are foreign [^{F1705}business] assets;]
- (d) assets linked solely to basic life assurance and general annuity business;
- (e) assets of the [^{F1706}long-term insurance fund] not within [^{F1707}either] of the preceding paragraphs;
- (f) other assets.]

(5) [^{F1708}]

[In a case where the profits of a company’s life assurance business are charged to tax [^{F1709}(6) [^{F1710}under section 35 of CTA 2009 (charge on trade profits)] this section has effect with the modification specified in section 440B(3).]]

Textual Amendments

F1694Ss. 440, 440A substituted for s. 440 (1.1.1990) by Finance Act 1990 (c. 29), Sch. 6 paras. 8, **11(2)** (with Sch. 6 para. 12)

F1695Words in s. 440(1)(2) substituted (with effect in accordance with Sch. 10 para. 17(2) of the amending Act) by Finance Act 2007 (c. 11), Sch. 10 para. 10(2)(a)

F1696S. 440(2)(a) substituted (1.12.2001 with effect in accordance with arts. 1(2)(a), 28(2) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), art. 28(1)

F1697S. 440(2A) inserted (with effect in accordance with s. 105(1) of the amending Act) by Finance Act 1996 (c. 8), Sch. 14 para. 25 (with Sch. 15)

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- F1698** S. 440(2A)(2B) repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 10 para. 16(3)(b), **Sch. 27 Pt. 2(10)**, Note
- F1699** S. 440(2B) inserted (with effect in accordance with s. 83(3) of the amending Act) by Finance Act 2002 (c. 23), **Sch. 27 para. 5** (with Sch. 28)
- F1700** Words in s. 440(3) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290(1), **Sch. 10 para. 14(22)(a)** (with ss. 60, 101(1), 171, 201(3))
- F1701** Words in s. 440(3) substituted (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 5(2)** (with Sch. 8 para. 55(2))
- F1702** Words in s. 440(3) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 31(2)** (with Sch. 7 Pt. 2)
- F1703** S. 440(4) substituted (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by Finance Act 1995, Sch. 8 para. 5(3), s. 55(2)
- F1704** S. 440(4)(a) substituted for s. 440(4)(a)-(c) (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 31(3)** (with Sch. 7 Pt. 2)
- F1705** Word in s. 440(4)(a) substituted (with effect in accordance with Sch. 17 para. 10(6)(7) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 10(3)(d)**
- F1706** Words in s. 440(4)(e) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 52(1)(g)**
- F1707** Word in s. 440(4)(e) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 31(3)** (with Sch. 7 Pt. 2)
- F1708** S. 440(5) repealed (with effect in accordance with Sch. 10 para. 17(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 10 para. 10(2)(b), **Sch. 27 Pt. 2(10)**, Note
- F1709** S. 440(6) inserted (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 28(3)** (with Sch. 8 para. 55(2))
- F1710** Words in s. 440(6) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 136** (with Sch. 2 Pts. 1, 2)

Modifications etc. (not altering text)

- C110** S. 440 modified by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1992 (S.I. 1992/1655), **reg 10C** (as inserted (10.8.1995) by The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 1995 (S.I. 1995/1916), **regs. 1, 6**)
- C111** S. 440 modified (20.3.1997 with effect in accordance with reg. 1(2) of the modifying S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. 1997/473), **regs. 1(1), 22** (as amended by: S.I. 2001/3629, **arts. 1(2)(b), 158(1), 165(2)(d)**; S.I. 2004/822, **regs. 1, 18**)
- C112** S. 440 modified (12.8.2005 with effect in accordance with reg. 1(2) of the modifying S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005 (S.I. 2005/2014), **regs. 1(1), 16** (as amended by S.I. 2007/2134, **regs. 1(1)(2), 16**)
- C113** S. 440(1) excluded (25.7.1991) by Finance Act 1991 (c. 31, SIF 63:1), s. 48, **Sch. 7 para. 6(4)**
- C114** S. 440(2) modified (with effect in accordance with reg. 1 of the modifying S.I.) by The Friendly Societies (Taxation of Transfers of Business) Regulations 1995 (S.I. 1995/171), **regs. 4, 5** (as amended (19.3.1997) by The Friendly Societies (Taxation of Transfers of Business) (Amendment) Regulations 1997 (S.I. 1997/472), **regs. 1, 3**)
- C115** S. 440(2) modified (20.3.1997 with effect in accordance with reg. 1(2) of the modifying S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. 1997/473), **regs. 1(1), 23** (as amended by S.I. 2001/3629, **arts. 1(2)(b), 158(2)**); and that modifying reg. 23 is omitted (8.4.2004 with effect in accordance with reg. 1 of the revoking S.I.) by virtue of S.I. 2004/822, **reg. 19**
- C116** S. 440(2) modified (with effect in accordance with reg. 4A(3) of the modifying S.I.) by The Friendly Societies (Taxation of Transfers of Business) Regulations 1995 (S.I. 1995/171), **reg. 4A(1)(2)(a)** (as inserted (19.3.1997) by The Friendly Societies (Taxation of Transfers of Business) (Amendment) Regulations 1997 (S.I. 1997/472), **regs. 1, 4**)

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- C117** S. 440(4) modified (20.3.1997 with effect in accordance with reg. 1(2) of the amending Regulations) by [The Friendly Societies \(Modification of the Corporation Tax Acts\) Regulations 1997 \(S.I. 1997/473\)](#), **regs. 1(1), 24, 25**; and that modifying reg. 25 is omitted (8.4.2004 with effect in accordance with regs. 1, 20(2) of the revoking S.I.) by virtue of [S.I. 2004/822](#), **reg. 20(1)**
- C118** S. 440(4) modified (6.4.1999) by [The Individual Savings Account \(Insurance Companies\) Regulations 1998 \(S.I. 1998/1871\)](#), **regs. 1, 15**
- C119** S. 440(4)(f) modified by [Finance Act 1989 \(c. 26\)](#), **s. 83XA(12)** (as inserted (with effect in accordance with [Sch. 10 para. 17\(2\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 10 para. 2(1)**)

[^{F1711}440] Securities.

- (1) Subsection (2) below applies where the assets of an insurance company include securities of a class all of which would apart from this section be regarded for the purposes of corporation tax on chargeable gains as one holding.
- (2) Where this subsection applies—
 - [^{F1712}(a) so many of the securities as are identified in the company's records as securities by reference to the value of which there are to be determined benefits provided for under policies or contracts the effecting of all (or all but an insignificant proportion) of which constitutes the carrying on of—
 - [^{F1713}(i) basic life assurance and general annuity business, or
 - (ii) gross roll-up business,]
 shall be treated for the purposes of corporation tax as a separate holding linked solely to that business,]
 - (c) [^{F1714}.....]
 - (d) so many of the securities as are included in the company's [^{F1715}long-term insurance fund] but do not fall within [^{F1716}paragraph (a)] shall be treated for those purposes as a separate holding which is an asset of that fund (but not of [^{F1717}the description mentioned in that paragraph]), and
 - (e) any remaining securities shall be treated for those purposes as a separate holding which is not of any of the descriptions mentioned in the preceding paragraphs.
- (3) Subsection (2) above also applies where the assets of an insurance company include securities of a class and apart from this section some of them would be regarded as a 1982 holding, and the rest as a [^{F1718}section 104 holding], for the purposes of corporation tax on chargeable gains.
- (4) In a case within subsection (3) above—
 - (a) the reference in any paragraph of subsection (2) above to a separate holding shall be construed, where necessary, as a reference to a separate 1982 holding and a separate [^{F1718}section 104 holding], and
 - (b) the questions whether such a construction is necessary in the case of any paragraph and, if it is, how many securities falling within the paragraph constitute each of the two holdings shall be determined in accordance with paragraph 12 of Schedule 6 to the Finance Act 1990 and the identification rules applying on any subsequent acquisitions and disposals.
- (5) Section [^{F1719}105 of the 1992 Act]] shall have effect where subsection (2) above applies as if securities regarded as included in different holdings by virtue of that subsection were securities of different kinds.

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[^{F1720F1721}(6) In this section—

“1982 holding” has the same meaning as in section 109 of the 1992 Act;
“[^{F1718}section 104 holding]” has the same meaning as in section 104(3) of that Act; and
“securities” means shares, or securities of a company, and any other assets where they are of a nature to be dealt in without identifying the particular assets disposed or acquired.]

[^{F1720}(7) In a case where the profits of a company’s life assurance business are charged to tax [^{F1722}under section 35 of CTA 2009 (charge on trade profits)] this section has effect with the modification specified in section 440B(4).]

Textual Amendments

- F1711** Ss. 440, 440A substituted for s. 440 (1.1.1990) by Finance Act 1990 (c. 29), Sch. 6 paras. 8, **11(2)** (with Sch. 6 para. 12)
- F1712** S. 440A(2)(a) substituted for s. 440A(2)(a)(b) (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 6** (with Sch. 8 para. 55(2))
- F1713** S. 440A(2)(a)(i)(ii) substituted for s. 440A(2)(a)(i)-(iii) (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 32(a)** (with Sch. 7 Pt. 2)
- F1714** S. 440A(2)(c) repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 7 para. 32(b), **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)
- F1715** Words in s. 440A(2)(d) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 52(1)(h)**
- F1716** Words in s. 440A(2)(d) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 32(c)(i)** (with Sch. 7 Pt. 2)
- F1717** Words in s. 440A(2)(d) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 32(c)(ii)** (with Sch. 7 Pt. 2)
- F1718** Words in s. 440A(3)(4)(6) substituted (with effect in accordance with s. 123(6) of the amending Act) by Finance Act 1998 (c. 36), **s. 123(5)(a)**
- F1719** Words in s. 440A(5) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290(1), **Sch. 10 para. 14(23)(a)** (with ss. 60, 101(1), 171, 201(3))
- F1720** S. 440A(7) inserted (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 28(4)** (with Sch. 8 para. 55(2))
- F1721** S. 440A(6) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290(1), **Sch. 10 para. 14(23)(b)** (with ss. 60, 101(1), 171, 201(3))
- F1722** Words in s. 440A(7) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 137** (with Sch. 2 Pts. 1, 2)

Modifications etc. (not altering text)

- C120** S. 440A(2) modified (31.7.1992 with effect in accordance with reg. 1 of the modifying S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1992 (S.I. 1992/1655), **regs. 1, 14, 15** (as amended (31.12.1993 with effect in accordance with reg. 1(2)(3) of the amending S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 1993 (S.I. 1993/3111), **regs. 1(1), 5**)
- C121** S. 440A(2) modified (31.7.1992 with effect in accordance with reg. 1 of the modifying S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1992 (S.I. 1992/1655), **regs. 1, 16** (as substituted (31.12.1993 with effect in accordance with reg. 1(2)(3) of the amending S.I.)

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- by [The Friendly Societies \(Modification of the Corporation Tax Acts\) \(Amendment\) Regulations 1993 \(S.I. 1993/3111\)](#), [regs. 1\(1\)](#), 10)
- C122** [S. 440A\(2\)](#) modified (20.3.1997 with effect in accordance with reg. 1(2) of the modifying S.I.) by [The Friendly Societies \(Modification of the Corporation Tax Acts\) Regulations 1997 \(S.I. 1997/473\)](#), [regs. 1\(1\)](#), 26, 27; and that modifying reg. 27 is omitted (8.4.2004 with effect in accordance with reg. 1 of the revoking S.I.) by virtue of [S.I. 2004/822](#), [reg. 21](#)
- C123** [S. 440A\(2\)](#) modified (12.8.2005 with effect in accordance with reg. 1(2) of the modifying S.I.) by [The Friendly Societies \(Modification of the Corporation Tax Acts\) Regulations 2005 \(S.I. 2005/2014\)](#), [regs. 1\(1\)](#), 17 (as amended by [S.I. 2007/2134](#), [regs. 1\(1\)\(2\)](#), 17)
- C124** See 1990 s.41 and Sch.6 para.12(2)—subs.(d) omitted for period 1 January 1990 to 19 March 1990 inclusive.
- C125** See 1990 s.41 and Sch.6 para.12(1), (3), (4), (6), (7) and (10)—application and commencement provisions for “1982 holdings” and “new holdings”.
- C126** See 1990 s.41 and Sch.6 para.12(1), (3), (4), (6), (7) and (10)—application and commencement provisions for “1982 holdings” and “new holdings”.
- C127** [S. 440A\(2\)\(e\)](#) modified by [Finance Act 1989 \(c. 26\)](#), [s. 83XA\(13\)](#) (as inserted (with effect in accordance with [Sch. 10 para. 17\(2\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 10 para. 2\(1\)](#))

[^{F1724}440B Modifications where tax charged under [^{F1723}section 35 of CTA 2009].

- (1) The following provisions apply where the profits of a company’s life assurance business are charged to tax [^{F1725}under section 35 of CTA 2009 (charge on trade profits)] [^{F1726}in accordance with section 431G(3)].

^{F1727}(1A) [^{F1728}.....]

(2) [^{F1728}.....]

- (3) [^{F1729}Subsection (1) of section 440 applies] as if the only categories set out in subsection (4) of that section were—

- (a) assets of the [^{F1730}long-term insurance fund], and
 (b) other assets.

- (4) Section 440A applies as if for paragraphs [^{F1731}(a), (d) and (e)] of subsection (2) there were substituted—

[^{F1732}(“ so many of the securities as are included in the company’s long-term insurance fund shall be treated for the purposes of corporation tax as a separate holding which is an asset of that fund, and]

- (b) any remaining securities shall be treated for those purposes as a separate holding which is not of the description mentioned in the preceding paragraph.”.

[Section 440(2) does not apply if either the transferor or the company by which the ^{F1733}(4A) asset is acquired is a company whose profits are charged to tax [^{F1734}under section 35 of CTA 2009] (or if they both are).

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(4B) Section 211 of the 1992 Act does not apply [^{F1735}in relation to assets which are referable to the life assurance business of the transferor] if the transferor is a company whose profits are charged to tax [^{F1736}under section 35 of CTA 2009].]

(5) ^{F1737}]

Textual Amendments

- F1723** Words in s. 440B title substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 138(5)** (with Sch. 2 Pts. 1, 2)
- F1724** S. 440B inserted (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 28(1)** (with Sch. 8 para. 55(2))
- F1725** Words in s. 440B(1) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 138(2)** (with Sch. 2 Pts. 1, 2)
- F1726** Words in s. 440B(1) inserted (with effect in accordance with s. 39(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 8 para. 8(2)** (with Sch. 8 Pt. 2)
- F1727** S. 440B(1A) inserted (with effect in accordance with Sch. 27 para. 5(2) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 27 para. 5(1)**
- F1728** S. 440B(1A)(2) repealed (with effect in accordance with Sch. 3 para. 8(4)(5) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 3 para. 8(2)(3), **Sch. 8 Pt. 2(6)**, Note
- F1729** Words in s. 440B(3) substituted (with effect in accordance with s. 39(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 8 para. 8(3)** (with Sch. 8 Pt. 2)
- F1730** Words in s. 440B(3)(a) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 52(1)(i)**
- F1731** Words in s. 440B(4) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 33(a)** (with Sch. 7 Pt. 2)
- F1732** Words in s. 440B(4) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 33(b)** (with Sch. 7 Pt. 2)
- F1733** S. 440B(4A)(4B) inserted (with effect in accordance with s. 39(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 8 para. 8(4)** (with Sch. 8 Pt. 2)
- F1734** Words in s. 440B(4A) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 138(3)** (with Sch. 2 Pts. 1, 2)
- F1735** Words in s. 440B(4B) inserted (19.2.2008 with effect in accordance with art. 1(2) of the amending S.I.) by The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), **arts. 1(1), 7**
- F1736** Words in s. 440B(4B) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 138(4)** (with Sch. 2 Pts. 1, 2)
- F1737** S. 440B(5) repealed (with effect in accordance with s. 39(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 8 para. 8(5), **Sch. 27 Pt. 2(8)**, Note (with Sch. 8 Pt. 2)

^{F1738} 440C Modifications for change of tax basis

- (1) Subsection (2) makes provision for a case where—
 - (a) subsection (4) of section 431G applies in relation to the profits of the life assurance business of an insurance company for any accounting period, but
 - (b) the profits of that business for a succeeding accounting period fall to be charged to tax [^{F1739}under section 35 of CTA 2009 (charge on trade profits)] by virtue of subsection (3) of that section.

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- (2) The loss referred to in section 431G(4)(b) (less any loss for the same accounting period set off under section 436A for any intervening accounting period and any amount deducted for any such period in respect of the loss by virtue of section 85A(3)(b) of the Finance Act 1989) may be [^{F1740}relieved under section 45 of CTA 2010] against profits of that succeeding accounting period (without being reduced in accordance with section 434A(2)(a)).
- (3) In determining whether any loss has been set off under section 436A for any intervening accounting period, or whether any amount has been deducted for any such period in respect of the loss by virtue of section 85A(3)(b) of the Finance Act 1989, losses of earlier accounting periods are to be assumed to be set off before those of later accounting periods.
- (4) Subsection (5) makes provision for a case where—
- (a) a loss arises to an insurance company for an accounting period for which the profits of its life assurance business fall to be charged to tax [^{F1741}under section 35 of CTA 2009] by virtue of section 431G(3)(b),
 - (b) the profits of that business for a subsequent accounting period are charged to tax under the I minus E basis, and
 - (c) had those profits (instead) been charged to tax [^{F1742}under section 35 of CTA 2009], any of that loss would have been available to be set off against them under [^{F1743}section 45 of CTA 2010].
- (5) The loss is to be treated for the purposes of the operation of section 436A in relation to the subsequent accounting period as if it were a loss arising from its gross roll-up business in the accounting period in which it arose.
- (6) Subsections (7) and (8) make provision for a case where—
- (a) the profits of the life assurance business of an insurance company for an accounting period are charged to tax under the I minus E basis,
 - (b) the profits of that business for its next accounting period fall to be charged to tax [^{F1744}under section 35 of CTA 2009] by virtue of section 431G(3), and
 - (c) that prevents the giving of relief in accordance with section 86(8) of the Finance Act 1989 (acquisition expenses relieved in fractions under section 76).
- (7) Any relief which would have been so given in—
- (a) the next accounting period, or
 - (b) any subsequent accounting period for which the profits of the company's life assurance business continue to be charged to tax [^{F1745}under section 35 of CTA 2009],
- may be given by set-off against any gains treated as accruing under section 213(1) of the 1992 Act at the end of the accounting period.
- (8) But if the profits of the company's life assurance business for a subsequent accounting period are charged to tax under the I minus E basis, any relief not previously given under subsection (7) is to be treated for the purposes of the operation of section 76 in relation to the first subsequent accounting period for which profits are so charged as if it were an amount which is to be relieved under that section by virtue of section 86(8) and (9) of the Finance Act 1989.]

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Textual Amendments

- F1738S. 440C** inserted (with effect in accordance with s. 39(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 8 para. 9** (with [Sch. 8 Pt. 2](#))
- F1739** Words in s. 440C(1)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 139(2)** (with [Sch. 2 Pts. 1, 2](#))
- F1740** Words in s. 440C(2) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), **Sch. 1 para. 49(2)** (with [Sch. 2](#))
- F1741** Words in s. 440C(4)(a) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 139(3)(a)** (with [Sch. 2 Pts. 1, 2](#))
- F1742** Words in s. 440C(4)(c) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 139(3)(b)** (with [Sch. 2 Pts. 1, 2](#))
- F1743** Words in s. 440C(4)(c) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), **Sch. 1 para. 49(3)** (with [Sch. 2](#))
- F1744** Words in s. 440C(6)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 139(4)** (with [Sch. 2 Pts. 1, 2](#))
- F1745** Words in s. 440C(7)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 139(5)** (with [Sch. 2 Pts. 1, 2](#))

[^{F1746}**440D Modifications in relation to BLAGAB group reinsurers**

Schedule 19ABA (which makes modifications of this Act in relation to BLAGAB group reinsurers) shall have effect.]

Textual Amendments

- F1746S. 440D** inserted (27.12.2007 with effect in accordance with art. 1(2) of the amending S.I.) by [The Insurance Companies \(Taxation of Reinsurance Business\) \(Corporation Tax Acts\) \(Amendment\) Order 2007 \(S.I. 2007/3430\)](#), **art. 3(2)**

441 Overseas life assurance business.

^{F1747}

Textual Amendments

- F1747S. 441** repealed (with effect in accordance with s. 38(2) of the repealing Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 34](#), **Sch. 27 Pt. 2(7)**, Note (with [Sch. 7 Pt. 2](#))

[^{F1748}**441 Section 441: distributions.**

- (1) ^{F1749}
- (2) ^{F1750}
- [^{F1751}(3) ^{F1750}
- (4) ^{F1750}
- (5) ^{F1750}]

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- (7) ^{F1750}
- (8) ^{F1750}]

Textual Amendments

- F1748Ss. 441, 441A** substituted for s. 441 by [Finance Act 1990 \(c. 29\)](#), [Sch. 7 paras. 3, 10](#)
- F1749S. 441A(1)** repealed (with effect in accordance with [Sch. 3 para. 9\(4\)](#) of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), [Sch. 3 para. 9\(2\)](#), [Sch. 8 Pt. 2\(6\)](#), Note
- F1750S. 441A(2)-(8)** repealed (with effect in accordance with [Sch. 4 para. 28\(2\)](#), [Sch. 8 Pt. 2\(10\)](#) Note of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), [Sch. 4 para. 28\(1\)](#), [Sch. 8 Pt. 2\(10\)](#)
- F1751S. 441A(3)-(5)** substituted for s. 441A(3)-(6) (with effect in accordance with [Sch. 8 para. 57\(1\)](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 8 para. 31](#) (with [Sch. 8 para. 55\(2\)](#))

[^{F1752} 441B treatment of UK land.

- ^{F1753}

Textual Amendments

- F1752S. 441B** inserted (with effect in accordance with [Sch. 8 para. 57\(1\)](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 8 para. 32](#) (with [Sch. 8 para. 55\(2\)](#))
- F1753S. 441B** repealed (13.8.2007 with effect in accordance with [reg. 1\(2\)](#) of the repealing S.I.) by [The Insurance Companies \(Overseas Life Assurance Business\) \(Excluded Business\) \(Amendment\) Regulations 2007 \(S.I. 2007/2086\)](#), [regs. 1\(1\), 6\(2\)\(a\)](#)

442 Overseas business of U.K. companies.

- (1) ^{M87} Subsections (2) and (3) below apply ^{M87} where a company resident in the United Kingdom carries on insurance business outside the United Kingdom through a [^{F1754} permanent establishment] and—
- (a) that business, or part of it, together with the whole assets of the company used for the purposes of that business or part (or together with the whole of those assets other than cash), is transferred to a company not resident in the United Kingdom;
 - (b) the business or part is so transferred wholly or partly in exchange for shares, or for shares and loan stock, issued by the transferee company to the transferor company; and
 - (c) the shares so issued, either alone or taken together with any other shares in the transferee company already held by the transferor company, amount in all to not less than one quarter of the ordinary share capital of the transferee company.
- (2) In making any computation in accordance with the provisions [^{F1755} applicable for the purposes of section 35 of CTA 2009 (charge on trade profits)] of the profits or losses of the transferor company for the accounting period in which the transfer occurs, there shall be disregarded any profit or loss in respect of any asset transferred which, apart from this subsection, would fall to be taken into account in making that computation.
- (3) Where by virtue of subsection (2) above any profit or loss is disregarded in making any computation ^{F1756} . . . the profit or loss shall be treated for the purposes of the [^{F1757} 1992

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Act] as a chargeable gain or allowable loss accruing to the transferor company on the transfer.

(4) ^{F1758}

Textual Amendments

- F1754** Words in s. 442(1) substituted (with effect in accordance with s. 153(4) of the amending Act) by Finance Act 2003 (c. 14), s. 153(1)(a)
- F1755** Words in s. 442(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 140 (with Sch. 2 Pts. 1, 2)
- F1756** Words in s. 442(3) repealed (with effect in accordance with s. 164(5) of the amending Act) by Finance Act 1996 (c. 8), Sch. 41 Pt. 5(24), Note
- F1757** Words in s. 442(3) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290(1), Sch. 10 para. 14(24) (with ss. 60, 101(1), 171, 201(3))
- F1758** S. 442(4) repealed (19.7.2007) by Finance Act 2007 (c. 11), Sch. 10 para. 16(3)(c), Sch. 27 Pt. 2(10), Note

Modifications etc. (not altering text)

- C128** S. 442(3) excluded by Income and Corporation Taxes Act 1970 (c. 10), s. 269C(8) (as inserted (retrospectively) by Finance (No. 2) Act 1992 (c. 48), s.48)

Marginal Citations

- M87** Source—1977 s.45(1)—(4); 1979(C) Sch.7

^{F1759} 442A Taxation of investment return where risk reinsured.

- (1) Where an insurance company reinsures any risk in respect of a policy or contract attributable to its basic life assurance and general annuity business, the investment return on the policy or contract shall be treated as accruing to the company [^{F1760}while the risk remains reinsured by the company under] the reinsurance arrangement and shall be charged to tax under [^{F1761}the charge to corporation tax on income].
- (2) The Board may make provision by regulations as to the amount of investment return to be treated as accruing in each accounting period during which the reinsurance arrangement is in force.
- (3) The regulations may, in particular, provide that the investment return to be treated as accruing to the company in respect of a policy or contract in any accounting period shall be calculated by reference to—
 - (a) the aggregate of the sums paid by the company to the reinsurer during that accounting period and any earlier accounting periods by way of premium or otherwise;
 - (b) the aggregate of the sums paid by the reinsurer to the company during that accounting period and any earlier accounting periods by way of commission or otherwise;
 - (c) the aggregate amount of the net investment return treated as accruing to the company in any earlier accounting periods, that is to say, net of tax at such rate as may be prescribed; and
 - (d) such percentage rate of return as may be prescribed.

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[Where a transfer of the reinsurance arrangement from one insurance company (“the F1762(3A) transferor”) to another (“the transferee”) is effected by novation or an insurance business transfer scheme, for the purpose of calculating the investment return to be treated as accruing to the transferee in respect of the policy or contract after the transfer, the references to the company in subsection (3)(a), (b) and (c) above include (as well as the transferee)—

- (a) the transferor, and
- (b) any insurance company from which the reinsurance arrangement was transferred on an earlier transfer effected by novation or an insurance business transfer scheme.]

- (4) The regulations shall provide that the amount of investment return to be treated as accruing F1763 . . . in respect of a policy or contract in the final accounting period during which the policy or contract is in force is the amount, ascertained in accordance with regulations, by which the profit over the whole period during which the policy or contract, and the reinsurance arrangement, were in force exceeds the aggregate of the amounts treated as accruing in earlier accounting periods.

If that profit is less than the aggregate of the amounts treated as accruing in earlier accounting periods, the difference shall go to reduce the amounts treated by virtue of this section as arising in that accounting period from other policies or contracts, and if not fully so relieved may be carried forward and set against any such amounts in subsequent accounting periods.

- (5) Regulations under this section—
- (a) may exclude from the operation of this section such descriptions of insurance company, such descriptions of policies or contracts and such descriptions of reinsurance arrangements as may be prescribed;
 - (b) may make such supplementary provision as to the ascertainment of the investment return to be treated as accruing to the company as appears to the Board to be appropriate, including provision requiring payments made during an accounting period to be treated as made on such date or dates as may be prescribed; and
 - (c) may make different provision for different cases or descriptions of case.
- (6) In this section “prescribed” means prescribed by regulations under this section.]

Textual Amendments

F1759S. 442A inserted (with effect in accordance with Sch. 8 para. 57(1) of the amending Act) by Finance Act 1995 (c. 4), Sch. 8 para. 34 (with Sch. 8 paras. 55(2), 57(2))

F1760Words in s. 442A(1) substituted (with effect in accordance with Sch. 33 para. 23(5) of the amending Act) by Finance Act 2003 (c. 14), Sch. 33 para. 23(2)

F1761Words in s. 442A(1) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 141 (with Sch. 2 Pts. 1, 2)

F1762S. 442A(3A) inserted (with effect in accordance with Sch. 33 para. 23(5) of the amending Act) by Finance Act 2003 (c. 14), Sch. 33 para. 23(3)

F1763Words in s. 442A(4) repealed (with effect in accordance with Sch. 33 para. 23(5) of the repealing Act) by Finance Act 2003 (c. 14), Sch. 33 para. 23(4), Sch. 43 Pt. 3(12), Note 4

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Modifications etc. (not altering text)

- C129** S. 442A restricted (28.7.1995 with effect in accordance with reg. 1 of the affecting S.I.) by [The Insurance Companies \(Taxation of Reinsurance Business\) Regulations 1995 \(S.I. 1995/1730\)](#), **regs. 9, 10**
- C130** S. 442A(1) modified (20.3.1997 with effect in accordance with reg. 1(2) of the modifying S.I.) by [The Friendly Societies \(Modification of the Corporation Tax Acts\) Regulations 1997 \(S.I. 1997/473\)](#), **regs. 1(1), 29**
- C131** S. 442A(1) modified (12.8.2005 with effect in accordance with reg. 1(2) of the modifying S.I.) by [The Friendly Societies \(Modification of the Corporation Tax Acts\) Regulations 2005 \(S.I. 2005/2014\)](#), **regs. 1(1), 19**

443 Life policies carrying rights not in money.

F1764

Textual Amendments

F1764S. 443 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 10 para. 16\(3\)\(d\)](#), **Sch. 27 Pt. 2(10)**,
Note

444 Life policies issued before 5th August 1965.

F1765

Textual Amendments

F1765S. 444 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 10 para. 16\(3\)\(e\)](#), **Sch. 27 Pt. 2(10)**,
Note

[^{F1766}444A] Transfers of business.

[^{F1767}(1) ^{F1768} . . . This section applies where an insurance business transfer scheme has effect to transfer long-term business from one person (“the transferor”) to another (“the transferee”).]

[^{F1769}(2) Any expenses payable which ([^{F1770}making the assumptions in subsection (3B) below]) would have fallen to be brought into account by the transferor in determining the deduction for expenses payable to be allowed under section 76 in computing profits for an accounting period following the period which ends with the day on which the transfer takes place shall, instead, be brought into account under and in accordance with that section by the transferee as expenses payable by him (and giving effect in the case of acquisition expenses, to section 86(6) to (9) of the Finance Act 1989).]

- (3) Any loss which ([^{F1770}making the assumptions in subsection (3B) below])—
 - (a) would have been available under section [^{F1771}436A(4)] to be set off against profits of the transferor for the accounting period following that which ends with the day on which transfer takes place, ^{F1772} . . .
 - (b) ^{F1772}

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shall, instead, be treated as a loss of the transferee (and available to be set off against profits of [^{F1773}gross roll-up business]) [^{F1774}if the conditions [^{F1775}mentioned in subsection (3YA) are satisfied in relation to the business transferred].]

[The conditions are—

- ^{F1776}(3YA) (a) the ownership condition set out in section 941 of CTA 2010, and
- (b) the tax condition set out in section 943 of that Act.]

[^{F1778}.....]
^{F1777}(3ZA)

[Any subsection (2) excess (within the meaning of section 432F(2)) which ^{F1779}(3A) (^{F1770}making the assumptions in subsection (3B) below)] would have been available under section 432F(3) or (4) to reduce a subsection (3) figure (within the meaning of section 432F(1)) of the transferor in an accounting period following that which ends with the day on which transfer takes place—

- (a) shall, instead, be treated as a subsection (2) excess of the transferee, and
- (b) shall be taken into account in the first accounting period of the transferee ending after the date of the transfer (to reduce the subsection (3) figure or, as the case may be, to produce or increase a subsection (2) excess for that period),

in relation to the revenue account of the transferee dealing with or including the business transferred.]

[The assumptions referred to in subsections (2), (3) and (3A) above are—

- ^{F1780}(3B) (a) that the transferor had continued to carry on the business transferred after the transfer, and
- (b) where there is no accounting period of the transferor ending with the transfer date, that there was such an accounting period.]

(4) Where acquisition expenses are treated as [^{F1781}expenses payable by the transferee] by virtue of subsection (2) above, the amount deductible for the first accounting period of the transferee ending after the transfer takes place shall be calculated as if that accounting period began with the day after the transfer.

(5) Where the transfer is of part only of the transferor’s [^{F1782}long-term] business, [^{F1783}subsection (2), (3) or (3A)] above shall apply only to such part of any amount to which it would otherwise apply as is appropriate.

(6) Any question arising as to the operation of subsection (5) above shall be determined [^{F1784}in the same manner as an appeal, and both the transferor and transferee shall be entitled to be a party to any proceedings].

(7) ^{F1785}.....

(8) ^{F1785}.....]

Textual Amendments

F1766S. 444A inserted (with effect in accordance with [Sch. 9 para. 7](#) of the amending Act) by [Finance Act 1990 \(c. 29\)](#), [Sch. 9 para. 4](#)

F1767S. 444A(1) substituted (1.12.2001 with effect in accordance with arts. 1(2)(a), 29(2) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 29\(1\)](#)

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- F1768** Words in s. 444A(1) repealed (with effect in accordance with Sch. 9 para. 17(1) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 9 para. 2(2), **Sch. 27 Pt. 2(9)**, Note
- F1769** S. 444A(2) substituted (28.9.2004 with effect in accordance with art. 1 of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), Sch. para. 19(2)
- F1770** Words in s. 444A(2)(3)(3A) substituted (19.2.2008 with effect in accordance with art. 1(2) of the amending S.I.) by The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), **arts. 1(1), 8(2)**
- F1771** Words in s. 444A(3) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 35(a)** (with Sch. 7 Pt. 2)
- F1772** S. 444A(3)(b) and preceding word repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 7 para. 35(b), **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)
- F1773** Words in s. 444A(3) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 35(c)** (with Sch. 7 Pt. 2)
- F1774** Words in s. 444A(3) inserted (with effect in accordance with Sch. 33 para. 24(4) of the amending Act) by Finance Act 2003 (c. 14), **Sch. 33 para. 24(2)**
- F1775** Words in s. 444A(3) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 50(2)** (with Sch. 2)
- F1776** S. 444A(3YA) inserted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 50(3)** (with Sch. 2)
- F1777** S. 444A(3ZA) inserted (with effect in accordance with Sch. 33 para. 24(4) of the amending Act) by Finance Act 2003 (c. 14), **Sch. 33 para. 24(3)**
- F1778** S. 444A(3ZA) omitted (19.2.2008 with effect in accordance with art. 1(2) of the repealing S.I.) by virtue of The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), **arts. 1(1), 8(4)**
- F1779** S. 444A(3A) inserted (with effect in accordance with Sch. 8 para. 53(1)(3) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 17(4)** (with Sch. 8 para. 55(2))
- F1780** S. 444A(3B) inserted (19.2.2008 with effect in accordance with art. 1(2) of the amending S.I.) by The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), **arts. 1(1), 8(3)**
- F1781** Words in s. 444A(4) substituted (28.9.2004 with effect in accordance with art. 1 of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), Sch. para. 19(3)
- F1782** Words in s. 444A(5) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2000/3629), **art. 52(2)(h)**
- F1783** Words in s. 444A(5) substituted (with effect in accordance with Sch. 8 para. 53(1) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 8 para. 17(5)** (with Sch. 8 para. 55(2))
- F1784** Words in s. 444A(6) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 140(2)**
- F1785** S. 444A(7)(8) repealed (with effect in accordance with Sch. 9 para. 17(1) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 9 para. 2(3), **Sch. 27 Pt. 2(9)**, Note

Modifications etc. (not altering text)

- C132** S. 444A(1) modified (20.3.1997 with effect in accordance with reg. 1(2) of the modifying S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. 1997/473), **regs. 1(1), 30** (as amended (1.12.2001) by S.I. 2001/3629, **arts. 1(2)(b), 159**); and that modifying reg. 30 is omitted (8.4.2004 with effect in accordance with reg. 1 of the revoking S.I.) by virtue of S.I. 2004/822, **reg. 23**

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[^{F1787} 444AZA] Transfers of life assurance business: [^{F1786} gross roll-up business] losses of the transferor

- (1) This section applies where—
- (a) an insurance business transfer scheme has effect to transfer life assurance business from one person (“the transferor”) to another (“the transferee”),
 - (b) assuming the transferor had continued to carry on the business transferred after the transfer, the amount of any profits would have been charged to tax in respect of that business under the I minus E basis,
 - (c) the profits in respect of the business transferred for the first period of account of the transferee ending after the date on which the transfer takes effect are charged to tax [^{F1788} under section 35 of CTA 2009 (charge on trade profits)] by virtue of section 431G(3), and
 - (d) the conditions in paragraphs (a) and (b) of section 343(1) are satisfied in relation to the business transferred (construing references to an event as to a transfer).
- (2) Any loss which (assuming the transferor had continued to carry on the business transferred after the transfer) would have been available to be set off against profits chargeable under section 436A (a [^{F1789} “qualifying loss of the transferor”]) shall instead be treated as a loss of the transferee ^{F1790} . . . available to be set off against GRBP in relation to a period of account.
- (3) For the purposes of subsection (2) above “GRBP”, in relation to a period of account, is—

$$P \times \frac{GRBTL}{TL}$$

where—

P is the amount of such profits of the transferee's life assurance business for the period of account as relate to the business transferred (that amount being determined in accordance with section 343(9) and (10), where applicable),

GRBTL is the mean of the opening and closing liabilities of the transferred gross roll-up business for the period of account, and

TL is the mean of the opening and closing liabilities of the transferred life assurance business for the period of account.

- (4) Where the transfer is of part only of the transferor's long-term business, subsection (2) above shall apply only to such part of any [^{F1791} qualifying loss of the transferor] to which it would otherwise apply as is appropriate.
- (5) Any question arising as to the operation of subsection (4) above shall be determined [^{F1792} in the same manner as an appeal, and both the transferor and transferee shall be entitled to be a party to any proceedings].]

Textual Amendments

F1786 Words in s. 444AZA title substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 142(5) (with Sch. 2 Pts. 1, 2)

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- F1787** Ss. 444AZA, 444AZB inserted (19.2.2008 with effect in accordance with art. 1(5) of the amending S.I.) by The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), **art. 9**
- F1788** Words in s. 444AZA(1)(c) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 142(2)** (with Sch. 2 Pts. 1, 2)
- F1789** Words in s. 444AZA(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 142(3)(a)** (with Sch. 2 Pts. 1, 2)
- F1790** Words in s. 444AZA(2) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 142(3)(b), Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F1791** Words in s. 444AZA(4) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 142(4)** (with Sch. 2 Pts. 1, 2)
- F1792** Words in s. 444AZA(5) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 141(2)**

[^{F1787}444AZB] transfers of life assurance business: [^{F1793}trade] losses of the transferor

- (1) This section applies where—
- an insurance business transfer scheme has effect to transfer life assurance business from one person (“the transferor”) to another (“the transferee”),
 - assuming the transferor had continued to carry on the business transferred after the transfer, the amount of any profits would have been charged to tax [^{F1794}under section 35 of CTA 2009 (charge on trade profits)] by virtue of section 431G(3),
 - the profits in respect of the business transferred for the first period of account of the transferee ending after the date on which the transfer takes effect are charged to tax under the I minus E basis, and
 - the conditions in paragraphs (a) and (b) of section 343(1) are satisfied in relation to the business transferred (construing references to an event as to a transfer).
- (2) The relevant fraction of any loss which (assuming the transferor had continued to carry on the business transferred after the transfer) would have been available to be set off against profits of that business (a [^{F1795}“qualifying loss of the transferor”]) shall instead be treated as a loss of the transferee [^{F1796}. . . available to be set off against the amount of such profits chargeable under section 436A for a period of account as relate to the business transferred (that amount being determined in accordance with section 343(9) and (10), where applicable).
- (3) For the purposes of subsection (2) above “the relevant fraction”, in relation to a period of account, is—

$$\frac{GRBTL}{TL}$$

where—

GRBTL is the mean of the opening and closing liabilities of the transferred gross roll-up business for the period of account, and

TL is the mean of the opening and closing liabilities of the transferred life assurance business for the period of account.

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- (4) Where the transfer is of part only of the transferor's long-term business, subsection (2) above shall apply only to such part of the amount of any [^{F1797}qualifying loss of the transferor] to which it would otherwise apply as is appropriate.
- (5) Any question arising as to the operation of subsection (4) above shall be determined [^{F1798}in the same manner as an appeal, and both the transferor and transferee shall be entitled to be a party to any proceedings].]

Textual Amendments

- F1787** Ss. 444AZA, 444AZB inserted (19.2.2008 with effect in accordance with art. 1(5) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **art. 9**
- F1793** Word in s. 444AZB title substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 143(5)** (with [Sch. 2 Pts. 1, 2](#))
- F1794** Words in s. 444AZB(1)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 143(2)** (with [Sch. 2 Pts. 1, 2](#))
- F1795** Words in s. 444AZB(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 143(3)(a)** (with [Sch. 2 Pts. 1, 2](#))
- F1796** Words in s. 444AZB(2) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 143(3)(b)**, **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))
- F1797** Words in s. 444AZB(4) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 143(4)** (with [Sch. 2 Pts. 1, 2](#))
- F1798** Words in s. 444AZB(5) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 142(2)**

[^{F1799} [^{F1800} ~~444A~~]] **Transfers of business: deemed periodical returns**

- (1) This section applies where the whole of the long-term business of a person (“the transferor”) is transferred from that person—
 - (a) by one insurance business transfer scheme, or
 - (b) by two or more insurance business transfer schemes which take effect on the same date.
- (2) Where (apart from this subsection) there would not be a periodical return of the transferor covering a period ending immediately before the transfer date, there is to be deemed for the purposes of corporation tax to be a periodical return of the transferor covering the period—
 - (a) beginning immediately after the last period ending before the transfer date which is covered by a periodical return of the transferor, and
 - (b) ending immediately before the transfer date.
- (3) The periodical return deemed to exist by subsection (2) above is to be deemed to contain—
 - (a) such entries as would be included in an actual periodical return of the transferor covering the period mentioned in subsection (2) above, and
 - (b) such entries as would be included in an actual periodical return of the transferor covering the period—
 - (i) beginning immediately after the end of the period mentioned in subsection (2) above, and
 - (ii) ending immediately before the transfer had effect,

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and the period mentioned in subsection (2) above is to be deemed to be a period of account (but not an accounting period) of the transferor.

- (4) There is to be deemed for the purposes of corporation tax to be a periodical return of the transferor—
- (a) covering the transfer date, and
 - (b) containing the appropriate entries.
- (5) In subsection (4) above “appropriate entries” means such entries as would be included in an actual periodical return covering the transfer date—
- (a) in line 32 of Form 40, and
 - (b) in line 11 of Form 14, in both columns (treating references in that form to “current year” as references to the time immediately after the transfer date and to “previous year” as references to the time immediately before the transfer date).
- (6) A transfer date covered by a periodical return deemed to exist by subsection (4) above is to be deemed to be a period of account of the transferor only for the purpose of taking into account profits under section 444ABD.
- (7) Where—
- (a) a periodical return deemed to exist by subsection (4) above is preceded by an actual periodical return of the transferor covering the period immediately before the transfer date, and
 - (b) profits are to be taken into account under section 444ABD in the period of account deemed to exist by subsection (6) above,
- those profits are to be deemed for the purposes of corporation tax to be profits arising on the last day of the period of account covered by the actual periodical return.
- (8) Any actual periodical return of the transferor covering a period which includes the transfer date is to be ignored for the purposes of corporation tax.
- (9) In this section and sections 444AB to 444AECC “the transfer date”, in relation to an insurance business transfer scheme, means the date on which it takes effect.]]

Textual Amendments

F1799S. 444AA inserted (with effect in accordance with Sch. 33 para. 18(2) of the amending Act) by Finance Act 2003 (c. 14), Sch. 33 para. 18(1)

F1800S. 444AA substituted (19.2.2008 with effect in accordance with art. 1(2) of the amending S.I.) by The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), arts. 1(1), 10

[^{F1802}[^{F1803}[^{F1801}444AB transfer schemes: transferor]]

[^{F1804}(1) This section applies where—

- (a) an insurance business transfer scheme has effect to transfer long-term business of a person (“the transferor”) to another person (“the transferee”), and
- (b) condition A or condition B is met.]

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- (2) Condition A is met if any of the assets of the transferor's long-term insurance fund which are transferred ^{F1805} . . . by the insurance business transfer scheme are not, immediately after their transfer—
- (a) if the transferee is an insurance company [^{F1806} or an insurance special purpose vehicle], assets of the transferee's long-term insurance fund, or
 - (b) if the transferee is not an insurance company [^{F1807}, an insurance special purpose vehicle] [^{F1808} or a friendly society, assets of a fund of the transferee which would be a with-profits fund if the transferee were an insurance company],
- (“relevant non-transferred assets”).
- (3) Condition B is met if, immediately after the transfer date, the transferor—
- (a) does not carry on long-term business, but
 - (b) holds any assets which, immediately before the transfer date, were assets of its long-term insurance fund (“retained assets”).
- (4) If there are relevant non-transferred assets or retained assets (or both) the relevant amount in relation to them (see subsection (5) below) is to be taken into account under section 83(2) of the Finance Act 1989 as an increase in value of the assets of the long-term insurance fund of the transferor for the relevant period of account (see subsection (6) below).
- (5) Section 444ABA makes provision for the calculation of the relevant amount in relation to relevant non-transferred assets; and section 444ABB makes provision for its calculation in relation to retained assets.
- [^{F1809}(5A) In this section references to assets held by the transferor after the transfer do not include—
- (a) assets held on trust for the transferee, or
 - (b) assets held to meet liabilities which have been wholly reinsured and which are intended to be transferred under an insurance business transfer scheme to the reinsurer.]
- [^{F1810}(6) In this section and sections 444ABA to 444AC “the relevant period of account” means [^{F1811}the period of account of the transferor ending, or treated by section 444AA(2) as ending, immediately before the transfer date.]]
- (7) See section 444AA for the meaning of “the transfer date” in this section.
- [^{F1812}(8) For the purpose of paragraph (2)(a), in relation to an insurance special purpose vehicle which is not an insurance company, “long-term insurance fund” has the meaning it has in paragraph 4(5) of Schedule 19ABA.]]]

Textual Amendments

- F1801S.** 444AB heading substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by virtue of [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1)**, 11(6)
- F1802S.** 444AB inserted (with effect in accordance with [Sch. 33 para. 19\(2\)](#) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), **Sch. 33 para. 19(1)**
- F1803Ss.** 444AB-444ABC substituted for ss. 444AB, 444ABA (with effect in accordance with [Sch. 9 para. 17\(2\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 9 para. 4(1)**; S.I. 2008/379, **art. 2**

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- F1804**S. 444AB(1) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1)**, 11(2)
- F1805**Words in s. 444AB(2) omitted (19.2.2008 with effect in accordance with art. 1(4) of the repealing S.I.) by virtue of [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1)**, 11(3)(a)
- F1806**Words in s. 444AB(2)(a) inserted (12.8.2008 with effect in accordance with art. 1(2)(3) of the amending S.I.) by [The Insurance Companies \(Taxation of Insurance Special Purpose Vehicles\) Order 2008 \(S.I. 2008/1923\)](#), **arts. 1(1)**, 2(2)(a)
- F1807**Words in s. 444AB(2)(b) inserted (12.8.2008 with effect in accordance with art. 1(2)(3) of the amending S.I.) by [The Insurance Companies \(Taxation of Insurance Special Purpose Vehicles\) Order 2008 \(S.I. 2008/1923\)](#), **arts. 1(1)**, 2(2)(b)
- F1808**Words in s. 444AB(2)(b) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1)**, 11(3)(b)
- F1809**S. 444AB(5A) inserted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1)**, 11(4)
- F1810**S. 444AB(6) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1)**, 11(5)
- F1811**Words in s. 444AB(6) substituted (with effect in accordance with [Sch. 17 para. 31\(2\)](#) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 17 para. 31(1)**
- F1812**S. 444AB(8) inserted (12.8.2008 with effect in accordance with art. 1(2)(3) of the amending S.I.) by [The Insurance Companies \(Taxation of Insurance Special Purpose Vehicles\) Order 2008 \(S.I. 2008/1923\)](#), **arts. 1(1)**, 2(3)

[^{F1813}[^{F1814} ~~444AB~~ non-transferred assets

- (1) For the purposes of section 444AB the relevant amount in relation to assets that are relevant non-transferred assets is—

FVA – BTO

where—

FVA is the fair value of the assets on the transfer date, and

[^{F1815}BTO is the lesser of ABTO and AL13, where—

- (a) ABTO is any amount brought into account in respect of the assets as a business transfer-out and shown (or treated as shown) in line 32 of Form 40 in the periodical return of the transferor for the period of account of the transferor including the transfer date, and
- (b) AL13 is any positive amount shown (or treated as shown) in line 13 of Form 14 in the periodical return for the last period of account of the transferor ending before the transfer date.

- (2) ^{F1816}
- (3) ^{F1816}
- (4) ^{F1816}

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- (5) ^{F1816}
- (6) ^{F1816}
- (7) See section 444AA for the meaning of “the transfer date”^{F1817} . . . in this section.]]]

Textual Amendments

- F1813**S. 444ABA inserted (with effect in accordance with Sch. 7 para. 3(2) of the amending Act) by Finance Act 2004 (c. 12), Sch. 7 para. 3(1)
- F1814**Ss. 444AB-444ABC substituted for ss. 444AB, 444ABA (with effect in accordance with Sch. 9 para. 17(2) of the amending Act) by Finance Act 2007 (c. 11), Sch. 9 para. 4(1); S.I. 2008/379, art. 2
- F1815**Words in s. 444ABA(1) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), arts. 1(1), 12(2)(b)
- F1816**S. 444ABA(2)-(6) omitted (19.2.2008 with effect in accordance with art. 1(4) of the repealing S.I.) by virtue of The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), arts. 1(1), 12(3)
- F1817**Words in s. 444ABA(7) omitted (19.2.2008 with effect in accordance with art. 1(4) of the repealing S.I.) by virtue of The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), arts. 1(1), 12(4)

VALID FROM 16/12/2010

^{F1818} 444ABA Profit fund transferred assets

- (1) For the purposes of section 444AB the relevant amount in relation to assets that are non-profit fund transferred assets is—

$$FVA - (ABTO + TL)$$

where—

FVA is the fair value of the assets on the transfer date,

ABTO is any amount brought into account in respect of the assets as a business transfer-out and shown (or treated as shown) in line 32 of Form 40 in the periodical return of the transferor for the period of account of the transferor including the transfer date, and

TL is the amount of any non-profit fund transferred liabilities which are shown (or treated as shown) in any of lines 17, 21 to 23 and 31 to 38, but not in line 61, in Form 14 in the periodical return for the period of account of the transferor ending (or treated as ending by section 444AA) immediately before the transfer date or, if there is no period of account of the transferor so ending (or treated as so ending), the amount of any liabilities which would be so shown if one did.

- (2) In subsection (1) “non-profit fund transferred liabilities” means such of the liabilities of the transferor's long-term insurance fund as are transferred from the transferor to the transferee by the insurance business transfer scheme and were, immediately before their transfer, liabilities of a non-profit fund of the transferor.

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(3) See section 444AA for the meaning of “the transfer date” in this section.]

Textual Amendments

F1818S. 444ABAA inserted (with effect in accordance with s. 15(11) of the amending Act) by Finance (No. 3) Act 2010 (c. 33), s. 15(10)

[^{F1819}444AB Retained assets

(1) For the purposes of section 444AB the relevant amount in relation to assets that are retained assets [^{F1820}is—

FVA – ABDP – RL13 – RRL

where—

FVA is the fair value of the assets on the transfer date,

ABDP is the amount of the profits to be taken into account as profits under section 444ABD,

RL13 is the amount by which AL13 exceeds VE, and

RRL is the value of any relevant retained liabilities immediately after the transfer date.

But the relevant amount is nil if it would otherwise be below nil.]

[For the purposes of subsection (1) above—

- ^{F1821}(1A) (a) AL13 is any positive amount shown (or treated as shown) in line 13 of Form 14 in the periodical return for the last period of account of the transferor ending before the transfer date;
- (b) VE is the amount (if any) by which VL32 exceeds VTL where—
- (i) VL32 is the value of the assets shown (or treated as shown) in line 32 of Form 40 in the periodical return of the transferor covering (or treated as covering) the transfer date, and
 - (ii) VTL means the amount of the [^{F1822}mathematical reserves (as determined in accordance with section 1.2 of the Insurance Prudential Sourcebook)] transferred by the insurance business transfer scheme; and
- (c) relevant retained liabilities are any liabilities of the company's long-term business which are owed by the company immediately after the transfer date and are shown (or treated as shown) in any of lines 17, 21 to 23 and 31 to 38 in Form 14 in a periodical return for the period of account ending (or treated as ending by section 444AA) immediately before the transfer date.]

(2) See section 444AA for the meaning of “the transfer date” in this section.]

Textual Amendments

F1819Ss. 444AB-444ABC substituted for ss. 444AB, 444ABA (with effect in accordance with Sch. 9 para. 17(2) of the amending Act) by Finance Act 2007 (c. 11), Sch. 9 para. 4(1); S.I. 2008/379, art. 2

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- F1820** Words in s. 444ABB(1) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), [arts. 1\(1\)](#), 13(2)
- F1821** S. 444ABB(1A) inserted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), [arts. 1\(1\)](#), 13(3)
- F1822** Words in s. 444ABB(1A)(b)(ii) substituted (with effect in accordance with [Sch. 17 para. 32\(2\)](#) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 17 para. 32\(1\)](#)

[^{F1823} 444ABBA] **Transferees of business: election for transferee to pay tax of transferor**

- (1) This section applies where an insurance business transfer scheme has effect to transfer long-term business from one person (“the transferor”) to another (“the transferee”).
- (2) If the transferor and the transferee jointly elect, the transferee (and not the transferor) is chargeable to any amount of additional corporation tax to which the transferor would otherwise be chargeable by virtue of section 444AB(4) in relation to relevant non-transferred assets.
- (3) An election under subsection (2) above—
 - (a) is to be irrevocable, and
 - (b) is to be made by notice to an officer of Revenue and Customs no later than the end of the period of 90 days beginning with the day following the transfer date, and a copy of the notice containing the election must accompany the tax return of the transferee for the first accounting period ending after the transfer. Paragraphs 54 to 60 of Schedule 18 to the Finance Act 1998 (claims and elections for corporation tax purposes) do not apply to such an election.
- (4) Where an election under subsection (2) above has been made, the transferor must inform the transferee of—
 - (a) the amount of any additional corporation tax to which the transferor considers the election to apply, and
 - (b) the day on which that tax is due and payable,
 no later than the end of the period of 8 months beginning with the day following the transfer date.
- (5) Tax chargeable on the transferee by virtue of an election under subsection (2) above—
 - (a) is due in accordance with section 59D of the Management Act^{M88} on the day on which it would have been due if no election had been made, and
 - (b) for the purposes of that section, is to be treated as tax payable by the transferor (and not as tax payable by the transferee).
- (6) See section 444AA for the meaning of “the transfer date” in this section.]

Textual Amendments

- F1823** S. 444ABBA inserted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), [art. 14](#)

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Marginal Citations

M88 1970 c. 9

[^{F1824}444ABC] Transfer scheme transferring part of business: transferor

^{F1825}]

Textual Amendments

F1824Ss. 444AB-444ABC substituted for ss. 444AB, 444ABA (with effect in accordance with Sch. 9 para. 17(2) of the amending Act) by Finance Act 2007 (c. 11), Sch. 9 para. 4(1); S.I. 2008/379, art. 2

F1825S. 444ABC omitted (19.2.2008 with effect in accordance with art. 1(4) of the repealing S.I.) by virtue of The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), arts. 1(1), 15

[^{F1826}444ABD] Transferor's period of account including transfer

- (1) Any profits representing the amount by which—
- (a) the [^{F1827}amount] of the [^{F1828}mathematical reserves (as determined in accordance with section 1.2 of the Insurance Prudential Sourcebook)] transferred by an insurance business transfer scheme, exceeds
 - (b) the value of the assets transferred by the insurance business transfer scheme shown (or treated as shown) in line 32 [^{F1829}of Form 40] of the periodical return of the transferor for the period of account of the transferor including the transfer date,

are to be taken into account as profits of that period of account [^{F1830}in accordance with subsections (1A) and (1C) below].

[^{F1831}(1A) Where the profits of the life assurance business of the transferor for a period of account are charged to tax [^{F1832}under section 35 of CTA 2009 (charge on trade profits)] by virtue of section 431G(3), the appropriate fraction of the amount of the profits to which subsection (1) above applies is to be taken into account as profits of that period of account chargeable to tax [^{F1833}under section 35 of that Act] (and not otherwise).

(1B) For the purposes of subsection (1A) above “the appropriate fraction” is the appropriate fraction for the purposes of section 432G(1).

(1C) Where the profits of the life assurance business of the transferor for a period of account are charged to tax under the I minus E basis, the relevant fraction of the amount of the profits to which subsection (1) above applies is to be taken into account as profits of that period of account chargeable to tax under section 436A (and not otherwise).

(1D) For the purposes of subsection (1C) above “the relevant fraction” is the relevant fraction for the purposes of section 432G(4).

(1E) Where the value mentioned in paragraph (b) of subsection (1) above exceeds the amount mentioned in paragraph (a) of that subsection, the amount of the excess is not to be taken into account as a loss of the transferor.]

(2) See section 444AA for the meaning of “the transfer date” in this section.]

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Textual Amendments

- F1826**S. 444ABD inserted (with effect in accordance with Sch. 9 para. 17(4) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 9 para. 5**
- F1827**Word in s. 444ABD(1)(a) substituted (19.2.2008 with effect in accordance with art. 1(2) of the amending S.I.) by The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), **arts. 1(1), 16(2)(a)**
- F1828**Words in s. 444ABD(1) substituted (with effect in accordance with Sch. 17 para. 33(2) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 33(1)**
- F1829**Words in s. 444ABD(1)(b) inserted (19.2.2008 with effect in accordance with art. 1(2) of the amending S.I.) by The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), **arts. 1(1), 16(2)(b)**
- F1830**Words in s. 444ABD(1) inserted (19.2.2008 with effect in accordance with art. 1(2) of the amending S.I.) by The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), **arts. 1(1), 16(2)(c)**
- F1831**S. 444ABD(1A)-(1E) inserted (19.2.2008 with effect in accordance with art. 1(2) of the amending S.I.) by The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), **arts. 1(1), 16(3)**
- F1832**Words in s. 444ABD(1A) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 144(a)** (with Sch. 2 Pts. 1, 2)
- F1833**Words in s. 444ABD(1A) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 144(b)** (with Sch. 2 Pts. 1, 2)

^{F1835}444^{F1834}AC Transfer schemes: reduction of income of transferee]

- (1) This section applies where an insurance business transfer scheme has effect to transfer ^{F1836} . . . long-term business of a person (“the transferor”) to another person (“the transferee”) and [^{F1837}the condition in subsection (2) below is] met.
 - (2) [^{F1838}The condition] is that the transferor did not carry on life assurance business that is mutual business during the relevant period of account.
 - (3) ^{F1839}
 - (4) The amount which (apart from this section) would be regarded as other income of the transferee for the purposes of section 83(2)(e) of the Finance Act 1989 for the period of account of the transferee which includes the transfer date is to be reduced by an amount equal to the [^{F1840}lesser of the transferred surplus and any positive amount shown (or treated as shown) in line 13 of Form 14 in the periodical return for the last period of account of the transferor ending before the transfer date].
 - (5) In subsection (4) above “the transferred surplus” [^{F1841}is VE – RBTO where—
 - (a) VE has the same meaning as in section 444ABB, and
 - (b) RBTO means so much of BTO as relates to relevant non-transferred assets transferred to the transferee where—
 - (i) BTO has the same meaning as in section 444ABA, and
 - (ii) “relevant non-transferred assets” has the same meaning as in section 444AB.]
- ^{F1842}(5A) Where the transfer is to more than one transferee, the amount of any reduction to be made in accordance with subsection (4) above is to be apportioned to each transferee on a just and reasonable basis.]

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(6) See section 444AA for the meaning of “the transfer date”, and section 444AB for the meaning of “the relevant period of account”, in this section.]

Textual Amendments

- F1834**S. 444AC heading substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by virtue of [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), [arts. 1\(1\)](#), 17(8)
- F1835**Ss. 444AC, 444ACZA substituted for s. 444AC (with effect in accordance with [Sch. 9 para. 17\(2\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 9 para. 6\(1\)](#); S.I. 2008/379, [art. 2](#)
- F1836**Words in s. 444AC(1) omitted (19.2.2008 with effect in accordance with art. 1(4) of the repealing S.I.) by virtue of [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), [arts. 1\(1\)](#), 17(2)(a)
- F1837**Words in s. 444AC(1) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), [arts. 1\(1\)](#), 17(2)(b)
- F1838**Words in s. 444AC(2) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), [arts. 1\(1\)](#), 17(3)
- F1839**S. 444AC(3) omitted (19.2.2008 with effect in accordance with art. 1(4) of the repealing S.I.) by virtue of [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), [arts. 1\(1\)](#), 17(4)
- F1840**Words in s. 444AC(4) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by virtue of [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), [arts. 1\(1\)](#), 17(5)
- F1841**Words in s. 444AC(5) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), [arts. 1\(1\)](#), 17(6)
- F1842**S. 444AC(5A) inserted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), [arts. 1\(1\)](#), 17(7)

[^{F1843} **Transfer schemes transferring part of business: reduction in income of**
^{F1844} **444ACZA** of a transferee

^{F1845}]

Textual Amendments

- F1843**Ss. 444AC-444AE inserted (with effect in accordance with [Sch. 33 para. 20\(3\)\(4\)](#) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 33 para. 20\(1\)](#)
- F1844**Ss. 444AC, 444ACZA substituted for s. 444AC (with effect in accordance with [Sch. 9 para. 17\(2\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 9 para. 6\(1\)](#); S.I. 2008/379, [art. 2](#)
- F1845**S. 444ACZA omitted (19.2.2008 with effect in accordance with art. 1(4) of the repealing S.I.) by virtue of [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), [arts. 1\(1\)](#), 18

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[^{F1846} **444AC Insurance fund etc** **Transfers of business: transferor shares are assets of transferee's long-term**

^{F1847}]

Textual Amendments

F1843Ss. 444AC-444AE inserted (with effect in accordance with Sch. 33 para. 20(3)(4) of the amending Act) by Finance Act 2003 (c. 14), **Sch. 33 para. 20(1)**

F1846S. 444ACA inserted (with effect in accordance with Sch. 9 para. 8(2) of the amending Act) by Finance (No. 2) Act 2005 (c. 22), **Sch. 9 para. 8(1)**

F1847S. 444ACA repealed (with effect in accordance with Sch. 10 para. 17(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 10 para. 2(2), **Sch. 27 Pt. 2(10)**, Note

444AD Transfers of business: modification of s.83(2B) FA 1989

^{F1848}]

Textual Amendments

F1843Ss. 444AC-444AE inserted (with effect in accordance with Sch. 33 para. 20(3)(4) of the amending Act) by Finance Act 2003 (c. 14), **Sch. 33 para. 20(1)**

F1848S. 444AD repealed (with effect in accordance with Sch. 9 para. 17(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 9 para. 7(1), **Sch. 27 Pt. 2(9)**, Note; S.I. 2008/379, **art. 2**

[^{F1849} **444AE Transfers of business: FAFTS**

- (1) Where an insurance business transfer scheme has effect to transfer the relevant financing arrangements entered into in relation to a non-profit fund of an insurance company (“the transferor”) to another person (“the transferee”), after the transfer—
 - (a) they are to be treated for the purposes of sections 83YC and 83YD of the Finance Act 1989 as having been entered into by the transferee, but
 - (b) the references in those sections to earlier periods of account of the transferee include earlier periods of account of the transferor.
- (2) But if the insurance business transfer scheme has effect—
 - (a) to transfer some but not all of the relevant financing arrangements entered into in relation to the non-profit fund of the transferor, or
 - (b) to transfer all of those relevant financing arrangements but not all to one person,
 any calculation required by virtue of section 83YC or 83YD in relation to a period of account of the transferor, or of the transferee or any of the transferees, ending after the transfer is to be made on a just and reasonable basis.
- (3) Subsection (4) below applies where—
 - (a) relevant financing arrangements have been entered into in relation to a non-profit fund of an insurance company (“the old company”), and
 - (b) as a result of any transaction other than an insurance business transfer scheme, another insurance company (“the new company”) becomes the debtor in respect of the money debt, or the cedant, under the financial reinsurance arrangements.

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- (4) Where this subsection applies, after the transaction—
- (a) the relevant financing arrangements are to be treated for the purposes of sections 83YC and 83YD as having been entered into by the new company, but
 - (b) the references in those sections to earlier periods of account of the new company include earlier periods of account of the old company, and
 - (c) the transaction is not to be regarded as causing the condition in section 83YD(3) to be met in relation to the old company.
- (5) But if the transaction has effect—
- (a) to transfer some but not all of the relevant financing arrangements entered into in relation to the non-profit fund of the old company, or
 - (b) to transfer all of those relevant financing arrangements but not all to one person,
- any calculation required by virtue of section 83YC or 83YD in relation to a period of account of the old company, or of the new company or any of the new companies, ending after the transaction is to be made on a just and reasonable basis.
- (6) Expressions used in this section and section 83YC or 83YD have the same meanings here as there.]

Textual Amendments

F1849S. 444AE substituted (with effect in accordance with [Sch. 17 para. 4\(1\)](#) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 17 para. 2](#)

444AE/Transfer schemes: anti-avoidance rule

- (1) This section applies where—
- (a) as a result of the whole ^{F1850} . . . of transfer scheme arrangements involving the transfer of long-term business from one person (“the transferor”) to another (“the transferee”) a [^{F1851}life assurance trade profits] advantage is obtained by the transferor or the transferee (or by both), and
 - (b) the sole or main purpose, or one of the main purposes, of the whole ^{F1850} . . . of the transfer scheme arrangements is the obtaining of that ^{F1852} . . . advantage.
- (2) In subsection (1) above “transfer scheme arrangements” means an insurance business transfer scheme (“the relevant transfer scheme”) together with any relevant associated operations.
- (3) If a [^{F1853}life assurance trade profits advantage] is obtained by the transferor (see subsection (1) of section 444AEB), the amount of the ^{F1854} . . . advantage (see subsection (2) of that section) is to be taken into account as an increase in value of the assets of the [^{F1855}long-term insurance fund of the transferor—
- (a) to the extent that the advantage is obtained by the transferor in the period of account covering the transfer date or any earlier period of account—
 - (i) for the period of account of the transferor ending (or treated as ending) immediately before the transfer date, or
 - (ii) where there is no such period, for the period of account of the transferor including the transfer date, and

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- (b) to the extent that the advantage is obtained by the transferor in any later period of account of the transferor in which any relevant associated operations are effected, for that later period of account.]
- (4) If a [^{F1856}life assurance trade profits advantage] is obtained by the transferee (see subsection (1) of section 444AEC), the amount of the ^{F1857} . . . advantage (see subsection (2) of that section) is to be taken into account as an increase in value of the assets of the long-term insurance fund of the transferee for the [^{F1858}period of account of the transferee in which the advantage is obtained by the transferee].
- (5) In this section and sections 444AEB [^{F1859}to 444AECC]“relevant associated operations”, in relation to the relevant transfer scheme, means—
- (a) any other insurance business transfer scheme,
 - (b) any contract of reinsurance,
 - (c) any reconstruction or amalgamation involving the transferor, a dependant of the transferor which is an insurance undertaking or the transferee, or
 - (d) any surplus-increasing transfer of assets,
- which is effected in connection with the relevant transfer scheme.
- (6) In subsection (5) above—
- “dependant” and “insurance undertaking” have the same meaning as in the Insurance Prudential Sourcebook, and
- “surplus-increasing transfer of assets” means a transfer of assets of the transferor's long-term insurance fund to the transferee which is not brought into account for any period of account of the transferee but increases the amount of total surplus shown in line 39 of Form 58 in any periodical return of the transferee.
- (7) See section 444AA for the meaning of “the transfer date” in this section.

Textual Amendments

- F1850** Words in s. 444AEA(1)(a)(b) omitted (19.2.2008 with effect in accordance with art. 1(4) of the repealing S.I.) by virtue of [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), [arts. 1\(1\), 19\(2\)](#)
- F1851** Words in s. 444AEA(1)(a) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 145\(2\)\(a\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F1852** Words in s. 444AEA(1)(b) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 145\(2\)\(b\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))
- F1853** Words in s. 444AEA(3) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 145\(3\)\(a\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F1854** Words in s. 444AEA(3) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 145\(3\)\(b\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))
- F1855** Words in s. 444AEA(3) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), [arts. 1\(1\), 19\(3\)](#)
- F1856** Words in s. 444AEA(4) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 145\(4\)\(a\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F1857** Words in s. 444AEA(4) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 145\(4\)\(b\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

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F1858 Words in s. 444AEA(4) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1)**, 19(4)

F1859 Words in s. 444AEA(5) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1)**, 19(5)

444AEB^{F1860} Life assurance trade profits] advantage: transferor

- (1) A [^{F1861}life assurance trade profits advantage] is obtained by the transferor if—
- [^{F1862}section 35] profits of its life assurance business for a period of account to which this section applies [^{F1863}are, or at the relevant time are expected to be, less than they would be but for the whole] of the transfer scheme arrangements, or
 - [^{F1862}section 35] losses of its life assurance business for such a period of account [^{F1864}are, or at the relevant time are expected to be, greater than they would be but for the whole] of the transfer scheme arrangements.
- (2) If [^{F1865}a life assurance trade profits advantage] is obtained by the transferor, the amount of [^{F1866}the advantage] is the aggregate of—
- the amounts (if any) by which [^{F1867}section 35] profits for each period of account to which this section applies [^{F1868}are, or at the relevant time are expected to be, less than they would be but for the whole of the transfer scheme arrangements], and
 - the amounts (if any) by which [^{F1867}section 35] losses for each such period of account [^{F1869}are, or at the relevant time are expected to be, greater than they would be but for the whole of the transfer scheme arrangements].
- (3) This section applies to a period of account if it is—
- the period of account of the transferor covering the transfer date,
 - any earlier period of account of the transferor, or
 - where any relevant associated operations are effected in any later period of account, that period of account.
- [^{F1870}(4) In this section and sections 444AEC, 444AECB and 444AECC—
- [^{F1871}“section 35 profits”] and [^{F1872}“section 35 losses”] means profits and losses computed in accordance with the [^{F1873}life assurance trade profits provisions], and
- “the relevant time” is the time at which any application under section 444AED is made, or, if no such application is made, the transfer date.]
- (5) See section 444AA for the meaning of “the transfer date”, and section 444AEA for the meaning of “relevant associated operations”, in this section.

Textual Amendments

F1860 Words in s. 444AEB title substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 146(5)** (with Sch. 2 Pts. 1, 2)

F1861 Words in s. 444AEB(1) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 146(2)(a)** (with Sch. 2 Pts. 1, 2)

F1862 Words in s. 444AEB(1)(a)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 146(2)(b)** (with Sch. 2 Pts. 1, 2)

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- F1863** Words in s. 444AEB(1)(a) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1), 20(2)(a)**
- F1864** Words in s. 444AEB(1)(b) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1), 20(2)(b)**
- F1865** Words in s. 444AEB(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 146(3)(a)** (with Sch. 2 Pts. 1, 2)
- F1866** Words in s. 444AEB(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 146(3)(b)** (with Sch. 2 Pts. 1, 2)
- F1867** Words in s. 444AEB(2)(a)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 146(3)(c)** (with Sch. 2 Pts. 1, 2)
- F1868** Words in s. 444AEB(2)(a) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1), 20(3)(a)**
- F1869** Words in s. 444AEB(2)(b) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1), 20(3)(b)**
- F1870** S. 444AEB(4) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **arts. 1(1), 20(4)**
- F1871** Words in s. 444AEB(4) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 146(4)(a)** (with Sch. 2 Pts. 1, 2)
- F1872** Words in s. 444AEB(4) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 146(4)(b)** (with Sch. 2 Pts. 1, 2)
- F1873** Words in s. 444AEB(4) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 146(4)(c)** (with Sch. 2 Pts. 1, 2)

444AEQ^{F1874} Life assurance trade profits] advantage: transferee

- (1) A [^{F1875}life assurance trade profits advantage] is obtained by the transferee if—
- (a) [^{F1876}section 35] profits of its life assurance business for a period of account to which this section applies [^{F1877}are, or at the relevant time are expected to be, less than they would be but for the whole] of the transfer scheme arrangements, or
 - (b) [^{F1876}section 35] losses of its life assurance business for such a period of account [^{F1878}are, or at the relevant time are expected to be, greater than they would be but for the whole] of the transfer scheme arrangements.
- (2) If [^{F1879}a life assurance trade profits advantage] is obtained by the transferee, the amount of [^{F1880}the advantage] is—
- (a) the amount by which [^{F1881}section 35] profits for each period of account to which this section applies [^{F1882}are, or at the relevant time are expected to be, less than they would be but for the whole of the transfer scheme arrangements], or
 - (b) the amount by which [^{F1881}section 35] losses for each such period of account [^{F1883}are, or at the relevant time are expected to be, greater than they would be but for the whole of the transfer scheme arrangements].
- (3) This section applies to a period of account if it is—

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- (a) the first period of account of the transferee ending after the transfer date or after the effecting of the first of any relevant associated operations (if that occurs before the transfer date),
 - (b) the second period of account of the transferee ending after the transfer date or after the effecting of the last of any relevant associated operations (if that occurs after the transfer date), or
 - (c) any intervening period of account.
- (4) See section 444AA for the meaning of “the transfer date”, section 444AEA for the meaning of “relevant associated operations” and section 444AEB for the meaning of “[^{F1884}section 35] profits” and “[^{F1884}section 35] losses” [^{F1885} and “the relevant time”], in this section.

Textual Amendments

- F1874** Words in s. 444AEC title substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 147(5)** (with Sch. 2 Pts. 1, 2)
- F1875** Words in s. 444AEC(1) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 147(2)(a)** (with Sch. 2 Pts. 1, 2)
- F1876** Words in s. 444AEC(1)(a)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 147(2)(b)** (with Sch. 2 Pts. 1, 2)
- F1877** Words in s. 444AEC(1)(a) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), **arts. 1(1), 21(2)(a)**
- F1878** Words in s. 444AEC(1)(b) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), **arts. 1(1), 21(2)(b)**
- F1879** Words in s. 444AEC(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 147(3)(a)** (with Sch. 2 Pts. 1, 2)
- F1880** Words in s. 444AEC(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 147(3)(b)** (with Sch. 2 Pts. 1, 2)
- F1881** Words in s. 444AEC(2)(a)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 147(3)(c)** (with Sch. 2 Pts. 1, 2)
- F1882** Words in s. 444AEC(2)(a) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), **arts. 1(1), 21(3)(a)**
- F1883** Words in s. 444AEC(2)(b) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), **arts. 1(1), 21(3)(b)**
- F1884** Words in s. 444AEC(4) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 147(4)** (with Sch. 2 Pts. 1, 2)
- F1885** Words in s. 444AEC(4) inserted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), **arts. 1(1), 21(4)**

[^{F1886} 444AEC] **Effects of transfer scheme arrangements: anti-avoidance rule**

- (1) This section applies where—
- (a) as a result of any part of transfer scheme arrangements involving the transfer of long-term business from one person (“the transferor”) to another (“the

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- transferee”) a [^{F1887}life assurance trade profits] advantage is obtained by the transferor or the transferee (or by both), and
- (b) the sole or main purpose, or one of the main purposes, of that part of the transfer scheme arrangements is the obtaining of that ^{F1888} . . . advantage.
- (2) In subsection (1) above “transfer scheme arrangements” has the same meaning as in section 444AEA.
- (3) If a [^{F1889}life assurance trade profits advantage] is obtained by the transferor (see subsection (1) of section 444AECB), the amount of the ^{F1890} . . . advantage (see subsection (3) of that section) is to be taken into account as an increase in value of the assets of the long-term insurance fund of the transferor—
- (a) to the extent that the advantage is obtained by the transferor in the period of account covering the transfer date or any earlier period of account—
- (i) for the period of account of the transferor ending (or treated as ending) immediately before the transfer date, or
- (ii) where there is no such period, for the period of account of the transferor including the transfer date, and
- (b) to the extent that the advantage is obtained by the transferor in any later period of account of the transferor in which any relevant associated operations are effected, for that later period of account.
- (4) If a [^{F1891}life assurance trade profits advantage] is obtained by the transferee (see subsection (1) of section 444AECC), the amount of the ^{F1892} . . . advantage (see subsection (2) of that section) is to be taken into account as an increase in value of the assets of the long-term insurance fund of the transferee for the period of account of the transferee in which the advantage is obtained by the transferee.
- (5) See section 444AA for the meaning of “the transfer date”, and section 444AEA for the meaning of “relevant associated operations”, in this section.]

Textual Amendments

F1886 Ss. 444AECA-444AECC inserted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **art. 22**

F1887 Words in s. 444AECA(1)(a) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 148(2)(a)** (with [Sch. 2 Pts. 1, 2](#))

F1888 Words in s. 444AECA(1)(b) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 148(2)(b)**, **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

F1889 Words in s. 444AECA(3) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 148(3)(a)** (with [Sch. 2 Pts. 1, 2](#))

F1890 Words in s. 444AECA(3) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 148(3)(b)**, **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

F1891 Words in s. 444AECA(4) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 148(4)(a)** (with [Sch. 2 Pts. 1, 2](#))

F1892 Words in s. 444AECA(4) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 148(4)(b)**, **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

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[^{F1886}444AECB of transfer scheme arrangements: [^{F1893}life assurance trade profits] advantage transferor

- (1) A [^{F1894}life assurance trade profits advantage] is obtained by the transferor if—
 - (a) [^{F1895}section 35] profits of its life assurance business for a period of account to which this section applies are, or at the relevant time are expected to be, less than they would be but for any part of the transfer scheme arrangements, or
 - (b) [^{F1895}section 35] losses of its life assurance business for such a period of account are, or at the relevant time are expected to be, greater than they would be but for any part of the transfer scheme arrangements.
- (2) But if any of the relevant associated operations would, by itself, cause the [^{F1896}section 35 profits] to be greater or the [^{F1897}section 35 losses] to be less than they would be but for that operation, the amount by which those profits would be greater or those losses would be less shall be taken into account in determining whether a [^{F1898}life assurance trade profits advantage] is obtained by the transferor.
- (3) If [^{F1899}a life assurance trade profits advantage] is obtained by the transferor, the amount of [^{F1900}the advantage] is the aggregate of—
 - (a) the amounts (if any) by which [^{F1901}section 35] profits for each period of account to which this section applies are, or at the relevant time are expected to be, less than they would be but for the relevant part of the arrangements, and
 - (b) the amounts (if any) by which [^{F1901}section 35] losses for each such period of account are, or at the relevant time are expected to be, greater than they would be but for the relevant part of the arrangements.
- (4) This section applies to a period of account if it is—
 - (a) the period of account of the transferor covering the transfer date,
 - (b) any earlier period of account of the transferor, or
 - (c) where any relevant associated operations are effected in any later period of account, that period of account.
- (5) In this section and section 444AECC “the relevant part of the arrangements” means, in relation to [^{F1902}a life assurance trade profits advantage], the part of the transfer scheme arrangements as a result of which [^{F1903}the advantage] is obtained.
- (6) See section 444AA for the meaning of “the transfer date”, section 444AEA for the meaning of “relevant associated operations” and section 444AEB for the meaning of “ [^{F1904}section 35] profits” and “ [^{F1904}section 35] losses” and “the relevant time”, in this section.]

Textual Amendments

- F1886**Ss. 444AECA-444AECC inserted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **art. 22**
- F1893**Words in s. 444AECB title substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 149(7)** (with Sch. 2 Pts. 1, 2)
- F1894**Words in s. 444AECB(1) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 149(2)(a)** (with Sch. 2 Pts. 1, 2)
- F1895**Words in s. 444AECB(1)(a)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 149(2)(b)** (with Sch. 2 Pts. 1, 2)

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- F1896** Words in s. 444AECB(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 149(3)(a)** (with Sch. 2 Pts. 1, 2)
- F1897** Words in s. 444AECB(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 149(3)(b)** (with Sch. 2 Pts. 1, 2)
- F1898** Words in s. 444AECB(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 149(3)(c)** (with Sch. 2 Pts. 1, 2)
- F1899** Words in s. 444AECB(3) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 149(4)(a)** (with Sch. 2 Pts. 1, 2)
- F1900** Words in s. 444AECB(3) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 149(4)(b)** (with Sch. 2 Pts. 1, 2)
- F1901** Words in s. 444AECB(3)(a)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 149(4)(c)** (with Sch. 2 Pts. 1, 2)
- F1902** Words in s. 444AECB(5) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 149(5)(a)** (with Sch. 2 Pts. 1, 2)
- F1903** Words in s. 444AECB(5) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 149(5)(b)** (with Sch. 2 Pts. 1, 2)
- F1904** Words in s. 444AECB(6) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 149(6)** (with Sch. 2 Pts. 1, 2)

[^{F1886}444AECB] Of transfer scheme arrangements: [^{F1905}life assurance trade profits] advantage transferee

- (1) A [^{F1906}life assurance trade profits advantage] is obtained by the transferee if—
- (a) [^{F1907}section 35] profits of its life assurance business for a period of account to which this section applies are, or at the relevant time are expected to be, less than they would be but for any part of the transfer scheme arrangements, or
 - (b) [^{F1907}section 35] losses of its life assurance business for such a period of account are, or at the relevant time are expected to be, greater than they would be but for the any part of the transfer scheme arrangements.
- (2) But if any of the relevant associated operations would, by itself, cause the [^{F1908}section 35 profits] to be greater, or the [^{F1909}section 35 losses] to be less, than they would be but for that operation, the amount by which those profits would be greater or those losses would be less shall be taken into account in determining whether a [^{F1910}life assurance trade profits advantage] is obtained by the transferor.
- (3) If [^{F1911}a life assurance trade profits advantage] is obtained by the transferee, the amount of [^{F1912}the advantage] is—
- (a) the amount by which [^{F1913}section 35] profits for each period of account to which this section applies are, or at the relevant time are expected to be, less than they would be but for the relevant part of the arrangements, or
 - (b) the amount by which [^{F1913}section 35] losses for each such period of account are, or at the relevant time are expected to be, greater than they would be but for the relevant part of the arrangements.
- (4) This section applies to a period of account if it is—
- (a) the first period of account of the transferee ending after the transfer date or after the effecting of the first of any relevant associated operations (if that occurs before the transfer date),
 - (b) the second period of account of the transferee ending after the transfer date or after the effecting of the last of any relevant associated operations (if that occurs after the transfer date), or

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(c) any intervening period of account.

- (5) See section 444AA for the meaning of “the transfer date”, section 444AEA for the meaning of “relevant associated operations”, section 444AEB for the meaning of “[^{F1914}section 35] profits” and “[^{F1914}section 35] losses” and “the relevant time” and section 444AECB for the meaning of “the relevant part of the arrangements”, in this section.]

Textual Amendments

- F1886**Ss. 444AECA-444AECC inserted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), **art. 22**
- F1905**Words in s. 444AECC title substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 150(6)** (with Sch. 2 Pts. 1, 2)
- F1906**Words in s. 444AECC(1) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 150(2)(a)** (with Sch. 2 Pts. 1, 2)
- F1907**Words in s. 444AECC(1)(a)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 150(2)(b)** (with Sch. 2 Pts. 1, 2)
- F1908**Words in s. 444AECC(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 150(3)(a)** (with Sch. 2 Pts. 1, 2)
- F1909**Words in s. 444AECC(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 150(3)(b)** (with Sch. 2 Pts. 1, 2)
- F1910**Words in s. 444AECC(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 150(3)(c)** (with Sch. 2 Pts. 1, 2)
- F1911**Words in s. 444AECC(3) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 150(4)(a)** (with Sch. 2 Pts. 1, 2)
- F1912**Words in s. 444AECC(3) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 150(4)(b)** (with Sch. 2 Pts. 1, 2)
- F1913**Words in s. 444AECC(3)(a)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 150(4)(c)** (with Sch. 2 Pts. 1, 2)
- F1914**Words in s. 444AECC(5) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 150(5)** (with Sch. 2 Pts. 1, 2)

444AED Clearance: no avoidance or group advantage

- (1) [^{F1915}Sections 444AEA and 444AECA do] not apply in relation to the transferor or the transferee if, on an application under this section, the Commissioners for Her Majesty's Revenue and Customs (“the HMRC Commissioners”) have given a notice under subsection (2) below.
- (2) A notice under this subsection is a notice stating that the HMRC Commissioners are satisfied—
- that the obtaining of a [^{F1916}life assurance trade profits] advantage by the applicant is not the sole or main purpose of the whole or any part of the transfer scheme arrangements, or
 - that the transferor and the transferee are members of the same group of companies and that there is no advantage to the group arising from any [^{F1916}life assurance trade profits] advantage obtained by the transferor or by the transferee.

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- (3) For the purposes of this section there is no advantage to a group arising from any [^{F1917}life assurance trade profits] advantage obtained by the transferor or by the transferee if—
- (a) as a result of transfer scheme arrangements, there is an increase in the liability to corporation tax of one or more companies which are members of the group of companies, and
 - (b) the amount (or aggregate amount) of that increase is not less than the reduction in the liability to corporation tax of the transferor or the transferee (or both) arising from the obtaining of the [^{F1917}life assurance trade profits] advantage.
- (4) An application under this section must be in writing and contain particulars of the transfer scheme arrangements.
- (5) The HMRC Commissioners may by notice require the applicant to provide further particulars in order to enable them to determine the application.
- (6) A requirement may be imposed under subsection (5) above within 30 days of the receipt of the application or of any further particulars required under that subsection.
- (7) If a notice under subsection (5) above is not complied with within 30 days or such longer period as the HMRC Commissioners may allow, they need not proceed further on the application.
- (8) The HMRC Commissioners must give notice of their decision on an application under this section to the applicant within 30 days of receiving the application or, if they give a notice under subsection (5) above, within 30 days of that notice being complied with.
- (9) If the HMRC Commissioners—
- (a) give notice to the applicant under subsection (8) above that they are not satisfied as mentioned in subsection (2) above, or
 - (b) do not comply with subsection (8) above,
- the applicant may require them to transmit the application to [^{F1918}the tribunal].
- (10) A requirement under subsection (9) above must be imposed within 30 days of the giving of the notice or the failure to comply and must be accompanied by any notice given under subsection (5) above and further particulars provided pursuant to any such notice.
- (11) Any notice given by [^{F1918}the tribunal] has effect for the purposes of subsection (1) above as if it were given by the HMRC Commissioners.
- (12) If any particulars provided under this section do not fully and accurately disclose all facts and considerations material for the decision of the HMRC Commissioners or [^{F1918}the tribunal], any resulting notice that they are satisfied as mentioned in subsection (2) above is void.
- (13) For the purposes of this section two companies are members of the same group of companies if they are for the purposes of [^{F1919}Part 5 of CTA 2010].

Textual Amendments

F1915 Words in s. 444AED(1) substituted (19.2.2008 with effect in accordance with art. 1(4) of the amending S.I.) by [The Insurance Business Transfer Schemes \(Amendment of the Corporation Tax Acts\) Order 2008 \(S.I. 2008/381\)](#), arts. 1(1), 23

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- F1916** Words in s. 444AED(2) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 151(2)** (with Sch. 2 Pts. 1, 2)
- F1917** Words in s. 444AED(3) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 151(3)** (with Sch. 2 Pts. 1, 2)
- F1918** Words in s. 444AED(9)(11)(12) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 143**
- F1919** Words in s. 444AED(13) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 51** (with Sch. 2)

^{F1920}Surpluses of mutual and former mutual businesses

Textual Amendments

- F1920** Ss. 444AF-444AL and preceding cross-heading inserted (with effect in accordance with Sch. 11 para. 5(2)-(14) of the amending Act) by Finance Act 2006 (c. 25), **Sch. 11 para. 5(1)**

444AF Demutualisation surplus: life assurance business

- (1) This section applies in relation to a period of account of an insurance company (“the relevant period”) if—
- at any time in the relevant period the company carries on life assurance business that is not mutual business,
 - the company has an amount of undistributed demutualisation surplus for the relevant period (see subsection (7)), and
 - there is a reduction in the amount of the company's unappropriated surplus over the relevant period (see section 444AI).
- (2) Where this section applies in relation to the relevant period, there shall be deemed for the purposes of section 83(2) of the Finance Act 1989 to be brought into account for the relevant period as an increase in the value of the assets of the company's long-term insurance fund whichever of the following amounts is the smallest—
- the amount of the reduction mentioned in subsection (1)(c) above;
 - the amount of the company's undistributed demutualisation surplus for the relevant period;
 - the amount of the company's relevant receipts reduction for the relevant period (see section 444AJ).
- (3) If the company prepares for the relevant period one or more such separate revenue accounts as are mentioned in section 83A(2)(b) of the Finance Act 1989—
- subsection (2) above shall apply separately in relation to each separate revenue account which is recognised for the purposes of section 83 of that Act; and
 - for that purpose, any amount that falls to be determined in order to determine—
 - whether that subsection applies in relation to any such separate revenue account, and
 - if so, the amount to be brought into account under that subsection in relation to that account,
 shall be determined using only amounts or items which relate to the separate revenue account concerned.

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- (4) In applying subsection (2) above in relation to a revenue account or separate revenue account which—
- (a) is recognised for the purposes of section 83 of that Act, and
 - (b) is one in relation to which [^{F1921}section 432C applies],
- that subsection shall have effect as if for “smallest” there were substituted smaller and as if paragraph (c) were omitted.
- (5) This section shall have effect—
- (a) for the purposes of computing in accordance with the [^{F1922}life assurance trade profits provisions] the profits of the company's life assurance business, and
 - (b) for the purposes of so computing [^{F1923}profits of the company chargeable ^{F1924} . . . under section 436A (gross roll-up business)].
- (6) But for the purposes mentioned in subsection (5)(b) above, this section and section 444AG have effect subject to the modification in section 444AH; and the Corporation Tax Acts have effect accordingly (so that there may, in particular, be a difference between—
- (a) the amount deemed to be brought into account by virtue of subsection (2) above for a period of account for those purposes, and
 - (b) the amount so deemed to be brought into account for that period of account for the purposes mentioned in subsection (5)(a) above).
- (7) For the purposes of this section, the undistributed demutualisation surplus of an insurance company for the relevant period is—
- (a) an amount equal to (UDSP – AD + DTSI – DTSO); or
 - (b) if that amount is a negative amount, nil.

For this purpose—

UDSP is the undistributed demutualisation surplus of the company for the period of account immediately preceding the relevant period,

AD is any amount deemed under this section to be brought into account for the period of account immediately preceding the relevant period as an increase in the value of the assets of the company's long-term insurance fund,

DTSI is the total amount of any demutualisation transfer surpluses accruing to the company during the relevant period (see section 444AG),

DTSO is the total amount of any demutualisation transfer surpluses accruing to any other company (or companies) during the relevant period on a transfer (or transfers) of life assurance business by the company to that other company (or companies).

Textual Amendments

F1921 Words in s. 444AF(4)(b) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 37(2)** (with Sch. 7 Pt. 2)

F1922 Words in s. 444AF(5)(a) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 152(a)** (with Sch. 2 Pts. 1, 2)

F1923 Words in s. 444AF(5)(b) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 37(3)** (with Sch. 7 Pt. 2)

F1924 Words in s. 444AF(5)(b) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 152(b)**, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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444AG Section 444AF: “demutualisation transfer surplus”

- (1) For the purposes of section 444AF and this section, a demutualisation transfer surplus accrues to an insurance company where—
 - (a) life assurance business is transferred to the company by a person (“the transferor”),
 - (b) after the transfer, the company carries on the transferred business otherwise than as mutual business, and
 - (c) the condition in subsection (2) below is satisfied in relation to the transfer.
- (2) The condition is that—
 - (a) immediately before the transfer, the transferor carried on the transferred business as mutual business, or
 - (b) where paragraph (a) above does not apply, some or all of the transferred business was carried on by an insurance company as mutual business at a time on or after 1st January 1990 and before the transfer (“former mutual business”).
- (3) The demutualisation transfer surplus accrues to the company on the date of the transfer.
- (4) The amount of the demutualisation transfer surplus is given by subsection (5) or (6) below.
- (5) Where subsection (2)(a) above applies, the amount of the demutualisation transfer surplus is—
 - (a) where the whole of the transferor's life assurance business was transferred to the company under the transfer, the aggregate of—
 - (i) the unappropriated surplus of the transferor at the end of the period of account of the transferor ending immediately before the transfer, and
 - (ii) the amount of any added surplus accruing to the company in connection with the transfer (see subsection (10));
 - (b) otherwise, a just and reasonable portion of that aggregate amount, having regard to how much of the transferor's life assurance business was transferred to the company under the transfer.
- (6) Where subsection (2)(b) above applies, the amount of the demutualisation transfer surplus is—
 - (a) where the whole of the transferor's life assurance business was transferred to the company under the transfer and all of the transferred business is former mutual business, the former mutual surplus of the transferor on the transfer date (see subsection (7));
 - (b) otherwise, so much of that former mutual surplus as it is just and reasonable to attribute to the company, having regard in particular to—
 - (i) how much of the transferor's life assurance business was transferred to the company under the transfer, and
 - (ii) how much of the transferred business is former mutual business.
- (7) For the purposes of subsection (6) above, the former mutual surplus of the transferor on the transfer date is—
 - (a) the amount given by subsection (8) below, or
 - (b) if less, the amount given by subsection (9) below.

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- (8) The amount given by this subsection is the total amount of any demutualisation transfer surpluses accruing to the transferor—
 - (a) on or after 1st January 1990, and
 - (b) on or before the date of the transfer.
- (9) The amount given by this subsection is the lowest amount of unappropriated surplus of the transferor at the end of any period of account ending—
 - (a) on or after the date of the last occasion on which a demutualisation transfer surplus accrued to it as mentioned in subsection (8) above, and
 - (b) on or before the date of the transfer.
- (10) For the purposes of this section, added surplus accrues to the company in connection with the transfer if—
 - (a) an amount of assets is received by the company in connection with the transfer, no later than six months after the date of the transfer,
 - (b) the amount is not brought into account by the company,
 - (c) the amount is added to the unappropriated surplus of the company, and
 - (d) the amount does not derive from any unappropriated surplus of the transferor; and the amount of the added surplus is the amount referred to in paragraphs (a) to (d) above.

444AH Modification of section 444AG etc for [^{F1925}gross roll-up] businesses

- (1) The modification in this section has effect for the purposes mentioned in section 444AF(5)(b) only.
- (2) In relation to any demutualisation transfer surplus accruing to a company in a post-2002 period of account—
 - (a) the references in section 444AG(5) to the unappropriated surplus of the transferor at the end of the period of account of the transferor ending immediately before the transfer shall be taken to be references to—
 - (i) the amount of that unappropriated surplus, or
 - (ii) if less, the unappropriated surplus of the transferor at the end of the period of account immediately preceding the first post-2002 period of account of the transferor; and
 - (b) the references in sections 444AF and 444AG to the amount of any demutualisation transfer surplus are to have effect accordingly.
- (3) In this section “post-2002 period of account”, in relation to an insurance company, means a period of account of the company beginning on or after 1st January 2003 and ending on or after 9th April 2003.

Textual Amendments

F1925 Words in s. 444AH heading substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 153](#) (with [Sch. 2 Pts. 1, 2](#))

444AI Section 444AF: “reduction in company's unappropriated surplus”

- (1) For the purposes of section 444AF—

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- (a) there is a reduction in the amount of the company's unappropriated surplus over the relevant period if CUS is less than $(OUS + TSI - TSO)$;
 - (b) the amount of that reduction is the amount by which CUS is less than $(OUS + TSI - TSO)$.
- (2) In this section—
- CUS is the amount of the company's unappropriated surplus at the end of the relevant period,
- OUS is the amount of the company's unappropriated surplus at the end of the period of account immediately preceding the relevant period,
- TSI is the total amount of any transfer surpluses accruing to the company during the relevant period (see subsections (3) to (7)),
- TSO is the total amount of any transfer surpluses accruing to any other company (or companies) during the relevant period on a transfer (or transfers) of life assurance business by the company to that other company (or companies).
- (3) For the purposes of this section, a transfer surplus accrues to an insurance company where life assurance business is transferred to the company by a person (“the transferor”).
- (4) The transfer surplus accrues to the company on the date of the transfer.
- (5) The amount of the transfer surplus is equal to so much of the unappropriated surplus of the transferor at the end of the period of account of the transferor ending immediately before the transfer as is transferred to the company under the transfer.
- (6) But if, immediately before the transfer, the transferor carried on the transferred business as mutual business, the amount of the transfer surplus is the aggregate of—
- (a) the amount given by subsection (5) above, and
 - (b) the amount of any added surplus accruing to the company in connection with the transfer.
- (7) Subsection (10) of section 444AG applies for the purposes of subsection (6) above as it applies for the purposes of that section.

444AJ Sections 444AF and 444AK: “relevant receipts reduction”

- (1) For the purposes of sections 444AF and 444AK, the amount of the company's relevant receipts reduction for the relevant period is to be calculated by—
- (a) determining, in the case of each with-profits fund of the company, the amount given by subsection (2) or (6) below for the relevant period, and
 - (b) aggregating each of those amounts.
- (2) The amount, in the case of a fund other than a policy holder participation fund, is—
- (a) where the gross transfer to non-technical account for the fund for the relevant period (see subsections (3) and (4)) is greater than the post-policy holder surplus for the fund for the relevant period (see subsection (5)), the amount of the difference;
 - (b) otherwise, nil.
- (3) In this section “the gross transfer to non-technical account” means the amount shown in line 13 of Form 58 for the fund.
- (4) But if—

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- (a) there is a transfer from a with-profits fund of the company to another fund of the company (“the initial transfer”) which is shown in (or included in an amount shown in) line 14 of Form 58 for the with-profits fund,
- (b) there is a transfer from a fund of the company (whether or not the other fund mentioned in paragraph (a) above) to the non-technical account which is shown in (or included in an amount shown in) line 13 of Form 58 for that fund, and
- (c) the transfer to the non-technical account can reasonably be regarded as connected with the initial transfer,

the amount of the gross transfer to non-technical account for the relevant period given by subsection (3) above in the case of the with-profits fund is to be increased by the amount transferred to the non-technical account.

- (5) In this section “post-policy holder surplus” means an amount equal to—

SA – TAP

where—

SA is—

- (a) the amount shown in line 34 of Form 58 for the fund (surplus arising since last valuation), or
- (b) if that amount is a negative amount, nil;

TAP is the amount shown in line 46 of Form 58 for the fund (total allocated to policy holders).

- (6) The amount, in the case of a policy holder participation fund, is—
- (a) where TAP is greater than SA, the amount of the difference;
 - (b) otherwise, nil;
- and for this purpose “SA” and “TAP” have the same meaning as in subsection (5) above.
- (7) References in this section to Form 58 are references to that Form in the periodical return of the company for the relevant period.
- (8) In this section “policy holder participation fund” means a fund in the case of which an amount equal to the amount shown in line 34 of Form 58 for the fund is allocated to policy holders for the relevant period.

444AK ^{F1926}Mutual surplus: gross roll-up business]

- (1) This section applies if at any time in a period of account of an insurance company (“the relevant period”)—
 - (a) the company carries on life assurance business as mutual business, and
 - ^{F1927}(b) the company carries on gross roll-up business.]
- (2) If there is a reduction in the amount of the company's unappropriated surplus over the relevant period, there shall be deemed for the purposes of section 83(2) of the Finance Act 1989 to be brought into account for the relevant period as an increase in the value of the assets of the company's long-term insurance fund—
 - (a) the amount of that reduction, or

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- (b) if less, the amount of the company's relevant receipts reduction for the relevant period (see section 444AJ).
- (3) But subsection (2) above shall have effect only for the purposes of computing in accordance with the ^{F1928}[life assurance trade profits provisions] the profits for the relevant period of ^{F1929}[the company's gross roll-up business].
- (4) If the company prepares for the relevant period one or more such separate revenue accounts as are mentioned in section 83A(2)(b) of the Finance Act 1989—
- (a) subsection (2) above shall apply separately in relation to each separate revenue account which is recognised for the purposes of section 83 of that Act; and
- (b) for that purpose, any amount that falls to be determined in order to determine—
- (i) whether that subsection applies in relation to any such separate revenue account, and
- (ii) if so, the amount to be brought into account under that subsection in relation to that account,
- shall be determined using only amounts or items which relate to the separate revenue account concerned.
- (5) In applying subsection (2) above in relation to a revenue account or separate revenue account which—
- (a) is recognised for the purposes of section 83 of that Act, and
- (b) is one in relation to which ^{F1930}[section 432C applies],
- that subsection shall have effect as if paragraph (b) and the word “or” before it were omitted.
- (6) For the purposes of this section, there is a reduction in the amount of the company's unappropriated surplus over the relevant period if—
- (a) CUS is less than OUS, and
- (b) CUS is less than UUS.
- (7) The amount of that reduction is—
- (a) the amount by which CUS is less than OUS, or
- (b) if OUS is greater than UUS, the amount by which CUS is less than UUS.
- (8) In this section—
- CUS is the amount of the company's unappropriated surplus at the end of the relevant period,
- OUS is the amount of the company's unappropriated surplus at the end of the period of account immediately preceding the relevant period,
- UUS is the amount of the company's unappropriated surplus at the end of the period of account immediately preceding the first period of account of the company to begin on or after 1st January 2003 and to end on or after 9th April 2003.

Textual Amendments

F1926S. 444AK heading substituted (with effect in accordance with s. 38(2) of the amending Act) by virtue of Finance Act 2007 (c. 11), **Sch. 7 para. 38(5)** (with Sch. 7 Pt. 2)

F1927S. 444AK(1)(b) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 38(2)** (with Sch. 7 Pt. 2)

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- F1928** Words in s. 444AK(3) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 154** (with Sch. 2 Pts. 1, 2)
- F1929** Words in s. 444AK(3) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 38(3)** (with Sch. 7 Pt. 2)
- F1930** Words in s. 444AK(5)(b) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 38(4)** (with Sch. 7 Pt. 2)

444AL Interpretation of sections 444AF to 444AK

- (1) This section applies for the purposes of sections 444AF to 444AK.
- (2) References to mutual business, in relation to any time, include business which at that time is treated for the purposes of section 432E as mutual business.
- (3) “Unappropriated surplus”, in relation to a period of account of an insurance company, means an unappropriated surplus on valuation as shown in the periodical return of the company for the period of account.
- (4) References to the unappropriated surplus of the transferor at the end of the period of account of the transferor ending immediately before the transfer are, where a period of account of the transferor does not end at that time, references to the unappropriated surplus on valuation that would have been shown in a periodical return of the transferor for that period had such a return been drawn up.]

[^{F1931} Provisions applying in relation to overseas life insurance companies

Textual Amendments
F1931 S. 444B and cross heading inserted (27.7.1993) by 1993 c.34, s. 97(1)

^{F1932} 444BM Modification of Act in relation to overseas life insurance companies.

^{F1933}]

Textual Amendments
F1932 S. 444B and cross heading inserted (27.7.1993) by 1993 c. 34, s. 97(1)
F1933 S. 444B repealed (31.12.2006 with effect in accordance with reg. 1 of the repealing S.I.) by The Overseas Life Insurance Companies Regulations 2006 (S.I. 2006/3271), reg. 43(1), **Sch. Pt. 1**

[^{F1934} Equalisation reserves

Textual Amendments
F1934 Ss. 444BA-444BD and preceding cross-heading inserted (29.4.1996) by Finance Act 1996 (c. 8), s. 166, **Sch. 32 para. 1**

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444BA Equalisation reserves for general business.

- (1) Subject to the following provisions of this section and to sections 444BB to 444BD, the rules in subsection (2) below shall apply in making any computation, for the purposes of [F¹⁹³⁵section 35 of CTA 2009 (charge on trade profits)], of the profits or losses for any accounting period of an insurance company whose business has at any time been or included business in respect of which it was required, by virtue of [F¹⁹³⁶equalisation reserve rules], to maintain an equalisation reserve.
- (2) Those rules are—
- (a) that amounts which, in accordance with [F¹⁹³⁶equalisation reserve rules], are transferred into the equalisation reserve in respect of the company's business for the accounting period in question are to be deductible;
 - (b) that amounts which, in accordance with any such regulations, are transferred out of the reserve in respect of the company's business for that period are to be treated as receipts of that business; and
 - (c) that it must be assumed that all such transfers as are required by [F¹⁹³⁶equalisation reserve rules] to be made into or out of the reserve in respect of the company's business for any period are made as required.
- (3) Where an insurance company having any business in respect of which it is required, by virtue of [F¹⁹³⁶equalisation reserve rules], to maintain an equalisation reserve ceases to trade—
- (a) any balance which exists in the reserve at that time for the purposes of the Tax Acts shall be deemed to have been transferred out of the reserve immediately before the company ceases to trade; and
 - (b) that transfer out shall be deemed to be a transfer in respect of the company's business for the accounting period in which the company so ceases and to have been required by [F¹⁹³⁶equalisation reserve rules].
- (4) Where—
- (a) an amount is transferred into an equalisation reserve in respect of the business of an insurance company for any accounting period,
 - (b) the rule in subsection (2)(a) above would apply to the transfer of that amount but for this subsection,
 - (c) that company by notice in writing to an officer of the Board makes an election in relation to that amount for the purposes of this subsection, and
 - (d) the notice of the election is given not more than two years after the end of that period,
- the rule mentioned in subsection (2)(a) above shall not apply to that transfer of that amount and, instead, the amount transferred (the “unrelieved transfer”) shall be carried forward for the purposes of subsection (5) below to the next accounting period and (subject to subsection (6) below) from accounting period to accounting period.
- (5) Where—
- (a) in accordance with [F¹⁹³⁶equalisation reserve rules], a transfer is made out of an equalisation reserve in respect of an insurance company's business for any accounting period,
 - (b) the rule in subsection (2)(b) above would apply to the transfer but for this subsection, and
 - (c) the accounting period is one to which any amount representing one or more unrelieved transfers has been carried forward under subsection (4) above,

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that rule mentioned in subsection (2)(b) above shall not apply to that transfer except to the extent (if any) that the amount of the transfer exceeds the aggregate of the amounts representing unrelieved transfers carried forward to that period.

- (6) Where in the case of any company—
- (a) any amount representing one or more unrelieved transfers is carried forward to an accounting period in accordance with subsection (4) above, and
 - (b) by virtue of subsection (5) above the rule in subsection (2)(b) above does not apply to an amount representing the whole or any part of any transfer out of an equalisation reserve in respect of the company's business for that period,
- the amount mentioned in paragraph (a) above shall not be carried forward under subsection (4) above to the next accounting period except to the extent (if any) that it exceeds the amount mentioned in paragraph (b) above.
- (7) To the extent that any actual or assumed transfer in accordance with [F1936equalisation reserve rules] of any amount into an equalisation reserve is attributable to arrangements entered into wholly or mainly for tax purposes—
- (a) the rule in subsection (2)(a) above shall not apply to that transfer; and
 - (b) the making of that transfer shall be disregarded in determining, for the purposes of the Tax Acts, whether and to what extent there is subsequently any requirement to make a transfer into or out of the reserve in accordance with [F1936equalisation reserve rules];
- and this subsection applies irrespective of whether the insurance company in question is a party to the arrangements.
- (8) For the purposes of this section the transfer of an amount into an equalisation reserve is attributable to arrangements entered into wholly or mainly for tax purposes to the extent that the arrangements to which it is attributable are arrangements—
- (a) the sole or main purpose of which is, or
 - (b) the sole or main benefit accruing from which might (but for subsection (7) above) be expected to be,
- the reduction by virtue of this section of any liability to tax.
- (9) Where—
- (a) any transfer made into or out of an equalisation reserve maintained by an insurance company is made in accordance with [F1936equalisation reserve rules] in respect of business carried on by that company over a period (“the equalisation period”), and
 - (b) parts of the equalisation period are in different accounting periods,
- the amount transferred shall be apportioned for the purposes of this section between the different accounting periods in the proportions that correspond to the number of days in the equalisation period that are included in each of those accounting periods.
- (10) The Treasury may by regulations provide in relation to any accounting periods ending on or after 1st April 1996 for specified transitional provisions contained in [F1936equalisation reserve rules] to be disregarded for the purposes of the Tax Acts in determining how much is required, on any occasion, to be transferred into or out of any equalisation reserve in accordance with [F1937the rules].
- [F1938(11) In this section, and in sections 444BB to 444BD, “equalisation reserves rules” means the rules in [F1939chapter 1.4 of the Insurance Prudential Sourcebook].]

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Textual Amendments

- F1935** Words in s. 444BA(1) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 155** (with Sch. 2 Pts. 1, 2)
- F1936** Words in ss. 444BA-444BD substituted (1.12.2001 with effect in accordance with arts. 1(2)(a), 30(9) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 30(1)**
- F1937** Words in s. 444BA(10) substituted (1.12.2001 with effect in accordance with arts. 1(2)(a), 30(9) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 30(3)**
- F1938** S. 444BA(11) substituted (1.12.2001 with effect in accordance with arts. 1(2)(a), 30(9) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 30(4)**
- F1939** Words in s. 444BA(11) substituted (29.10.2008 with effect in accordance with art. 1 of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2008 (S.I. 2008/2673), **art. 2**

Modifications etc. (not altering text)

- C133** S. 444BA modified (23.12.1996 with effect in accordance with reg. 1 of the modifying S.I.) by The Insurance Companies (Reserves) (Tax) Regulations 1996 (S.I. 1996/2991), **regs. 4-12**
- C134** S. 444BA: power to apply (with modifications) conferred (21.7.2009) by Finance Act 2009 (c. 10), **s. 47**
- C135** S. 444BA applied (with modifications) (1.9.2009 with effect in accordance with reg. 1(2) of the affecting S.I.) by The Lloyd's Underwriters (Equalisation Reserves) (Tax) Regulations 2009 (S.I. 2009/2039), **regs. 1(1), 2-5**

444BB Modification of s. 444BA for mutual or overseas business and for non-resident companies.

- (1) The Treasury may by regulations make provision modifying section 444BA so as, in cases mentioned in subsection (2) below—
- (a) to require—
- (i) sums by reference to which the amount of any transfer into or out of an equalisation reserve falls to be computed, or
- (ii) the amount of any such transfer,
- to be apportioned between different parts of the business carried on for any period by an insurance company; and
- (b) to provide for the purposes of corporation tax for the amounts taken to be transferred into or out of an equalisation reserve to be computed disregarding any such sum or, as the case may be, any such part of a transfer as is attributed, in accordance with the regulations, to a part of the business described for the purpose in the regulations.
- (2) Those cases are cases where an insurance company which, in accordance with ^{F1940}equalisation reserve rules], is required to make transfers into or out of an equalisation reserve in respect of any business carried on by that company for any period is carrying on, for the whole or any part of that period—
- (a) any business the income and gains of which fall to be disregarded in making a computation of the company's profits in accordance with the rules applicable ^{F1941}for the purposes of section 35 of CTA 2009 (charge on trade profits)], or

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- (b) any business by reference to which double taxation relief is afforded in respect of any income or gains.
- (3) Section 444BA shall have effect (subject to any regulations under subsection (1) above) in the case of an equalisation reserve maintained by an insurance company which—
- (a) is not resident in the United Kingdom, and
 - (b) carries on business in the United Kingdom through a [^{F1942}permanent establishment],
- only if such conditions as may be prescribed by regulations made by the Treasury are satisfied in relation to that company and in relation to transfers into or out of that reserve.
- (4) Regulations under this section prescribing conditions subject to which section 444BA is to apply in the case of any equalisation reserve maintained by an insurance company may—
- (a) contain conditions imposing requirements on the company to furnish the Board with information with respect to any matters to which the regulations relate, or to produce to the Board documents or records relating to any such matters; and
 - (b) provide that, where any prescribed condition is not, or ceases to be, satisfied in relation to the company or in relation to transfers into or out of that reserve, there is to be deemed for the purposes of the Tax Acts to have been a transfer out of that reserve of an amount determined under the regulations.
- (5) Regulations under this section may—
- (a) provide for apportionments under the regulations to be made in such manner, and by reference to such factors, as may be specified or described in the regulations;
 - (b) make different provision for different cases;
 - (c) contain such supplementary, incidental, consequential and transitional provision as the Treasury may think fit;
 - (d) make provision having retrospective effect in relation to accounting periods beginning not more than one year before the time when the regulations are made;
- and the powers conferred by this section in relation to transfers into or out of any reserve shall be exercisable in relation to both actual and assumed transfers.
- (6) In this section “double taxation relief” means—
- (a) relief under double taxation arrangements which takes the form of a credit allowed against corporation tax, or
 - (b) [^{F1943}relief under section 18(1)(b) and (2) of TIOPA 2010] which takes that form;
- and “double taxation arrangements” here means arrangements [^{F1944}which have effect under section 2(1) of that Act (double taxation relief by agreement with territories outside the United Kingdom)].

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Textual Amendments

- F1940** Words in ss. 444BA–444BD substituted (1.12.2001 with effect in accordance with arts. 1(2)(a), 30(9) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), **art. 30(1)**
- F1941** Words in s. 444BB(2)(a) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 156** (with Sch. 2 Pts. 1, 2)
- F1942** Words in s. 444BB(3)(b) substituted (with effect in accordance with s. 153(4) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), **s. 153(1)(a)**
- F1943** Words in s. 444BB(6)(b) substituted (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), **Sch. 8 para. 9(a)** (with Sch. 9)
- F1944** Words in s. 444BB(6) substituted (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), **Sch. 8 para. 9(b)** (with Sch. 9)

444BC Modification of s. 444BA for non-annual accounting etc.

- (1) The Treasury may by regulations make provision modifying the operation of section 444BA in relation to cases where an insurance company has, for the purpose of preparing the documents it is required to prepare for the purposes of section [F1945 9.3 of the Prudential Sourcebook (Insurers)], applied for any period an accounting method described in [F1946 paragraphs 57 to 59 in Section E of Part 2 of Schedule 3 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 M89] (accounting on a non-annual basis).
- (2) Subsection (5) of section 444BB applies for the purposes of this section as it applies for the purposes of that section.

Textual Amendments

- F1945** Words in s. 444BC(1) substituted (1.12.2001 with effect in accordance with arts. 1(2)(a), 30(9) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), **art. 30(5)**
- F1946** Words in s. 444BC(1) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments\) \(Taxes and National Insurance\) Order 2009 \(S.I. 2009/1890\)](#), **arts. 1, 5(1)**

Marginal Citations

M89 S.I. 2008/410

444BD Application of s. 444BA rules to other equalisation reserves.

- (1) The Treasury may by regulations provide for section 444BA to have effect, in such cases and subject to such modifications as may be specified in the regulations, in relation to any equivalent reserves as it has effect in relation to equalisation reserves maintained by virtue of [F1947 equalisation reserve rules].
- (2) For the purposes of this section a reserve is an equivalent reserve if—
 - (a) it is maintained, otherwise than by virtue of [F1947 equalisation reserve rules], either—
 - [F1948(i) by an EEA firm of the kind mentioned in paragraph 5(d) of Schedule 3 to the Financial Services and Markets Act 2000 which has permission

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under paragraph 15 of that Schedule (as a result of qualifying for authorisation under paragraph 12(1) of that Schedule) to effect or carry out contracts of insurance in the United Kingdom, or

(ii) by a firm which has permission under paragraph 4 of Schedule 4 to that Act (as a result of qualifying for authorisation under paragraph 2 of that Schedule) to effect or carry out contracts of insurance in the United Kingdom, or

(iii) in respect of any business which consists of the effecting or carrying out of contracts of insurance and which is carried on outside the United Kingdom by a company resident in the United Kingdom;]

and

(b) the purpose for which, or the manner in which, it is maintained is such as to make it equivalent to an equalisation reserve maintained by virtue of [F1947 equalisation reserve rules].

(3) For the purposes of this section a reserve is also an equivalent reserve if it is maintained in respect of any credit insurance business in accordance with requirements imposed either—

(a) by or under any enactment, or

(b) under so much of the law of any territory as secures compliance with the requirements of Article 1 of the credit insurance directive (equalisation reserves for credit insurance).

(4) Without prejudice to the generality of subsection (1) above, the modifications made by virtue of that subsection may—

(a) provide for section 444BA to apply in the case of an equivalent reserve only where such conditions as may be specified in the regulations are satisfied in relation to the company maintaining the reserve or in relation to transfers made into or out of it; and

(b) contain any other provision corresponding to any provision which, in the case of a reserve maintained by virtue of [F1947 equalisation reserve rules], may be made under sections 444BA to 444BC.

(5) Subsections (4) and (5) of section 444BB shall apply for the purposes of this section as they apply for the purposes of that section.

(6) Without prejudice to the generality of section 444BB(5), the transitional provision which by virtue of subsection (5) above may be contained in regulations under this section shall include—

(a) provision for treating the amount of any transfers made into or out of an equivalent reserve in respect of business carried on for any specified period as increased by the amount by which they would have been increased if no transfers into the reserve had been made in respect of business carried on for an earlier period; and

(b) provision for excluding from the rule in section 444BA(2)(b) so much of any amount transferred out of an equivalent reserve as represents, in pursuance of an apportionment made under the regulations, the transfer out of that reserve of amounts in respect of which there has been no entitlement to relief by virtue of section 444BA(2)(a).

(7) In this section—

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[^{F1949c}“credit insurance business” means business which consists of the effecting or carrying out of contracts of insurance against risks of loss to the persons insured arising from—

- (a) the insolvency of debtors of theirs, or
- (b) from the failure (otherwise than through insolvency) of debtors of theirs to pay their debts when due;]

“the credit insurance directive” means Council Directive [87/343/EEC](#) of 22nd June 1987 amending, as regards credit insurance and suretyship insurance, First Directive 73/239 on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of direct insurance other than life assurance; ^{F1950} . . .

^{F1950}

Textual Amendments

F1947 Words in [s. 444BC\(1\)](#) substituted (1.12.2001 with effect in accordance with arts. 1(2)(a), 30(9) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 30\(5\)](#)

F1948 [S. 444BD\(2\)\(a\)\(i\)-\(iii\)](#) substituted for [s. 444BD\(2\)\(a\)\(i\)\(ii\)](#) (1.12.2001 with effect in accordance with arts. 1(2)(a), 30(9) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 30\(7\)](#)

F1949 Words in [s. 444BD\(7\)](#) substituted (1.12.2001 with effect in accordance with arts. 1(2)(a), 30(9) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 30\(8\)\(a\)](#)

F1950 [S. 444BD\(7\)](#): definition of “EC company” and preceding word repealed (1.12.2001 with effect in accordance with arts. 1(2)(a), 30(9) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 30\(8\)\(b\)](#)

444C Modification of section 440.

^{F1951}

Textual Amendments

F1951 [Ss. 444C-444E](#) repealed (with effect in accordance with Sch. 8 paras. 55, 57(1) of the repealing Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 29 Pt. 8\(5\)](#), Notes 1, 2

444D Qualifying distributions, tax credits, etc.

^{F1952}

Textual Amendments

F1952 [Ss. 444C-444E](#) repealed (with effect in accordance with Sch. 8 paras. 55, 57(1) of the repealing Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 29 Pt. 8\(5\)](#), Notes 1, 2

444E Income from investments attributable to BLAGAB, etc.

^{F1953}]

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Textual Amendments

F1953Ss. 444C-444E repealed (with effect in accordance with Sch. 8 paras. 55, 57(1) of the repealing Act) by Finance Act 1995 (c. 4), **Sch. 29 Pt. 8(5)**, Notes 1, 2

Provisions applying only to overseas life insurance companies

F1954 445

Textual Amendments

F1954S. 445 repealed (27.7.1993 with effect as mentioned in s. 103(3)(4) of the amending Act) by 1993 c. 34, ss. 103(2)(a)(3)(4), 213, **Sch. 23 Pt. III(9)**, note

446 Annuity business.

- F1955**(1)
- F1956**(2)
- F1956**(3)
- F1957**(4)

Textual Amendments

F1955S. 446(1) repealed (27.7.1993 with effect as mentioned in s. 103(3)(4) of the amending Act) by 1993 c. 34, ss. 103(2)(b)(3)(4), 213, **Sch. 23 Pt. III(9)**, note
F1956S. 446(2)(3) repealed (for accounting periods beginning on or after 1.1.1992) by Finance Act 1991 (c. 31, SIF 63:1), ss. 48, 123, Sch. 7 para. 7(1)(b), **Sch. 19 Pt. V**, Note 3
F1957S. 446(4) repealed by Finance Act 1990 (c. 29, SIF 63:1), s. 132, **Sch. 19 Pt. IV**.

- 447**
- F1958**(1)
 - F1958**(2)
 - F1959**(3)
 - F1958**(4)

Textual Amendments

F1958S. 447(1)(2) and (4) repealed (27.7.1993 with effect as mentioned in s. 103(3)(4) of the amending Act) by 1993 c. 34, ss. 103(2)(c)(3)(4), 213, **Sch. 23 Pt. III(9)**, note
F1959S. 447(3) repealed (for accounting periods beginning on or after 1.1.1992) by Finance Act 1991 (c. 31, SIF 63:1), ss. 48, 123, Sch. 7 paras. 7(3), 18, **Sch. 19 Pt. V**, Note 3

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F1960 **448**

Textual Amendments

F1960S. 448 repealed (27.7.1993 with effect as mentioned in s. 103(3)(4) of the amending Act) by 1993 c. 34, ss. 103(2)d), 213, Sch. 23 Pt.III (9), note

F1961 **449**

Textual Amendments

F1961S. 449 repealed (27.7.1993 with effect as mentioned in s. 103(3)(4) of the amending Act) by 1993 c. 34, ss. 103(2)(e), 213, Sch. 23 Pt. III (9), note

Underwriters

F1962 **450**

Textual Amendments

F1962Ss. 450-457 repealed (27.7.1993 with effect as mentioned in Sch. 23 Pt. III (12) notes 1 and 5 of the amending Act) by 1993 c. 34, s. 213, Sch. 23 Pt. III (12), notes 1 and 5

F1963 **451**

Textual Amendments

F1963Ss. 450-457 repealed (27.7.1993 with effect as mentioned in Sch. 23 Pt. III (12), notes 1 and 5 of the repealing Act) by 1993 c. 34, s. 213, Sch. 23 Pt. III (12), notes. 1 and 5

F1964 **452**

Textual Amendments

F1964SS. 450-457 repealed (27.7.1993 with effect as mentioned in Sch. 23 Pt. III (12), notes 1 and 5 of the amending Act) by 1993 c. 34, s. 213, Sch. 23 Pt. III (12), notes 1 and 5

F1965 **453**

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Textual Amendments

F1965Ss. 450-457 repealed (27.7.1993 with effect as mentioned in Sch. 23 Pt. III (12), notes 1 and 5 of the amending Act) by 1993 c. 34, s. 213, Sch. 23, Pt.III (12), notes 1 and 5)

F1966 454

Textual Amendments

F1966Ss. 450-457 repealed (27.7.1993 with effect as mentioned in Sch. 23 Pt. III (12), notes 1 and 5 of the amending Act) by 1993 c. 34, s. 213, **Sch. 23 Pt.III** (12), notes 1 and 5

F1967 455

Textual Amendments

F1967Ss. 450-457 repealed (27.7.1993 with effect as mentioned in Sch. 23 Pt. III (12), notes 1 and 5 of the amending Act) by 1993 c. 34, s. 213, **Sch. 23 Pt. III** (12), notes 1 and 5

F1968 456

Textual Amendments

F1968Ss. 450-457 repealed (27.7.1993 with effect as mentioned in Sch. 23 Pt. III (12), notes 1 and 5 of the amending Act) by 1993 c. 34, s. 213, **Sch. 23 Pt.III** (12), notes 1 and 5

F1969 457

Textual Amendments

F1969Ss. 450-457 repealed (27.7.1993 with effect as mentioned in Sch. 23 Pt. III (12), notes 1 and 5 of the amending Act) by 1993 c. 34, s. 213, **Sch. 23 Pt. III** (12), notes 1 and 5

Capital redemption business

458 Capital redemption business.

F1970

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Textual Amendments

F1970Ss. 458, 458A repealed (with effect in accordance with s. 38(2) of the repealing Act) by [Finance Act 2007 \(c. 11\), Sch. 7 para. 39, Sch. 27 Pt. 2\(7\)](#), Note (with Sch. 7 Pt. 2)

[^{F1971} **458A Capital redemption business: power to apply life assurance provisions.**

^{F1972}]

Textual Amendments

F1971S. 458A inserted (29.4.1996) by [Finance Act 1996 \(c. 8\), s. 168\(3\)](#)
F1972Ss. 458, 458A repealed (with effect in accordance with s. 38(2) of the repealing Act) by [Finance Act 2007 \(c. 11\), Sch. 7 para. 39, Sch. 27 Pt. 2\(7\)](#), Note (with Sch. 7 Pt. 2)

CHAPTER II

FRIENDLY SOCIETIES, TRADE UNIONS AND EMPLOYERS’ ASSOCIATIONS

Unregistered friendly societies

459 Exemption from tax.

^{M90} An unregistered friendly society [^{F1973}(that is, a friendly society which is neither an incorporated friendly society nor a registered friendly society)] whose income does not exceed £160 a year shall, on making a claim, be entitled to exemption from ^{F1974} . . . corporation tax (whether on income or chargeable gains).

Textual Amendments

F1973Words in s. 459 inserted (19.2.1993) by [Finance \(No. 2\) Act 1992 \(c. 48\), s. 56, Sch. 9 para.4; S.I. 1993/236, art.2](#)
F1974Words in s. 459 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 79, Sch. 3 Pt. 1](#) (with Sch. 2)

Marginal Citations

M90 Source—1970 s.331

Registered friendly societies

460 Exemption from tax in respect of life or endowment business.

- (1) ^{M91} Subject to subsection (2) below, a [^{F1975}friendly society] shall, on making a claim, be entitled to exemption from ^{F1976} . . . corporation tax (whether on income or chargeable gains) on its profits arising from life or endowment business.
- (2) Subsection (1) above—

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- (a) ^{M92} shall not, subject to section 462, exempt a [^{F1977}registered friendly society] registered after 31st December 1957 which at any time in the period of three months ending 3rd May 1966 entered into any transaction in return for a single premium, being a transaction forming part of its life or endowment business;
- [^{F1978}(aa) shall not, subject to section 462, exempt an incorporated friendly society which, before its incorporation, was a registered friendly society such as is mentioned in paragraph (a) above;]
- (b) ^{M93} shall not apply to profits arising from [^{F1979}gross roll-up business];
- (c) ^{M94} shall not apply to profits arising from life or endowment business consisting—
- [^{F1980}(zai) where the profits relate to contracts made on or after the day on which the Finance Act 1995 was passed, of the assurance of gross sums under contracts under which the total premiums payable in any period of 12 months exceed £270 or of the granting of annuities of annual amounts exceeding £156;]
- [^{F1981}(ai) where the profits relate to contracts made on or after the day on which the Finance Act 1991 was passed [^{F1982}but before the day on which the Finance Act 1995 was passed], of the assurance of gross sums under contracts under which the total premiums payable in any period of 12 months exceed £200 or of the granting of annuities of annual amounts exceeding £156;]
- (i) where the profits relate to contracts made after [^{F1983}31st August 1990 but before the day on which the Finance Act 1991 was passed], of the assurance of gross sums under contracts under which the total premiums payable in any period of 12 months exceed [^{F1984}£150] or of the granting of annuities of annual amounts exceeding £156;
- [^{F1985}(ia) where the profits relate to contracts made after 31st August 1987 but before 1st September 1990, of the assurance of gross sums under contracts under which the total premiums payable in any period of 12 months exceed £100 [^{F1986}or of the granting of annuities of annual amounts exceeding £156].]
- (ii) where the profits relate to contracts made after 13th March 1984 but before 1st September 1987, of the assurance of gross sums exceeding £750 or of the granting of annuities of annual amounts exceeding £156;
- (iii) where the profits relate to contracts made before 14th March 1984, of the assurance of gross sums exceeding £500 or of the granting of annuities of annual amounts exceeding £104;
- [^{F1987}(ca) shall not apply to so much of the profits arising from life or endowment business as is attributable to contracts for the assurance of gross sums made on or after 20th March 1991 and expressed at the outset not to be made in the course of tax exempt life or endowment business;][^{F1988}and]
- [^{F1989}(cb) ^{F1990}]
- (d) ^{M95} as respects other life or endowment business (“tax exempt life or endowment business”), has effect subject to the following provisions of this Chapter.
- (3) ^{M96} In determining for the purposes of [^{F1991}^{F1992}subsection (2)(c)(zai), (ai),] (i) or (ia)] above the total premiums payable in any period of 12 months—
- (a) where those premiums are payable more frequently than annually, there shall be disregarded an amount equal to 10 per cent. of those premiums; and

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- (b) so much of any premium as is charged on the ground that an exceptional risk of death [^{F1993}or disability] is involved shall be disregarded;
- and in applying the limit of £156 in [^{F1994}^{F1992}subsection (2)(c)(zai), (ai),] (i) or (ia)] above, any bonus or addition declared upon an annuity shall be disregarded.
- (4) In applying the limits referred to in subsection (2)(c)(ii) and (iii) above, any bonus or addition which either is declared upon an assurance of a gross sum or annuity or accrues upon such an assurance by reference to an increase in the value of any investments shall be disregarded.
- [^{F1995}(4A) Subsection (4B) below applies to contracts for the assurance of gross sums under tax exempt life or endowment business made after 31st August 1987 and before the day on which the [^{F1996}the Finance Act 1995] was passed.
- (4B) Where the amount payable by way of premium under a contract to which this subsection applies is increased by virtue of a [^{F1997}variation made—
- (a) in the period beginning with 25th July 1991 and ending with 31st July 1992, or
 - (b) in the period beginning with the day on which the Finance Act 1995 was passed and ending with 31st March 1996,
- the contract shall, for the purposes of subsection (2)(c) above, be treated, in relation to any profits relating to it as varied, as made at the time of the variation.]]
- (5) ^{M97}A [^{F1998}friendly society] is within this subsection if its rules make no provision for it to carry on life or endowment business consisting of the assurance of gross sums exceeding £2,000 or of the granting of annuities of annual amounts exceeding £416.
- (6) ^{M98}In the case of a [^{F1998}friendly society] within subsection (5) above—
- (a) subsection (2)(c)(iii) above shall have effect with the substitution of references to £2,000 and £416 respectively for the references to £500 and £104; and
 - (b) references in this Chapter to tax exempt life or endowment business shall be construed accordingly.
- (7) ^{M99}Where at any time a [^{F1998}friendly society] within subsection (5) above amends its rules so as to cease to be within that subsection, any part of its life or endowment business consisting of business which—
- (a) relates to contracts made before that time; and
 - (b) immediately before that time was tax exempt life or endowment business,
- shall thereafter continue to be tax exempt life or endowment business for the purposes of this Chapter.
- (8) Where at any time a [^{F1998}friendly society] not within subsection (5) above amends its rules so as to bring itself within that subsection, any part of its life or endowment business consisting of business which—
- (a) related to contracts made before that time; and
 - (b) immediately before that time was not tax exempt life or endowment business,
- shall thereafter continue not to be tax exempt life or endowment business for the purposes of this Chapter.
- (9) Where at any time a [^{F1998}friendly society] not within subsection (5) above acquires by way of transfer of engagements or amalgamation from another [^{F1998}friendly society] any life or endowment business consisting of business which—
- (a) relates to contracts made before that time; and

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- (b) immediately before that time was tax exempt life or endowment business, that business shall thereafter continue to be tax exempt life or endowment business for the purposes of this Chapter.
- (10) Where at any time a [^{F1998} friendly society] within subsection (5) above acquires by way of transfer of engagements or amalgamation from another [^{F1998} friendly society] any life or endowment business consisting of business which—
- (a) relates to contracts made before that time; and
 - (b) immediately before that time was not tax exempt life or endowment business, that business shall thereafter continue not to be tax exempt life or endowment business for the purposes of this Chapter.
- [^{F1999}(10A) [^{F2000}Where at any time an insurance business transfer scheme has effect to transfer to a friendly society long-term business,] any life or endowment business which relates to contracts included in the transfer [^{F2001}, other than any to which subsection (11) or (12) below applied immediately before the transfer had effect,] shall not thereafter be tax exempt life or endowment business for the purposes of this Chapter.]
- [^{F2002}(10B) ^{F2003}]
- (11) ^{M100}Where at any time a [^{F2004} friendly society] ceases ^{F2005} . . . by virtue of [^{F2004} section 91 of the Friendly Societies Act 1992] (conversion into company) to be registered under [^{F2006} that Act], any part of its life or endowment business consisting of business which—
- (a) relates to contracts made before that time; and
 - (b) immediately before that time was tax exempt life or endowment business, shall [^{F2007} continue to be exempt from corporation tax (whether on income or chargeable gains) on profits arising from it.]
- [^{F2008}(12) Where at any time an insurance company acquires by way of transfer of engagements from a friendly society any life or endowment business consisting of business which—
- (a) relates to contracts made before that time; and
 - (b) immediately before that time was tax exempt life or endowment business, that business shall continue to be exempt from corporation tax (whether on income or chargeable gains) on profits arising from it.
- (13) But if any contracts constituting or forming part of the business of a company covered by subsection (11) or (12) above are varied during an accounting period of the company so as to increase the premiums payable under them, the business relating to those contracts is not exempt from corporation tax for that or any subsequent accounting period.
- (14) For the purposes of the Corporation Tax Acts any part of a company's business which is exempt from corporation tax by virtue of subsection (11) or (12) above shall be treated as a separate business from any other business carried on by the company.]
- [^{F2009}(15) The Treasury may by regulations provide that, where any part of the business of a company is exempt from corporation tax by virtue of subsection (11) or (12) above, the Corporation Tax Acts have effect subject to such modifications (or exceptions) as the Treasury consider appropriate.
- (16) Regulations under subsection (15) above—
- (a) may make different provision for different cases,

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- (b) may include any incidental, supplementary, consequential or transitional provisions which the Treasury consider appropriate, and
- (c) may include retrospective provision.]

Textual Amendments

- F1975** Words in s. 460(1) substituted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, **Sch. 9 para. 5(2)**; S.I. 1993/236, **art.2**
- F1976** Words in s. 460(1) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 80, **Sch. 3 Pt. 1** (with Sch. 2)
- F1977** Words in s. 460(2)(a) substituted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, **Sch. 9 para. 5(3)(a)**; S.I. 1993/236, **art.2**
- F1978** S. 460(2)(aa) inserted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, **Sch. 9 para. 5(3)(b)**; S.I. 1993/236, **art.2**
- F1979** Words in s. 460(2) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 40(a)** (with Sch. 7 Pt. 2)
- F1980** S. 460(2)(c)(zai) inserted (1.5.1995) by Finance Act 1995 (c. 4), **Sch. 10 para. 1(2)**
- F1981** S. 460(2)(ai) inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 50, **Sch. 9 para. 1(3)**
- F1982** Words in s. 460(2)(c)(ai) inserted (1.5.1995) by Finance Act 1995 (c. 4), **Sch. 10 para. 1(3)**
- F1983** Words in s. 460(2)(c)(i) substituted by Finance Act 1991 (c. 31, SIF 63:1), s. 50, **Sch. 9 para. 1(4)**
- F1984** 1990 s.49(1)(a) Previously £100
- F1985** 1990 s.49(1)(b).
- F1986** Words in s. 460(2)(c)(ia) inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 50, **Sch. 9 para. 1(5)**
- F1987** S. 460(2)(ca) and word "and" substituted for word "and" by Finance Act 1991 (c. 31, SIF 63:1), s. 50, **Sch. 9 para. 1(6)**
- F1988** Word at the end of s. 460(2)(ca) inserted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 40(b)** (with Sch. 7 Pt. 2)
- F1989** S. 460(2)(cb) inserted (6.4.2001) by Finance Act 2001 (c. 9), s. 76, **Sch. 25 para. 8(1)**
- F1990** S. 460(2)(cb) repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 7 para. 40(c), **Sch. 27 Pt. 2(7)**, Note (with Sch. 7 Pt. 2)
- F1991** Words in s. 460(3) substituted by Finance Act 1991 (c. 31, SIF 63:1), s. 50, **Sch. 9 para. 1(7)(a)**
- F1992** Words in s. 460(3) substituted (1.5.1995) by Finance Act 1995 (c. 4), **Sch. 10 para. 1(4)**
- F1993** Words in s. 460(3)(b) inserted (retrospectively) by Finance Act 2003 (c. 14), **s. 172(5)(6)**
- F1994** Words in s. 460(3) substituted by Finance Act 1991 (c. 31, SIF 63:1), s. 50, **Sch. 9 para. 1(7)(b)**
- F1995** S. 460(4A)(4B) inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 50, **Sch. 9 para. 1(8)**
- F1996** Words in s. 460(4A) substituted (1.5.1995) by Finance Act 1995 (c. 4), **Sch. 10 para. 1(5)**
- F1997** Words in s. 460(4B) substituted (1.5.1995) by Finance Act 1995 (c. 4), **Sch. 10 para. 1(6)**
- F1998** Words in s. 460(5)-(10) substituted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, **Sch. 9 para. 5(4)**; S.I. 1993/236, **art. 2**
- F1999** 1990 s. 48 and Sch. 9 para. 6 in relation to transfers of business on or after 1 January 1990
- F2000** Words in s. 460(10A) substituted (1.12.2001 with effect in accordance with arts. 1(2)(a), 32(5) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 32(2)**
- F2001** Words in s. 460(10A) inserted (retrospectively for specified purposes, and otherwise with effect in accordance with Sch. 12 para. 6(3) of the amending Act) by Finance Act 2007 (c. 11), Sch. 12 paras. 1(2), **6(1)(3)**
- F2002** S. 460(10B) inserted (1.12.2001 with effect in accordance with arts. 1(2)(a), 32(5) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 32(3)**
- F2003** S. 460(10B) repealed (with effect in accordance with Sch. 9 para. 17(1) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 9 para. 1(2)(d), **Sch. 27 Pt. 2(9)**, Note

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- F2004** Words in s. 460(11) substituted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, **Sch. 9 para. 5(5)**; S.I. 1993/236, **art.2**
- F2005** Words in s. 460(11) omitted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by virtue of The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 32(4)(a)**
- F2006** Words in s. 460(11) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 32(4)(b)**
- F2007** Words in s. 460(11) substituted (retrospectively) by Finance Act 2007 (c. 11), **Sch. 12 paras. 1(3), 6(1)**
- F2008** S. 460(12)–(14) substituted for s. 460(12) (with effect in accordance with Sch. 12 para. 6(3) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 12 para. 1(4)**
- F2009** S. 460(15)(16) inserted (19.7.2007) by Finance Act 2007 (c. 11), **Sch. 12 para. 1(5)**

Modifications etc. (not altering text)

- C136** S. 460(2) modified (6.4.1999) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. 1997/473), **reg. 31** (as inserted by The Individual Savings Account (Insurance Companies) Regulations 1998 (S.I. 1998/1871), **regs. 1, 25(5)**)
- C137** S. 460(2) modified (12.8.2005 with effect in accordance with reg. 1(2) of the modifying S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005 (S.I. 2005/2014), **regs. 1(1), 20**; and that modifying reg. 20 is omitted (14.8.2007 with effect in accordance with reg. 1(2) of the revoking S.I.) by virtue of S.I. 2007/2134, **regs. 1(1), 18(b)**

Marginal Citations

- M91** Source—1970 s.332(1). 1974 s.27(1)(a)
- M92** Source—1970 s.333(1)
- M93** Source—1970 s.332(2)(aa); 1987 (No.2) Sch.2 2(1)
- M94** Source—1970 s.332(2)(a); 1984 s.73(2); 1987 s.30(2)
- M95** Source—1970 s.332(2)(b)
- M96** Source—1970 s.332(3); 1987 s.30(3)
- M97** Source—1970 s.332(4); 1975 (No.2) s.52(1); 1980 s.57(1)
- M98** Source—1970 s.332(5); 1975 (No.2) s.52(1); 1984 s.73(3)
- M99** Source—1970 s.332(6)—(9); 1975 (No.2) s.52(1)
- M100** Source—1970 s.332(10); 1976 s.48(1)

461 Taxation in respect of other business.

- (1) ^{M101} Subject to the following provisions of this section, a registered friendly society other than a society to which subsection (2) below applies shall, on making a claim, be entitled to exemption from ^{F2010} . . . corporation tax (whether on income or chargeable gains) on its profits other than those arising from life or endowment business.
- (2) ^{M102} This subsection applies to any society registered after 31st May 1973 unless—
- (a) its business is limited to the provision, in accordance with the rules of the society, of benefits for or in respect of employees of a particular employer or such other group of persons as is for the time being approved for the purposes of this section by the [^{F2011}Board]; or
 - (b) it was registered before 27th March 1974 and its rules limit the aggregate amount which may be paid by a member by way of contributions and deposits to not more than £1 per month or such greater amount as the [^{F2011}Board] may authorise for the purposes of this section;

and also applies to any society registered before 1st June 1973 with respect to which a direction under subsection [^{F2012}(7)] below is in force.

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(3) ^{M103}If a society to which subsection (2) above applies, after 26th March 1974 or such later date as may be specified in a direction under this section, makes a payment to a member in respect of his interest in the society and the payment is made otherwise than in the course of life or endowment business and exceeds the aggregate of any sums paid by him to the society by way of contributions or deposits, after deducting from that aggregate the amount of—

- (a) any previous payment so made to him by the society after that date, and
- (b) any earlier repayment of such sums paid by him,

the excess shall be treated for the purposes of corporation tax and income tax as a qualifying distribution.

[^{F2013}(3A) ^{F2014}.....]

(4) ^{M104}Where a registered friendly society—

- (a) at any time ceases ^{F2015}... by virtue of [^{F2016}section 91 of the Friendly Societies Act 1992] (conversion into company) to be registered under [^{F2017}that Act]; and
- (b) immediately before that time was exempt from ^{F2018}... corporation tax on profits arising from any business carried on by it other than life or endowment business,

the company into which the society is converted shall be so exempt on its profits arising from any part of that business which relates to contracts made before that time so long as there is no increase in the scale of benefits which it undertakes to provide in the course of carrying on that part of its business.

[^{F2019}(4A) Where—

- (a) at any time an insurance company acquires by way of transfer of engagements from a registered friendly society any business other than life or endowment business, and
- (b) immediately before that time the society was exempt from corporation tax on profits arising from that business,

the insurance company shall be exempt from corporation tax on its profits arising from any part of that business which relates to contracts made before that time.

(4B) But if during an accounting period of the insurance company there is an increase in the scale of benefits which it undertakes to provide in the course of carrying on any such part of that business, the company shall not be exempt from corporation tax by virtue of subsection (4A) above for that or any subsequent accounting period.]

(5) For the purposes of the Corporation Tax Acts any part of a company's business in respect of the profits from which the company is exempt by virtue of subsection (4) [^{F2020}or (4A)] above shall be treated as a separate business from any other business carried on by the company.

(6) ^{M105}If—

- (a) a friendly society registered before 1st June 1973 begins after 26th March 1974 to carry on business other than life or endowment business or, in the opinion of [^{F2021}the Board], begins to carry on business other than life or endowment business on an enlarged scale or of a new character; and
- (b) it appears to [^{F2021}the Board], having regard to the restrictions imposed by this section on friendly societies registered later, that for the protection of the revenue it is expedient to do so;

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[^{F2022}the Board may give a direction to the society under subsection (7) below.]

[^{F2023}(7) A direction under this subsection is that (and has the effect that) the society to which it is given is to be treated for the purposes of this Act as a society registered after 31st May 1973 with respect to business carried on after the date of the direction.

(8) A society to which a direction is given may, within 30 days of the date on which it is given, appeal against the direction ^{F2024} . . . on the ground that—

- (a) it has not begun to carry on business as mentioned in subsection (6)(a) above; or
- (b) the direction is not necessary for the protection of the revenue.

(9) If a registered friendly society in respect of which a direction is in force under subsection (7) above becomes an incorporated friendly society, the direction shall continue to have effect, so that the incorporated friendly society shall be treated for the purposes of this Act as a society registered after 31st May 1973.]

(10) For the purposes of this section a registered friendly society formed on the amalgamation of two or more friendly societies shall be treated as registered before 1st June 1973 if at the time of the amalgamation subsection (2) above did not apply to any of the societies amalgamated, but otherwise shall be treated as registered at that time.

[^{F2025}(11) For the purposes of this section and section 461C—

- (a) any group of persons which was approved for the purposes of this section (as mentioned in subsection (2)(a) above) immediately before 1st December 2001 shall be treated as having been approved for the purposes of this section by the Board on that date;
- (b) any greater amount which was authorised for the purposes of this section (as mentioned in subsection (2)(b) above) immediately before 1st December 2001 shall be treated as having been authorised for the purposes of this section by the Board on that date; and
- (c) where a direction that subsection (2) above applies to a society was in force immediately before 1st December 2001, a direction in relation to that society shall be treated as having been made under subsection (7) above by the Board on that date.]

[^{F2026}(12) The Treasury may by regulations provide that, where any part of the business of a company is exempt from corporation tax by virtue of subsection (4) or (4A) above, the Corporation Tax Acts have effect subject to such modifications (or exceptions) as the Treasury consider appropriate.

(13) Regulations under subsection (12) above—

- (a) may make different provision for different cases,
- (b) may include any incidental, supplementary, consequential or transitional provisions which the Treasury consider appropriate, and
- (c) may include retrospective provision.]

Textual Amendments

F2010 Words in s. 461(1) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by *Income Tax Act 2007 (c. 3), Sch. 1 para. 81(2), Sch. 3 Pt. 1* (with *Sch. 2*)

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- F2011** Words in s. 461(2)(a)(b) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 33\(2\)\(a\)](#)
- F2012** Word in s. 461(2) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 33\(2\)\(b\)](#)
- F2013** S. 461(3A) inserted (6.4.2001) by [Finance Act 2001 \(c. 9\)](#), s. 76, [Sch 25 para. 8\(2\)](#)
- F2014** S. 461(3A) repealed (with effect in accordance with s. 38(2) of the repealing Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 41](#), [Sch. 27 Pt. 2\(7\)](#), Note (with [Sch. 7 Pt. 2](#))
- F2015** Words in s. 461(4)(a) omitted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by virtue of [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 33\(3\)\(a\)](#)
- F2016** Words in s. 461(4)(a) substituted (19.2.1993) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 56, [Sch. 9 para. 6](#); [S.I. 1993/236](#), [art. 2](#)
- F2017** Words in s. 461(4)(a) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 33\(3\)\(b\)](#)
- F2018** Words in s. 461(4)(b) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 81\(3\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F2019** S. 461(4A)(4B) inserted (with effect in accordance with [Sch. 12 para. 6\(3\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 12 para. 4\(2\)](#)
- F2020** Words in s. 461(5) inserted (with effect in accordance with [Sch. 12 para. 6\(3\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 12 para. 4\(3\)](#)
- F2021** Words in s. 461(6)(a)(b) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2110/3629\)](#), [art. 33\(4\)\(a\)](#)
- F2022** Words in s. 461(6) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 33\(4\)\(b\)](#)
- F2023** S. 461(7)-(9) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 33\(5\)](#)
- F2024** Words in s. 461(8) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 144](#)
- F2025** S. 461(11) added (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 33\(6\)](#)
- F2026** S. 461(12)(13) inserted (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 12 para. 4\(4\)](#)

Marginal Citations

- M101** Source—1970 s.332(1); 1974 s.27(1)(a)
- M102** Source—1974 s.27(2)
- M103** Source—1974 s.27(1)(b)
- M104** Source—1970 s.332(11), (12)(b); 1976 s.48(1)
- M105** Source—1974 s.27(3)—(7); 1985 s.41(10); 1987 Sch.15 6

[461A] ^{F2027} Taxation in respect of other business: incorporated friendly societies qualifying for exemption.

- (1) For the purposes of sections 461B and 461C, a “qualifying society” is an incorporated friendly society which—

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- (a) immediately before its incorporation, was a registered friendly society to which section 461(2) did not apply,
 - (b) was formed otherwise than by the incorporation of a registered friendly society or the amalgamation of two or more friendly societies and satisfies subsection (2) below, or
 - (c) was formed by the amalgamation of two or more friendly societies and satisfies subsection (3) below,
- and in respect of which no direction under section 461C(5) is in force.
- (2) A society satisfies this subsection if its business is limited to the provision, in accordance with the rules of the society, of benefits for or in respect of employees of a particular employer or such other group of persons as is for the time being approved for the purposes of this section by the [^{F2028}Board].
- (3) If at the time of the amalgamation referred to in subsection (1)(c) above—
- (a) section 461(2) applied to none of the registered friendly societies being amalgamated (if any), and
 - (b) all of the incorporated friendly societies being amalgamated (if any) were qualifying societies,
- the society formed by the amalgamation satisfies this subsection.

[For the purposes of this section and section 461C, any group of persons which was ^{F2029}(4) approved for the purposes of this section (as mentioned in subsection (2) above) by the Friendly Societies Commission immediately before 1st December 2001 shall be treated as having been approved for the purposes of this section by the Board on that date.]]

Textual Amendments

F2027Ss. 461A-461C inserted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, **Sch. 9 para.7**; S.I. 1993/236, **art.2**

F2028Word in s. 461A(2) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 34(2)**

F2029S. 461A(4) added (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 34(3)**

^{F2030}**461H Taxation in respect of other business: incorporated friendly societies etc.**

- (1) Subject to the following provisions of this section, a qualifying society shall, on making a claim, be entitled to exemption from ^{F2031} . . . corporation tax (whether on income or chargeable gains) on its profits other than those arising from life or endowment business.
- (2) Subsection (1) above shall not apply to any profits arising or accruing to the society from, or by reason of its interest in, a body corporate which is a subsidiary (within the meaning of the Friendly Societies Act 1992) of the society or of which the society has joint control (within the meaning of that Act).

[^{F2032}(2A) ^{F2033}]

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- (3) If an incorporated friendly society which is not a qualifying society makes a payment to a member in respect of his interest in the society and the payment is made otherwise than in the course of life or endowment business and exceeds the aggregate of any sums paid by him to the society by way of contributions or deposits, after deducting from that aggregate the amount of—
- (a) any previous payment so made to him by the society, and
 - (b) any earlier repayment of such sums paid by him,
- the excess shall be treated for the purposes of corporation tax and income tax as a qualifying distribution.
- (4) In relation to an incorporated friendly society which, immediately before its incorporation, was a registered friendly society to which section 461(2) applied—
- (a) the references in subsection (3) above to sums paid to the society shall include sums paid to the registered friendly society,
 - (b) the reference in subsection (3)(a) above to any payment made by the society shall include any payment made by the registered friendly society after 26 March 1974 or such later date as was specified in any direction under section 461 [^{F2034}(7)] relating to it, and
 - (c) the reference in subsection (3)(b) above to any repayment shall include any repayment made by the registered friendly society.
- (5) Where a qualifying society at any time ceases by virtue of section 91 of the Friendly Societies Act 1992 (conversion into company) to be registered under that Act, the company into which the society is converted shall be exempt from ^{F2035} . . . corporation tax on its profits arising from any part of its business, other than life or endowment business, which relates to contracts made before that time.
- [^{F2036}(6) But if during an accounting period of the company there is an increase in the scale of benefits which it undertakes to provide in the course of carrying on any such part of its business, the company shall not be exempt from corporation tax by virtue of subsection (5) above for that or any subsequent accounting period.
- (6A) Where—
- (a) at any time an insurance company acquires by way of transfer of engagements from a qualifying society any business other than life or endowment business, and
 - (b) immediately before that time the society was exempt from corporation tax on profits arising from that business,
- the insurance company shall be exempt from corporation tax on its profits arising from any part of that business which relates to contracts made before that time.
- (6B) But if during an accounting period of the insurance company there is an increase in the scale of benefits which it undertakes to provide in the course of carrying on any such part of that business, the company shall not be exempt from corporation tax by virtue of subsection (6A) above for that or any subsequent accounting period.]
- (7) Any part of a company's business to which an exemption under subsection (5) [^{F2037} or (6A)] above relates shall be treated for the purposes of the Corporation Tax Acts as a separate business from any other business carried on by the company.
- [^{F2038}(8) The Treasury may by regulations provide that, where any part of the business of a company is exempt from corporation tax by virtue of subsection (5) or (6A) above,

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the Corporation Tax Acts have effect subject to such modifications (or exceptions) as the Treasury consider appropriate.

- (9) Regulations under subsection (8) above—
- (a) may make different provision for different cases,
 - (b) may include any incidental, supplementary, consequential or transitional provisions which the Treasury consider appropriate, and
 - (c) may include retrospective provision.]

Textual Amendments

F2030 Ss. 461A-461C inserted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, **Sch. 9 para.7**; S.I. 1993/236, **art. 2**

F2031 Words in s. 461B(1) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 82(2)**, **Sch. 3 Pt. 1** (with **Sch. 2**)

F2032 S. 461B(2A) inserted (6.4.2001) by Finance Act 2001 (s. 9), s. 76, **Sch. 25 para. 8(3)**

F2033 S. 461B(2A) repealed (with effect in accordance with s. 38(2) of the repealing Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 42**, **Sch. 27 Pt. 2(7)**, Note (with **Sch. 7 Pt. 2**)

F2034 Word in s. 461B(4)(b) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 35**

F2035 Words in s. 461B(5) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 82(3)**, **Sch. 3 Pt. 1** (with **Sch. 2**)

F2036 S. 461B(6)-(6B) substituted for s. 461B(6) (with effect in accordance with **Sch. 12 para. 6(3)** of the amending Act) by Finance Act 2007 (c. 11), **Sch. 12 para. 5(2)**

F2037 Words in s. 461B(7) inserted (with effect in accordance with **Sch. 12 para. 6(3)** of the amending Act) by Finance Act 2007 (c. 11), **Sch. 12 para. 5(3)**

F2038 S. 461B(8)(9) inserted (19.7.2007) by Finance Act 2007 (c. 11), **Sch. 12 para. 5(4)**

^{F2039}**461** Taxation in respect of other business: withdrawal of “qualifying” status from incorporated friendly society.

- (1) Subject to subsection (2) below, subsections (3) [^{F2040}and (4)] below apply where a qualifying society—
- (a) begins to carry on business other than life or endowment business, or
 - (b) in the opinion of the [^{F2041}Board], begins to carry on business other than life or endowment business on an enlarged scale or of a new character.
- (2) Subsections (3) [^{F2042}and (4)] below do not apply if—
- (a) the society’s business is limited to the provision, in accordance with the rules of the society, of benefits for or in respect of employees of a particular employer or such other group of persons as is for the time being approved for the purposes of section 461 or 461A by the [^{F2043}Board], or
 - (b) the society’s rules limit the aggregate amount which may be paid by a member by way of contributions and deposits to not more than £1 per month or such greater amount as is authorised for the purposes of section 461.
- (3) If it appears to the [^{F2044}Board], having regard to the restrictions imposed by section 461 on registered friendly societies registered after 31st May 1973, that for the protection of the revenue it is expedient to do so, the [^{F2044}Board] may [^{F2045}give a direction to the society under subsection (4) below.]

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- [^{F2046}(4) A direction under this subsection is that (and has the effect that) the society to which it is given shall cease to be a qualifying society as from the date of the direction.
- (5) A society to which a direction is given may, within 30 days of the date on which it is given, appeal against the direction ^{F2047} . . . on the ground that—
- (a) it has not begun to carry on business as mentioned in subsection (1) above;
 - (b) subsections (3) and (4) above do not apply to it by reason of subsection (2) above; or
 - (c) the direction is not necessary for the protection of the revenue.]

Textual Amendments

- F2039** Ss. 461A-461C inserted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, **Sch. 9 para.7**; S.I. 1993/236, **art. 2**
- F2040** Words in s. 461C(1) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 36(2)(a)**
- F2041** Word in s. 461C(1) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 36(2)(b)**
- F2042** Words in s. 461C(2) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 36(3)(a)**
- F2043** Word in s. 461C(2)(a) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 36(3)(b)**
- F2044** Words in s. 461C(3) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 36(4)(a)**
- F2045** Words in s. 461C(3) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **arts. 36(4)(b)**
- F2046** S. 461C(4)(5) substituted for s. 461C(4)-(7) (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 36(5)**
- F2047** Words in s. 461C(5) omitted (1.4.2009) by virtue of The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 145**

[^{F2048}**461D** Transfers of other business

- (1) Where—
- (a) at any time a friendly society (“the transferee”) acquires by way of transfer of engagements or amalgamation from another friendly society (“the transferor”) any business, other than life or endowment business, consisting of business which relates to contracts made before that time, and
 - (b) immediately before that time the transferor was exempt from corporation tax on profits arising from that business,
- the transferee is so exempt after that time.
- (2) But if during an accounting period of the transferee there is an increase in the scale of benefits which it undertakes to provide in the course of carrying on that business, the

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transferee shall not be exempt from corporation tax by virtue of subsection (1) above for that or any subsequent accounting period.

- (3) Where—
 - (a) at any time a friendly society (“the transferee”) acquires by way of transfer of engagements or amalgamation from another friendly society (“the transferor”) any business, other than life or endowment business, consisting of business which relates to contracts made before that time, and
 - (b) immediately before that time the transferor was not exempt from corporation tax on profits arising from that business,
 the transferee is not so exempt after that time.
- (4) The Treasury may by regulations provide that, where any business of a friendly society is exempt from corporation tax by virtue of subsection (1) above, or not so exempt by virtue of subsection (3) above, the Corporation Tax Acts have effect subject to such modifications (or exceptions) as the Treasury consider appropriate.
- (5) Regulations under subsection (4) above—
 - (a) may make different provision for different cases,
 - (b) may include any incidental, supplementary, consequential or transitional provisions which the Treasury consider appropriate, and
 - (c) may include retrospective provision.]

Textual Amendments
F2048S. 461D inserted (with effect in accordance with [Sch. 18 para. 3\(2\)](#) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 18 para. 3\(1\)](#)

462 Conditions for tax exempt business.

- [^{F2049}(1) Subject to [^{F2050}subsection (2)] below, section 460 does not afford any exemption from corporation tax in relation to so much of the profits arising to a friendly society or insurance company from any business as is attributable to a policy which—
 - (a) is not a qualifying policy (by virtue of sub-paragraph (2) of paragraph 6 of Schedule 15) and is not an excluded policy, and
 - (b) would not be a qualifying policy (by virtue of that sub-paragraph) if all excluded policies were left out of account.
- (1A) For the purposes of subsection (1) above a policy is an excluded policy if—
 - (a) it is a policy held otherwise than with the friendly society or insurance company, or
 - (b) the person who has the contract effecting the policy acquired the rights under it on an assignment (or, in Scotland, assignation) otherwise than for money or money's worth.]
- (2) [^{F2051M106}Section 460(2)(a) or (aa)] and subsection (1) above shall not withdraw exemption [^{F2052}in relation to profits arising from any part of a] business relating to contracts made not later than 3rd May 1966.

^{F2053}(3)

^{F2053}(4)

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Textual Amendments

- F2049** S. 462(1)(1A) substituted for s. 462(1) (retrospective to 1.1.2007) by Finance Act 2007 (c. 11), s. 45(2)(6)
- F2050** Words in s. 462(1) substituted (21.7.2008) by Finance Act 2008 (c. 9), Sch. 18 para. 5(2)
- F2051** Words in s. 462(2)(a) substituted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, Sch. 9 par. 8(2) S.I. 1993/236, art.2
- F2052** Words in s. 462(2) substituted (retrospective to 1.1.2007) by Finance Act 2007 (c. 11), s. 45(3)(6)
- F2053** S. 462(3)(4) omitted (21.7.2008) by virtue of Finance Act 2008 (c. 9), Sch. 18 para. 5(1)(a)

Marginal Citations

- M106** Source—1970 s.336; 1985 Sch.10 Part II

[^{F2054} 462A Election as to tax exempt business.

F2055]

Textual Amendments

- F2054** S. 462A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 50, Sch. 9 para. 2
- F2055** S. 462A omitted (21.7.2008) by virtue of Finance Act 2008 (c. 9), Sch. 18 para. 5(1)(b)

463 [^{F2056} Long-term] business: application of the Corporation Tax Acts.

- (1) ^{M107} Subject to section 460(1), the Corporation Tax Acts shall apply to [^{F2057} long-term] business carried on by [^{F2058} friendly societies] in the same way as they apply to mutual life assurance business [^{F2059} (or other [^{F2060} long-term] business)] carried on by insurance companies, so however that the Treasury may by regulations provide that those Acts as so applied shall have effect subject to such modifications and exceptions as may be prescribed by the regulations, and those regulations may in particular require any part of any business to be treated as a separate business.
- [^{F2061} (2) The provisions of the Corporation Tax Acts which apply on the transfer of the whole or part of the [^{F2060} long-term] business of an insurance company shall apply in the same way—
- (a) on the transfer of the whole or part of the business of a friendly society to another friendly society (and on the amalgamation of friendly societies), and
 - (b) on the transfer of the whole or part of the business of a friendly society to a company which is not a friendly society (and on the conversion of a friendly society into such a company),
- so however that the Treasury may by regulations provide that those provisions as so applied shall have effect subject to such modifications and exceptions as may be prescribed by the regulations.
- (3) The Treasury may by regulations provide that the provisions of the Corporation Tax Acts which apply on the transfer of the whole or part of the [^{F2060} long-term] business of an insurance company to another company shall have effect where the transferee is a friendly society subject to such modifications and exceptions as may be prescribed by the regulations.

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- (4) Regulations under this section may make different provision for different cases and may include provision having retrospective effect.]

Textual Amendments

- F2056** Words in s. 463 heading substituted (21.7.2008) by Finance Act 2008 (c. 9), **Sch. 18 para. 4**
F2057 Words in s. 463(1) substituted (21.7.2008) by Finance Act 2008 (c. 9), **Sch. 18 para. 4**
F2058 Words in s. 463(1) substituted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, **Sch. 9 para.10**; S.I. 1993/236, **art.2**
F2059 Words in s. 463(1) inserted (with effect in accordance with s. 171(6) of the amending Act) by Finance Act 1996 (c. 8), **s. 171(5)**
F2060 Words in s. 463(1)(2)(3) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 52(2)(i)**
F2061 1990 s.50(2).

Modifications etc. (not altering text)

- C138** See 1990 s.50(1)—s.463 was renumbered as s.463(1).
C139 For regulations see Part III Vol.5 (under “Friendly Societies”).

Marginal Citations

- M107** Source—1970 s.335(1)

464 Maximum benefits payable to members.

- [^{F2062}(1) Subject to subsections (2) and (3) below, a person is not entitled to have at any time outstanding contracts with any one or more friendly societies, registered branches or insurance companies which (taking them all together) are for the assurance of—
- (a) more than £750 by way of gross sum under business which is afforded exemption from corporation tax by section 460, or
 - (b) more than £156 by way of annuity under such business.]

In any case where the member’s outstanding contracts were all made before 14th March 1984 this subsection shall have effect with the substitution for “£750” and “£156” of “£2,000” and “£416” respectively.

- (2) Subsection (1)(a) above shall not apply as respects sums assured under contracts made after 31st August 1987.
- (3) [^{F2063}With respect to contracts for the assurance of gross sums under business which is afforded exemption from corporation tax by section 460, a person is not entitled to have outstanding at any time with any one or more friendly societies, registered branches or insurance companies—]
- [^{F2064}(zza) contracts under which the total premiums payable in any period of 12 months exceed £270; or]
- [^{F2065}(za) contracts [^{F2066}made before the day on which the Finance Act 1995 was passed and] under which the total premiums payable in any period of 12 months exceed £200; or]

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- (a) contracts [^{F2067}made before the day on which the Finance Act 1991 was passed and] under which the total premiums payable in any period of 12 months exceed £150; or
 - (b) contracts made before 1st September 1990 under which the total premiums payable in any period of 12 months exceed £100,
- unless all those contracts were made before 1st September 1987.
- (4) In applying the [^{F2068}limits] in subsection (3) above, the premiums under any contract for an annuity which was made before 1st June 1984 by a new society shall be brought into account as if the contract were for the assurance of a gross sum.
- [^{F2069}(4A) Subsection (4B) below applies to contracts for the assurance of gross sums under [^{F2070}business which is afforded exemption from corporation tax by section 460 if they are] made after 31st August 1987 and before the day on which [^{F2071}the Finance Act 1995] was passed.
- (4B) Where the amount payable by way of premium under a contract to which this subsection applies is increased by virtue of a [^{F2072}variation made—
- (a) in the period beginning with 25th July 1991 and ending with 31st July 1992, or
 - (b) in the period beginning with the day on which the Finance Act 1995 was passed and ending with 31st March 1996,
- the contract shall, for the purposes of subsection (3) above, be treated, in relation to times when the contract has effect as varied, as made at the time of the variation.]]
- (5) In applying the limits in this section there shall be disregarded—
- (a) any bonus or addition which either is declared upon assurance of a gross sum or annuity or accrues upon such an assurance by reference to an increase in the value of any investments;
 - [^{F2073}(b) any policy of insurance or annuity contract by means of which the benefits to be provided under an occupational pension scheme (within the meaning of section 150(5) of the Finance Act 2004) are secured or any annuity contract which constitutes a registered pension scheme or is issued or held in connection with a registered pension scheme other than such an occupational pension scheme;]
 - (c) any increase in a benefit under a friendly society contract, as defined in section 6 of the ^{M108}Decimal Currency Act 1969, resulting from the adoption of a scheme prescribed or approved in pursuance of subsection (3) of that section; and
 - (d) so far as concerns the total premiums payable in any period of 12 months—
 - (i) 10 per cent. of the premiums payable under any contract under which the premiums are payable more frequently than annually; and
 - (ii) £10 of the premiums payable under any contract made before 1st September 1987 by a [^{F2074}friendly society other than] a new society; and
 - (iii) so much of any premium as is charged on the ground that an exceptional risk of death is involved.
- (6) In applying the limits in this section in any case where a [^{F2075}person has outstanding with one or more societies, branches or companies] one or more contracts made after 13th March 1984 and one or more contracts made on or before that date, any contract for an annuity which was made before 1st June 1984 by a new society shall be regarded not only as a contract for the annual amount concerned but also as a contract for the

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assurance of a gross sum equal to 75 per cent. of the total premiums which would be payable under the contract if it were to run for its full term or, as the case may be, if the member concerned were to die at the age of 75 years.

- (7) A [^{F2076}friendly society [^{F2077}, registered branch or insurance company]] may require a [^{F2078}person] to make and sign a statutory declaration that the total amount assured under outstanding contracts entered into by that [^{F2078}person] with any one or more [^{F2076}friendly societies][^{F2079}, registered branches or insurance companies (taken together)] does not exceed the limits applicable by virtue of this section and that the total premiums under those contracts do not exceed those limits.

Textual Amendments

- F2062**S. 464(1): first sentence substituted (with effect in accordance with Sch. 12 para. 6(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 12 para. 2(2)**
- F2063**Words in s. 464(3) substituted (with effect in accordance with Sch. 12 para. 6(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 12 para. 2(3)**
- F2064**S. 464(3)(zza) inserted (1.5.1995) by Finance Act 1995 (c. 4), **Sch. 10 para. 2(2)**
- F2065**S. 464(3)(za) inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 50, **Sch. 9 para. 3(2)**
- F2066**Words in s. 464(3)(za) inserted (1.5.1995) by Finance Act 1995 (c. 4), **Sch. 10 para. 2(3)**
- F2067**Words in s. 464(3)(a) inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 50, **Sch. 9 para. 3(3)**
- F2068**1990 s.49(3), (4) Previously "Kingdom) contracts under which the total premiums payable in any period of 12 months exceed £100 unless all those contracts were entered into before 1st September 1987" and "limit" respectively
- F2069**S. 464(4A)(4B) inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 50, **Sch. 9 para. 3(4)**
- F2070**Words in s. 464(4A) substituted (with effect in accordance with Sch. 12 para. 6(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 12 para. 2(4)**
- F2071**Words in s. 464(4A) substituted (1.5.1995) by Finance Act 1995 (c. 4), **Sch. 10 para. 2(4)**
- F2072**Words in s. 464(4B) substituted (1.5.1995) by Finance Act 1995 (c. 4), **Sch. 10 para. 2(5)**
- F2073**S. 464(5)(b) substituted (6.4.2006) by Finance Act 2004 (c. 12), s. 284(1), **Sch. 35 para. 21** (with Sch. 36)
- F2074**Words in s. 464(5)(d)(ii) substituted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, **Sch. 9 para. 11(3)**; S.I. 1993/236, **art. 2**
- F2075**Words in s. 464(6) substituted (with effect in accordance with Sch. 12 para. 6(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 12 para. 2(5)**
- F2076**Words in s. 464(7) substituted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, **Sch. 9 para. 11(4)**; S. I. 1993/236, **art. 2**
- F2077**Words in s. 464(7) substituted (with effect in accordance with Sch. 12 para. 6(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 12 para. 2(6)(a)**
- F2078**Words in s. 464(7) substituted (with effect in accordance with Sch. 12 para. 6(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 12 para. 2(6)(b)**
- F2079**Words in s. 464(7) substituted (with effect in accordance with Sch. 12 para. 6(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 12 para. 2(6)(c)**

Modifications etc. (not altering text)

- C140** S. 464: power to amend conferred (7.2.1994) by 1993 c. 48, **ss. 162, 193(2)(3)** (with ss. 6(8), 164); S. I. 1994/86, **art. 2**

Marginal Citations

- M108** 1969 c. 19.

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465 Old societies.

- (1)^{M109} In this section “old society” means a friendly society which is not a new society.
- (2) This section applies if, on or after 19th March 1985, an old society—
 - (a) begins to carry on tax exempt life or endowment business; or
 - (b) in the opinion of the Board begins to carry on such business on an enlarged scale or of a new character.
- (3) If it appears to the Board, having regard to the restrictions placed on qualifying policies issued by new societies by paragraphs 3(1)(b)^{F2080} . . . and 4(3)(b) of Schedule 15, that for the protection of the revenue it is expedient to do so, the Board may give a direction to the old society under subsection (4) below.
- (4) A direction under this subsection is that (and has the effect that) the old society to which it is given is to be treated for the purposes of this Act as a new society with respect to business carried on after the date of the direction.
- (5) An old society to which a direction is given may, within 30 days of the date on which it is given, appeal against the direction^{F2081} . . . on the ground that—
 - (a) it has not begun to carry on business as mentioned in subsection (2) above; or
 - (b) that the direction is not necessary for the protection of the revenue.
- [^{F2082}(6) If a registered friendly society in respect of which a direction is in force under subsection (4) above becomes an incorporated friendly society, the direction shall continue to have effect, so that the incorporated friendly society shall be treated for the purposes of this Act as a new society.]

Textual Amendments

F2080 Words in s. 465(3) repealed by Finance Act 1991 (c. 31, SIF 63:1), s. 123, **Sch. 19 Pt. V**, Note 7

F2081 Words in s. 465(5) omitted (1.4.2009) by virtue of The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 146**

F2082 S. 465(6) added (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, **Sch. 9 para.12** ; S.I. 1993/236, **art.2**

Marginal Citations

M109 Source—1985 Sch.10 Part III

[465A ^{F2083} Assets of branch of registered friendly society to be treated as assets of society after incorporation.

- (1) This section applies where any assets of a branch of a registered friendly society have been identified in a scheme under section 6(5) of the Friendly Societies Act 1992 (property, rights etc. excluded from transfer to the society on its incorporation).
- (2) In relation to any time after the incorporation of the society, the assets shall be treated for the purposes of the Tax Acts as assets of the society (and, accordingly, any tax liability arising in respect of them shall be a liability of the society rather than of the branch).
- (3) Where, by virtue of this section, tax in respect of any of the assets becomes chargeable on and is paid by the society, the society may recover from the trustees in whom those assets are vested the amount of the tax paid.]

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Textual Amendments

F2083S. 465A inserted (19.12.1993) by **Finance (No. 2) Act 1992 (c. 48)**, s. 56, Sch. 9 para.13, **22**; S.I. 1993/236, **art.2**

466 Interpretation of Chapter II.

[^{F2084}[^{F2085}(1) In this Chapter “life or endowment business” means, subject to subsections (1A) and (1B) below—

- (a) any life assurance business, and
- [^{F2086}(b) any PHI business (as defined in section 431) if—
 - (i) the contract is one made before 1 September 1996, or
 - (ii) the contract is one made on or after that date and the effecting and carrying out of the business also constitutes business within paragraphs I, II or III of Part II of Schedule 1 to the Financial Services and Markets Act (Regulated Activities) Order 2001.]]

(1A) Life or endowment business does not include the issue, in respect of a contract made before 1st September 1996, of a policy affording provision for sickness or other infirmity (whether bodily or mental), unless—

- (a) the policy also affords assurance for a gross sum independent of sickness or other infirmity;
- (b) not less than 60 per cent. of the amount of the premiums is attributable to the provision afforded during sickness or other infirmity; and
- (c) there is no bonus or addition which may be declared or accrue upon the assurance of the gross sum.

(1B) Life or endowment business does not include the assurance of any annuity the consideration for which consists of sums obtainable on the maturity, or on the surrender, of any other policy of assurance issued by the friendly society, being a policy of assurance forming part of the tax exempt life or endowment business of the friendly society.]

(2) In this Chapter—

[^{F2087}^{F2088} “friendly society”, without qualification, means (except in section 459) an incorporated friendly society or a registered friendly society;

[^{F2087}“gross roll-up business” shall be construed in accordance with section 431;]

“incorporated friendly society” means a society incorporated under the Friendly Societies Act 1992;]

[^{F2089}“insurance company” shall be construed in accordance with section 431;]

^{F2090}

[^{F2091}“^{F2092}long-term] business” shall be construed in accordance with section 431;]

[^{F2093}“new society” means—

- (a) a registered friendly society which was registered after 3rd May 1966 or which was registered in the period of three months ending on that date but which at no time earlier than that date carried on any life or endowment business, or

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(b) an incorporated friendly society other than one which, before its incorporation, was a registered friendly society not within paragraph (a) above;]

F2094

“policy”, in relation to life or endowment business, includes an instrument evidencing a contract to pay an annuity upon human life;

[F2095 “registered branch” means the same as in the Friendly Societies Act 1992 (and includes any branch that by virtue of section 96(3) of that Act is to be treated as a registered branch);

“registered friendly society” means the same as in the Friendly Societies Act 1992 (and includes any society that by virtue of section 96(2) of that Act is to be treated as a registered friendly society);]

F2096

“tax exempt life or endowment business” has, subject to subsections (7) to [F2097(10A)] of section 460, the meaning given by subsection (2)(d) of that section, that is to say, it means (subject to those subsections) life or endowment business other than business profits arising from which are excluded from subsection (1) of that section by subsection (2)(b) or (c) of that section (read, where appropriate, with subsection (6) of that section);

and references in sections 460 to 465 and this subsection to a friendly society [F2098 include, in the case of a registered friendly society, references to any branch of that society].

[F2099(2ZA) F2100

[F2101(2A) F2100

(2B) F2100

(3) ^{M110}It is hereby declared that for the purposes of this Chapter (except where provision to the contrary is made) a [F2102 friendly society] formed on the amalgamation of two or more friendly societies is to be treated as different from the amalgamated societies.

(4) A registered friendly society formed on the amalgamation of two or more friendly societies shall, for the purposes of this Chapter, be treated as registered not later than 3rd May 1966 if at the time of the amalgamation—

(a) all the friendly societies amalgamated were registered friendly societies eligible for the exemption conferred by section 460(1); and

(b) at least one of them was not a new society;

or, if the amalgamation took place before 19th March 1985, the society was treated as registered not later than 3rd May 1966 by virtue of the proviso to section 337(4) of the 1970 Act.

[F2103(5) An incorporated friendly society formed on the amalgamation of two or more friendly societies shall, for the purposes of this Chapter, be treated as a society which, before its incorporation, was a registered friendly society registered not later than 3rd May 1966 if at the time of the amalgamation—

(a) all the friendly societies amalgamated were registered friendly societies eligible for the exemption conferred by section 460(1); and

(b) at least one of them was not a new society.]

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Textual Amendments

- F2084**S. 466(1)-(1B) substituted for s. 466(1) (29.4.1996) by [Finance Act 1996 \(c. 8\)](#), [s. 171\(1\)](#)
- F2085**S. 466(1) substituted (with effect in accordance with [s. 38\(2\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 43\(2\)](#) (with [Sch. 7 Pt. 2](#))
- F2086**S. 466(1)(b) substituted (with effect in accordance with [Sch. 18 para. 2\(2\)](#) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 18 para. 2\(1\)](#)
- F2087**S. 466(2): definition of "gross roll-up business" inserted (with effect in accordance with [s. 38\(2\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 43\(3\)\(b\)](#) (with [Sch. 7 Pt. 2](#))
- F2088**Definitions in s. 466(2) inserted (19.2.1993) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 56, [Sch. 9 para. 14\(4\)](#); S.I. 1993/236, [art. 2](#)
- F2089**S. 466(2): definition of "insurance company" inserted (29.4.1996) by [Finance Act 1996 \(c. 8\)](#), [s. 171\(2\)\(a\)](#)
- F2090**S. 466(2): definition of "life assurance business" repealed (with effect in accordance with [s. 38\(2\)](#) of the repealing Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 43\(3\)\(a\)](#), [Sch. 27 Pt. 2\(7\)](#), Note (with [Sch. 7 Pt. 2](#))
- F2091**S. 466(2): definition of "long term business" inserted (29.4.1996) by [Finance Act 1996 \(c. 8\)](#), [s. 171\(2\)\(b\)](#)
- F2092**S. 466(2): word in definition of "long term business" substituted (1.12.2001 with effect in accordance with [art. 1\(2\)\(a\)](#) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2000/3629\)](#), [art. 52\(2\)\(j\)](#)
- F2093**Definition in s. 466(2) substituted (19.2.1993) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 56, [Sch. 9 para. 14\(5\)](#); S.I. 1993/236, [art. 2](#)
- F2094**S. 466(2): definition of "pension business" repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 35 para. 22\(2\)](#), [Sch. 42 Pt. 3](#), Note (with [Sch. 36](#))
- F2095**Definitions in s. 466(2) inserted (19.2.1993) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 56, [Sch. 9 para. 14\(6\)](#); S.I. 1993/236, [art. 2](#)
- F2096**Definition of "registrar" in s. 466(2) repealed (1.1.1994) by [Friendly Societies Act 1992 \(c. 40\)](#), s. 120(2), [Sch. 22 Pt. I](#); S.I. 1993/2213, [Sch.6 APPENDIX](#)
- F2097**S. 466(2): word in definition of "tax exempt life or endowment business" substituted (retrospectively) by [Finance Act 2007 \(c. 11\)](#), [Sch. 12 paras. 3, 6\(1\)](#)
- F2098**Words in s. 466(2) substituted (19.2.1993) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 56, [Sch. 9 para. 14\(7\)](#); S.I. 1993/236, [art. 2](#)
- F2099**S. 466(2ZA) inserted (6.4.2007 with effect in accordance with [s. 1034\(1\)](#) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 83](#) (with [Sch. 2](#))
- F2100**S. 466(2ZA)(2A)(2B) repealed (with effect in accordance with [s. 38\(2\)](#) of the repealing Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 7 para. 43\(4\)](#), [Sch. 27 Pt. 2\(7\)](#), Note (with [Sch. 7 Pt. 2](#))
- F2101**S. 466(2A)(2B) inserted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 35 para. 22\(3\)](#) (as amended by [Finance Act 2005 \(c. 5\)](#), [Sch. 9 para. 18\(5\)-\(7\)](#)) (with [Sch. 36](#))
- F2102**Words in s. 466(3) substituted (19.2.1993) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 56, [Sch. 9 para. 14\(8\)](#); S.I. 1993/236, [art. 2](#)
- F2103**S. 466(5) added (19.2.1993) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 56, [Sch. 9 para. 14\(9\)](#); S.I. 1993/236, [art. 2](#)

Modifications etc. (not altering text)

- C141** S. 466(2) modified (6.4.1999) by [The Individual Savings Account \(Insurance Companies\) Regulations 1998 \(S.I. 1998/1871\)](#), [regs. 1, 5, 17](#)
- C142** S. 466(2) modified (6.4.2005) by [The Child Trust Funds \(Insurance Companies\) Regulations 2004 \(S.I. 2004/2680\)](#), [regs. 1, 4, 15](#); S.I. 2004/3369, [art. 2\(1\)](#)

Marginal Citations

- M110** Source—1970 s.337(4); 1985 s.41(7)(e)

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Trade unions and employers' associations

467 Exemption for trade unions and employers' associations.

F2104

Textual Amendments

F2104S. 467 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 52, **Sch. 3 Pt. 1** (with Sch. 2)

CHAPTER III

UNIT TRUST SCHEMES, DEALERS IN SECURITIES ETC.

Unit trust schemes

468 Authorised unit trusts.

F2105

Textual Amendments

F2105S. 468 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 53, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F2106}**468AA Authorised unit trusts: futures and options.**

F2107]

Textual Amendments

F2106S. 468AA inserted by Finance Act 1990 (c. 29), s. **81(1)(5)**
F2107S. 468AA repealed (with effect in accordance with s. 83(3) of the repealing Act) by Finance Act 2002 (c. 23), Sch. 27 para. 6, **Sch. 40 Pt. 3(13)**, Note (with Sch. 28)

[^{F2108}**468AC Certified unit trusts.**

F2109]

Textual Amendments

F2108Ss. 468A-468C inserted by Finance Act 1989 (c. 26), s. **78**
F2109Ss. 468A-468D repealed by Finance Act 1990 (c. 29), s. 52, **Sch. 19 Pt. 4**, Note 7

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[^{F2110}~~468A~~ **Open-ended investment companies**

F2111]

Textual Amendments

F2110 S. 468A inserted (20.7.2005) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **s. 16**

F2111 S. 468A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 54](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))

^{F2112}~~468B~~ **Certified unit trusts: corporation tax.**

F2113

Textual Amendments

F2112 Ss. 468A-468C inserted by [Finance Act 1989 \(c. 26\)](#), **s. 78**

F2113 Ss. 468A-468D repealed by [Finance Act 1990 \(c. 29\)](#), s. 52, **Sch. 19 Pt. 4**, Note 7

^{F2114}~~468C~~ **Certified unit trusts: distributions.**

F2115

Textual Amendments

F2114 Ss. 468A-468C inserted by [Finance Act 1989 \(c. 26\)](#), **s. 78**

F2115 Ss. 468A-468D repealed by [Finance Act 1990 \(c. 29\)](#), s. 52, **Sch. 19 Pt. 4**, Note 7

[^{F2116}~~468D~~ **Funds of funds: distributions.**

F2117]

Textual Amendments

F2116 S. 468D inserted by [Finance Act 1989 \(c. 26\)](#), **s. 79**

F2117 Ss. 468A-468D repealed by [Finance Act 1990 \(c. 29\)](#), s. 52, **Sch. 19 Pt. 4**, Note 7

[^{F2118}~~468E~~ **Authorised unit trusts: corporation tax.**

F2119]

Textual Amendments

F2118 Ss. 468E-468G inserted by [Finance Act 1990 \(c. 29\)](#), **s. 51**

F2119 S. 468E repealed (with effect in accordance with [Sch. 6 paras. 10\(3\), 28](#) of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), **Sch. 41 Pt. 5(1)**, Note 1

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[^{F2120}**468EE** Corporation tax: cases where lower rate applies.

F2121
.....]

Textual Amendments

F2120S. 468EE inserted (3.5.1994) by Finance Act 1994 (c. 9), s. 111(2)

F2121S. 468EE repealed (with effect in accordance with Sch. 6 paras. 10(3), 28 of the repealing Act) by Finance Act 1996 (c. 8), Sch. 41 Pt. 5(1), Note 1

^{F2122}**468E** Authorised unit trusts: distributions.

F2123
.....

Textual Amendments

F2122Ss. 468E-468G inserted by Finance Act 1990 (c. 29), s. 51

F2123S. 468F repealed (with effect in accordance with Sch. 14 para. 7 of the repealing Act) by Finance Act 1994 (c. 9), Sch. 14 para. 4, Sch. 26 Pt. 5(13), Note

^{F2124}**468F** Dividends paid to investment trusts.

F2125
.....

Textual Amendments

F2124Ss. 468E-468G inserted by Finance Act 1990 (c. 29), s. 51

F2125S. 468G repealed (with effect in accordance with Sch. 14 para. 7 of the repealing Act) by Finance Act 1994 (c. 9), Sch. 14 para. 4, Sch. 26 Pt. 5(13), Note

[^{F2126} *Distributions of authorised unit trusts: general*

Textual Amendments

F2126Ss. 468H-468R and cross-headings inserted (with effect in accordance with Sch. 14 para. 7 of the amending Act) by Finance Act 1994 (c. 9), Sch. 14 para. 2

468H Interpretation.

F2127
.....

Textual Amendments

F2127Ss. 468H-468Q repealed (in force in accordance with S.I. 2006/982, art. 2) by Finance (No. 2) Act 2005 (c. 22), ss. 17(1)(a), 19(1), Sch. 11 Pt. 2(3), Note 2

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468I Distribution accounts.

F2128
.....

Textual Amendments
F2128Ss. 468H-468Q repealed (in force in accordance with S.I. 2006/982, **art. 2**) by Finance (No. 2) Act 2005 (c. 22), ss. 17(1)(a), 19(1), **Sch. 11 Pt. 2(3)**, Note 2

Dividend and foreign income distributions

468J Dividend distributions.

F2129
.....

Textual Amendments
F2129Ss. 468H-468Q repealed (in force in accordance with S.I. 2006/982, **art. 2**) by Finance (No. 2) Act 2005 (c. 22), ss. 17(1)(a), 19(1), **Sch. 11 Pt. 2(3)**, Note 2

468K Foreign income distributions.

F2130
.....

Textual Amendments
F2130S. 468K repealed (with effect in accordance with s. 36, Sch. 6 para. 8(9) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 8(4), **Sch. 8 Pt. 2(11)**

Interest distributions

468L Interest distributions.

F2131
.....

Textual Amendments
F2131Ss. 468H-468Q repealed (in force in accordance with S.I. 2006/982, **art. 2**) by Finance (No. 2) Act 2005 (c. 22), ss. 17(1)(a), 19(1), **Sch. 11 Pt. 2(3)**, Note 2

[^{F2132}468Mases where no obligation to deduct tax

F2133
.....]

Textual Amendments
F2132S. 468M substituted for ss. 468M, 468N (with effect in accordance with s. 203(14) of the amending Act) by Finance Act 2003 (c. 14), **s. 203(3)**

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F2133 Ss. 468H-468Q repealed (in force in accordance with S.I. 2006/982, **art. 2**) by Finance (No. 2) Act 2005 (c. 22), ss. 17(1)(a), 19(1), **Sch. 11 Pt. 2(3)**, Note 2

468O Residence condition [^{F2134} and reputable intermediary condition].

F2135

Textual Amendments

F2134 Words in s. 468O sidenote inserted (with effect in accordance with s. 203(14) of the amending Act) by Finance Act 2003 (c. 14), **s. 203(7)**

F2135 Ss. 468H-468Q repealed (in force in accordance with S.I. 2006/982, **art. 2**) by Finance (No. 2) Act 2005 (c. 22), ss. 17(1)(a), 19(1), **Sch. 11 Pt. 2(3)**, Note 2

468P Residence declarations.

F2136

Textual Amendments

F2136 Ss. 468H-468Q repealed (in force in accordance with S.I. 2006/982, **art. 2**) by Finance (No. 2) Act 2005 (c. 22), ss. 17(1)(a), 19(1), **Sch. 11 Pt. 2(3)**, Note 2

[^{F2137} Section 468O(1A): consequences of reasonable but incorrect belief

F2138 **468PA**

Textual Amendments

F2137 Ss. 468PA, 468PB inserted (with effect in accordance with s. 203(14) of the amending Act) by Finance Act 2003 (c. 14), **s. 203(9)**

F2138 Ss. 468H-468Q repealed (in force in accordance with S.I. 2006/982, **art. 2**) by Finance (No. 2) Act 2005 (c. 22), ss. 17(1)(a), 19(1), **Sch. 11 Pt. 2(3)**, Note 2

468PB Regulations supplementing sections 468M to 468PA

F2139

Textual Amendments

F2137 Ss. 468PA, 468PB inserted (with effect in accordance with s. 203(14) of the amending Act) by Finance Act 2003 (c. 14), **s. 203(9)**

F2139 Ss. 468H-468Q repealed (in force in accordance with S.I. 2006/982, **art. 2**) by Finance (No. 2) Act 2005 (c. 22), ss. 17(1)(a), 19(1), **Sch. 11 Pt. 2(3)**, Note 2

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Distributions to corporate unit holder

468Q Dividend distribution to corporate unit holder.

F2140

Textual Amendments

F2140Ss. 468H-468Q repealed (in force in accordance with S.I. 2006/982, **art. 2**) by Finance (No. 2) Act 2005 (c. 22), ss. 17(1)(a), 19(1), **Sch. 11 Pt. 2(3)**, Note 2

468R Foreign income distribution to corporate unit holder.

F2141

Textual Amendments

F2141S. 468R repealed (with effect in accordance with s. 36, Sch. 6 para. 8(9) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 8(7), **Sch. 8 Pt. 2(11)**, Note

469 Other unit trusts.

F2142

Textual Amendments

F2142S. 469 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 55, **Sch. 3 Pt. 1** (with Sch. 2)

[Court common investment funds.

F2143 **469A** F2144

Textual Amendments

F2143S. 469A inserted (with effect in accordance with s. 68(3)-(5) of the amending Act) by Finance Act 1999 (c. 16), s. 68(1)

F2144S. 469A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 56, **Sch. 3 Pt. 1** (with Sch. 2)

470 Transitional provisions relating to unit trusts.

(1) F2145

F2146 (2)

(3) F2145

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Textual Amendments

- F2145S. 470(1)(3) repealed (31.7.1998) by [Finance Act 1998 \(c. 36\)](#), [Sch. 27 Pt. 3\(23\)](#)
- F2146S. 470(2) ceased to have effect (29.4.1988) by virtue of s. 470(3) below and [S.I. 1988/745](#), [art. 2](#)

Dealers in securities, banks and insurance businesses

471 Exchange of securities in connection with conversion operations, nationalisation etc.

F2147
.....

Textual Amendments

- F2147S. 471 repealed (with effect in accordance with s. 101(3) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), s. 101(1), [Sch. 27 Pt. 3\(23\)](#), Note 1

472 Distribution of securities issued in connection with nationalisation etc.

F2148
.....

Textual Amendments

- F2148S. 472 repealed (with effect in accordance with s. 101(4) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), s. 101(2), [Sch. 27 Pt. 3\(23\)](#), Note 2

[F2149 472A Trading profits etc. from securities: taxation of amounts taken to reserves

F2150
.....]

Textual Amendments

- F2149S. 472A inserted (with effect in accordance with s. 54(2) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), s. 54 (as amended (retrospectively) by [Finance Act 2005 \(c.7\)](#), [Sch. 4 para. 50](#), [Sch. 11 Pt. 2\(7\)](#))
- F2150S. 472A repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 158](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

473 Conversion etc. of securities held as circulating capital.

F2151
.....

Textual Amendments

- F2151S. 473 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 159](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

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474 Treatment of tax-free income.

- (1) ^{F2152}
- (2) ^{F2153}
- ^{F2154}(3) [^{F2152}]

Textual Amendments

F2152S. 474(1)(3) repealed (with effect in accordance with Sch. 7 para. 32-35, Sch. 41 Pt. 5(2) Note of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), Sch. 7 para. 18, Sch. 41 Pt. 5(2)

F2153S. 474(2) repealed (with effect in accordance with s. 154(9) of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), Sch. 28 para. 2, **Sch. 41 Pt. 5(18)**, Note

F2154S. 474(3) inserted (with effect in accordance with [Sch. 8 para. 55](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), **Sch. 8 para. 25(2)**

475 Tax-free Treasury securities: exclusion of interest on borrowed money.

- ^{F2155}

Textual Amendments

F2155S. 475 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), Sch. 7 para. 41, **Sch. 10 Pt. 12** (with Sch. 9)

CHAPTER IV

BUILDING SOCIETIES, BANKS, SAVINGS BANKS, INDUSTRIAL AND PROVIDENT SOCIETIES AND OTHERS

476 Building societies: regulations for payment of tax.

- ^{F2156}

Textual Amendments

F2156S. 476 repealed by [Finance Act 1990 \(c. 29\)](#), Sch. 5 para. 2, **Sch. 19 Pt. 4**, Note 8

477 Investments becoming or ceasing to be relevant building society investments.

- ^{F2157}

Textual Amendments

F2157S. 477 repealed by [Finance Act 1990 \(c. 29\)](#), Sch. 5 para. 3, **Sch. 19 Pt. 4**, Note 8

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[^{F2159}**477** ~~B~~Building societies: [^{F2158}loan relationships].

F2160
.....]

Textual Amendments

- F2158** Words in s. 477A sidenote substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), **Sch. 1 para. 88(7)** (with [Sch. 2](#))
- F2159** S. 477A inserted (with effect in accordance with [Sch. 5 para. 4\(2\)](#) of the amending Act) by [Finance Act 1990 \(c. 29\)](#), **Sch. 5 para. 4(1)**
- F2160** S. 477A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 57](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))

[^{F2161}**477** ~~B~~Building societies: incidental costs of issuing qualifying shares.

F2162
.....]

Textual Amendments

- F2161** S. 477B inserted by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), s. 51, **Sch. 10 para. 3(1)(2)**
- F2162** S. 477B repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 162](#), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

478 Building societies: time for payment of tax.

F2163
.....

Textual Amendments

- F2163** S. 478 repealed (with effect in accordance with s. 199(2) of the repealing Act) by [Finance Act 1994 \(c. 9\)](#), **Sch. 26 Pt. 5(23)**, Note 4; S.I. 1998/3173, **art. 2**

479 Interest paid on deposits with banks etc.

F2164
.....

Textual Amendments

- F2164** S. 479 repealed by [Finance Act 1990 \(c. 29\)](#), [Sch. 5 para. 5](#), **Sch. 19 Pt. 4**, Note 8

480 Deposits becoming or ceasing to be composite rate deposits.

F2165
.....

Textual Amendments

- F2165** S. 480 repealed by [Finance Act 1990 \(c. 29\)](#), [Sch. 5 para. 6](#), **Sch. 19 Pt. 4**, Note 8

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[^{F2166}480 Relevant deposits: deduction of tax from interest payments.

^{F2167}]

Textual Amendments
F2166Ss. 480A-480C inserted (with effect in accordance with Sch. 5 para. 7(2) of the amending Act) by Finance Act 1990 (c. 29), **Sch. 5 para. 7(1)**
F2167Ss. 480A-482 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 89, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F2168}480 Relevant deposits: exception from section 480A.

^{F2169}]

Textual Amendments
F2168Ss. 480A-480C inserted (with effect in accordance with Sch. 5 para. 7(2) of the amending Act) by Finance Act 1990 (c. 29), **Sch. 5 para. 7(1)**
F2169Ss. 480A-482 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 89, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F2170}480 Relevant deposits: computation of tax on interest.

^{F2171}]

Textual Amendments
F2170Ss. 480A-480C inserted (with effect in accordance with Sch. 5 para. 7(2) of the amending Act) by Finance Act 1990 (c. 29), **Sch. 5 para. 7(1)**
F2171S. 480C repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 185, **Sch. 3** (with Sch. 2)

481 “Deposit-taker”, “deposit” and “relevant deposit”.

^{F2172}

Textual Amendments
F2172Ss. 480A-482 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 89, **Sch. 3 Pt. 1** (with Sch. 2)

482 Supplementary provisions.

^{F2173}

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Textual Amendments

F2173Ss. 480A-482 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 89, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F2174} **482A Audit powers in relation to non-residents.**

F2175]

Textual Amendments

F2174S. 482A inserted by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), s.75

F2175S. 482A repealed (with effect in accordance with s. 145(11), Sch. 40 Pt. 5 Note of the repealing Act) by [Finance Act 2000 \(c. 17\)](#), s. 145(10), **Sch. 40 Pt. 5**

483 Determination of reduced rate for building societies and composite rate for banks etc.

F2176(1)

F2176(2)

F2176(3)

(4) If the order made under section 26 of the Finance Act 1984 in the year 1987-88 is made in pursuance of subsection (4) of that section, that order shall, notwithstanding that that subsection is not re-enacted by this Act, apply for the purposes of sections 476 and 479 for the year 1988-89.

F2176(5)

Textual Amendments

F2176S. 483(1)-(3)(5) repealed by [Finance Act 1990 \(c. 29\)](#), Sch. 5 para. 12, **Sch. 19 Part IV**, Note 8

484 Savings banks: exemption from tax.

F2177

Textual Amendments

F2177S. 484 repealed (with effect in accordance with s. 105(1) of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), Sch. 14 para 29, **Sch. 41 Pt. 5(3)**, Note (with Sch. 15)

485 Savings banks: supplemental.

F2178

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Textual Amendments

F2178S. 485 repealed (with effect in accordance with s. 105(1) of the repealing Act) by [Finance Act 1996](#) (c. 8), [Sch. 14 para. 29](#), [Sch. 41 Pt. 5\(3\)](#), Note (with Sch. 15)

486 Industrial and provident societies and co-operative associations.

F2179

Textual Amendments

F2179S. 486 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010](#) (c. 4), [Sch. 1 para. 58](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

487 Credit unions.

F2180

Textual Amendments

F2180S. 487 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009](#) (c. 4), [Sch. 1 para. 164](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

488 Co-operative housing associations.

- (1) Where a housing association makes a claim in that behalf for any year or part of a year of assessment during which the association was approved for the purposes of this section—
 - (a) ^{M111}rent to which the association was entitled from its members for the year or part shall be disregarded for tax purposes; and
 - (b) any yearly interest payable by the association for the year or part shall be treated for tax purposes [^{F2181}in relation to the association as if there were no interest so payable].
 - (c) ^{F2182}
- (2) Where the property, or any of the properties, to which any such interest as is mentioned in paragraph (b) of subsection (1) above relates is for any period not subject to a tenancy—
 - (a) that paragraph shall not apply in relation to so much of the interest as is attributable to the property not subject to a tenancy, ^{F2183}
 - (b) ^{F2183}
- (3) ^{F2184}
- (4) Where a claim under subsection (1) above has effect, any adjustment of the liability to tax of ^{F2185} . . . the association which is required in consequence of the claim may be made by an assessment or by repayment or otherwise, as the case may require.
- (5) Where a housing association makes a claim in that behalf for an accounting period or part of an accounting period during which it was approved for the purposes of this

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section, the housing association shall be exempt from corporation tax on chargeable gains accruing to it in the accounting period or part on the disposal by way of sale of any property which has been or is being occupied by a tenant of the housing association.

(6) References in this section to the approval of an association shall be construed as references to approval—

- (a) by the Secretary of State in the case of a housing association in Great Britain;
- (b) by the Head of the Department of the Environment for Northern Ireland in the case of a housing association in Northern Ireland;

and an association shall not be approved unless the approving authority is satisfied—

- (i) that the association is, or is deemed to be, duly registered under the ^{M112}Industrial and Provident Societies Act 1965 or the ^{M113}Industrial and Provident Societies Act (Northern Ireland) 1969, and is a housing association within the meaning of the ^{M114}Housing Associations Act 1985 or [^{F2186}Article 3 of the Housing (Northern Ireland) Order 1992];
- (ii) that the rules of the association restrict membership to persons who are tenants or prospective tenants of the association, and preclude the granting or assignment (or, in Scotland, the granting or assignation) of tenancies to persons other than members; and
- (iii) that the association satisfies such other requirements as may be prescribed by [^{F2187}the Secretary of State as respects Great Britain, or the Head of the Department for Social Development for Northern Ireland as respects Northern Ireland], and will comply with such conditions as may for the time being be so prescribed.

(7) An approval given for the purposes of this section shall have effect as from such date (whether before or after the giving of the approval) as may be specified by the approving authority and shall cease to have effect if revoked.

[^{F2188}(7A) [^{F2189}In relation to a housing association which is a registered provider of social housing] the Secretary of State may delegate any of his functions under subsections (6) and (7)—

- [^{F2190}(a) to the Regulator of Social Housing]^{F2191} . . .
- (b) ^{F2191}

to such extent and subject to such conditions as he may specify.]

(8) The Secretary of State as respects Great Britain, or the Head of the Department of the Environment for Northern Ireland as respects Northern Ireland, may make regulations for the purpose of carrying out the provisions of this section; and, from the coming into operation of regulations under this subsection prescribing requirements or conditions for the purposes of subsection (6)(iii) above, “prescribed” in subsection (6)(iii) above shall mean prescribed by or under such regulations.

The power to make regulations under this subsection shall be exercisable by the Secretary of State by statutory instrument and by the Head of the Department of the Environment for Northern Ireland by statutory rule for the purposes of the ^{M115}Statutory Rules (Northern Ireland) Order 1979.

[^{F2192}(9) A claim under this section may be made at any time not later than two years after the end of the year of assessment or accounting period to which, or to a part of which, it relates.]

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Section 42 of the Management Act shall not apply to a claim under this section.

- (10) Subject to subsection (11) below, [^{F2193}no claim shall be made under this section unless] during the year or accounting period, or part thereof, to which the claim relates—
- (a) no property belonging to the association making the claim was let otherwise than to a member of the association;
 - (b) no property let by the association, and no part of such property, was occupied, whether solely or as joint occupier, by a person not being a member of the association;
 - (c) the association making the claim satisfies the conditions specified in subsection (6)(i) and (ii) above and has complied with the conditions prescribed under subsection (6)(iii) for the time being in force; and
 - (d) any covenants required to be included in grants of tenancies by those conditions have been observed.

For the purposes of paragraph (b) above occupation by any other person in accordance with the will, or the provisions applicable on the intestacy, of a deceased member, shall be treated during the first six months after the death as if it were occupation by a member.

[^{F2194}(11) A housing association may make a claim under this section notwithstanding anything in subsection (10) above, if the association reasonably considers that the requirements of that subsection are substantially complied with.

(11A) If as a result of an enquiry—

- (a) [^{F2195}into a company tax return], in which a claim under this section by a housing association is included, or
- (b) under paragraph 5 of Schedule 1A to that Act into a claim under this section by a housing association, or an amendment of such a claim,

an amendment is made to the association's [^{F2196}return] or, as the case may be, to the claim, the liability of [^{F2197}the association] to tax for all relevant years or accounting periods may also be adjusted by the making of assessments or otherwise.]

(12) ^{F2198}.....

Textual Amendments

- F2181** Words in s. 488(1)(b) substituted (with effect in accordance with Sch. 4 para. 18(2) of the amending Act) by Finance Act 1999 (c. 16), Sch. 4 para. 15(2)(a)
- F2182** S. 488(1)(c) repealed (with effect in accordance with Sch. 4 para. 18(2) of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 15(2)(b), Sch. 20 Pt. 3(7), Note 2
- F2183** S. 488(2)(b) and preceding word repealed (with effect in accordance with Sch. 4 para. 18(2) of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 15(3), Sch. 20 Pt. 3(7), Note 2
- F2184** S. 488(3) repealed (with effect in accordance with s. 38(2)(3) of the repealing Act) by Finance Act 1998 (c. 36), Sch. 27 Pt. 3(4), Note
- F2185** Words in s. 488(4) repealed (with effect in accordance with Sch. 4 para. 18(2) of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 15(4), Sch. 20 Pt. 3(7), Note 2
- F2186** Words in s. 488(6) substituted (15.9.1992) by S.I. 1992/1725 (N.I. 15), arts. 1(2), 107, Sch. 8 para. 5
- F2187** Words in s. 488(6)(iii) substituted (29.7.2004) by The Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) Order 2004 (S.I. 2004/2030), arts. 1(1), 5
- F2188** S. 488(7A) inserted (1.10.1996) by Housing Act 1996 (c. 52), s. 232(3), Sch. 3 para. 8(2); S.I. 1996/2402, art. 3 (with Sch.)

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- F2189** Words in s. 488(7A) inserted (1.4.2010) by Housing and Regeneration Act 2008 (c. 17), s. 325(1), **Sch. 9 para. 13(a)**; S.I. 2010/862, **art. 2** (with Sch.)
- F2190** S. 488(7A)(a) substituted (1.4.2010) by Housing and Regeneration Act 2008 (c. 17), s. 325(1), **Sch. 9 para. 13(b)**; S.I. 2010/862, **art. 2** (with Sch.)
- F2191** S. 488(7A)(b) and preceding word repealed (1.11.1998) by Government of Wales Act 1998 (c. 38), ss. 140, 158, Sch. 16 para. 56, **Sch. 18 Pt. 6**; S.I. 1998/2244, **art. 5**
- F2192** S. 488(9) substituted (with effect in accordance with s. 134(2) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 20 para. 28(2)**
- F2193** Words in s. 488(10) substituted (with effect in accordance with s. 134(2) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 20 para. 28(3)**
- F2194** S. 488(11)(11A) substituted for s. 488(11) (with effect in accordance with s. 134(2) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 20 para. 28(4)**
- F2195** Words in s. 488(11A)(a) substituted (with effect in accordance with s. 117(4)(5) of the amending Act) by Finance Act 1998 (c. 36), Sch. 19 para. 48(2)(a); S.I. 1998/3173, **art. 2**
- F2196** Words in s. 488(11A) substituted (with effect in accordance with s. 117(4)(5) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 19 para. 48(2)(b)**; S.I. 1998/3173, **art. 2**
- F2197** Words in s. 488(11A) substituted (with effect in accordance with Sch. 4 para. 18(2) of the amending Act) by Finance Act 1999 (c. 16), **Sch. 4 para. 15(5)**
- F2198** S. 488(12) repealed (with effect in accordance with Sch. 4 para. 18(2) of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 15(6), **Sch. 20 Pt. 3(7)**, Note 2

Modifications etc. (not altering text)

- C143** S. 488: functions transferred (1.7.1999 with effect in accordance with art. 1(2) of the affecting S.I.) by The National Assembly for Wales (Transfer of Functions) Order 1999 (S.I. 1999/672), art. 2, **Sch. 1**
- C144** See reference to approved housing associations in 1988(F) s.43(3) and 44.
- C145** S. 488(7A) modified (1.12.2008) by The Transfer of Housing Corporation Functions (Modifications and Transitional Provisions) Order 2008 (S.I. 2008/2839), arts. 1(1), 3, **Sch. para. 1**; S.I. 2008/3068, **arts. 1(2), 2(1)(b)**

Marginal Citations

- M111** Source—1970 s.341; 1972 Sch.11 6
- M112** 1965 c. 12.
- M113** 1969 c.24 (N.I.).
- M114** 1985 c. 68.
- M115** S.I. 1979/1573 (N.I.12.).

489 Self-build societies.

- (1) ^{M116}Where a self-build society makes a claim in that behalf for any year or part of a year of assessment during which the society was approved for the purposes of this section, rent to which the society was entitled from its members for the year or part shall be disregarded for tax purposes.
- (2) Where a claim under subsection (1) above has effect, any adjustment of the society's liability to tax which is required in consequence of the claim may be made by an assessment or by repayment or otherwise, as the case may require.
- (3) Where a self-build society makes a claim in that behalf for an accounting period or part during which it was approved for the purposes of this section, the society shall be exempt from corporation tax on chargeable gains accruing to it in the accounting period or part thereof on the disposal of any land to a member of the society.

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- (4) References in this section to the approval of a self-build society are references to its approval by the Secretary of State, and the Secretary of State shall not approve a self-build society for the purposes of this section unless he is satisfied—
- (a) that the society is, or is deemed to be, duly registered under the ^{M117}Industrial and Provident Societies Act 1965; and
 - (b) that the society satisfies such other requirements as may be prescribed by or under regulations under subsection (6) below and will comply with such conditions as may for the time being be so prescribed.
- (5) An approval given for the purposes of this section shall have effect as from such date (whether before or after the giving of the approval) as may be specified by the Secretary of State and shall cease to have effect if revoked by him.
- [^{F2199}(5A) The Secretary of State may delegate any of his functions under subsections (4) and (5) to—
- (a) the [^{F2200}Regulator of Social Housing], where the society has its registered office in England for the purposes of the Industrial and Provident Societies Act 1965, ^{F2201} . . .
 - (b) ^{F2201}
- to such extent and subject to such conditions as he may specify.]
- (6) The Secretary of State may by statutory instrument make regulations for the purpose of carrying out the provisions of this section; and a statutory instrument containing any such regulations shall be subject to annulment in pursuance of a resolution of the House of Commons.
- [^{F2202}(7) A claim under this section may be made at any time not later than two years after the end of the year of assessment or accounting period to which, or to a part of which, it relates.]
- (8) Subject to subsection (9) below, [^{F2203}no claim shall be made under this section unless] during the year or accounting period, or part thereof, to which the claim relates—
- (a) no land owned by the society was occupied, in whole or in part and whether solely or as joint occupier, by a person who was not, at the time of his occupation, a member of the society; and
 - (b) the society making the claim satisfies the condition specified in paragraph (a) of subsection (4) above and has complied with the conditions prescribed under paragraph (b) of that subsection and for the time being in force;
- and for the purposes of paragraph (a) above, occupation by any other person in accordance with the will, or the provisions applicable on the intestacy, of a deceased member, shall be treated during the first six months after the death as if it were occupation by a member.
- [^{F2204}(9) A self-build society may make a claim under this section notwithstanding anything in subsection (8) above, if the society reasonably considers that the requirements of that subsection are substantially complied with.
- (9A) If as a result of an enquiry—
- (a) [^{F2205}into a company tax return], in which a claim under this section by a self-build society is included, or
 - (b) under paragraph 5 of Schedule 1A to that Act into a claim under this section by a self-build society or an amendment of such a claim,

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an amendment is made to the society's [^{F2206}return] or, as the case may be, to the claim, the society's liability to tax for all relevant years or accounting periods may also be adjusted by the making of assessments or otherwise.]

(10) A claim under this section shall be in such form and contain such particulars as may be prescribed by the Board.

(11) In this section—

“self-build society” has the same meaning as in the ^{M118}Housing Associations Act 1985 or, in Northern Ireland, Part VII of the ^{M119}Housing (Northern Ireland) Order 1981; and

“rent” includes any sums to which a self-build society is entitled in respect of the occupation of any of its land under a licence or otherwise.

(12) In the application of this section to Northern Ireland—

(a) any reference in subsections (4) and (5) above to the Secretary of State shall be construed as a reference to the Department of the Environment for Northern Ireland;

(b) the reference in subsection (4)(a) to the ^{M120}Industrial and Provident Societies Act 1965 shall be construed as a reference to the ^{M121}Industrial and Provident Societies Act (Northern Ireland) 1969; and

(c) for subsection (6) there shall be substituted the following subsection—

“(6) the Department of the Environment for Northern Ireland may by statutory rule for the purposes of the Statutory Rules (Northern Ireland) Order 1979 make regulations for the purpose of carrying out the provisions of this section; and a statutory rule containing any such regulations shall be subject to negative resolution within the meaning of section 41(6) of the Interpretation Act (Northern Ireland) 1954.”

Textual Amendments

F2199S. 489(5A) inserted (1.10.1996) by [Housing Act 1996 \(c. 52\)](#), s. 232(3), [Sch. 3 para. 8\(3\)](#); S.I. 1996/2402, [art. 3](#) (with Sch.)

F2200Words in s. 489(5A) substituted (1.4.2010) by [Housing and Regeneration Act 2008 \(c. 17\)](#), s. 325(1), [Sch. 9 para. 14](#); S.I. 2010/862, [art. 2](#) (with Sch.)

F2201S. 489(5A)(b) and preceding word repealed (1.11.1998) by [Government of Wales Act 1998 \(c. 38\)](#), ss. 140, 158, [Sch. 16 para. 57](#), [Sch. 18 Pt. 6](#); S.I. 1998/2244, [art. 5](#)

F2202S. 489(7) substituted (with effect in accordance with s. 134(2) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 20 para. 29\(2\)](#)

F2203Words in s. 489(8) substituted (with effect in accordance with s. 134(2) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 20 para. 29\(3\)](#)

F2204S. 489(9)(9A) substituted for s. 489(9) (with effect in accordance with s. 134(2) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 20 para. 29\(4\)](#)

F2205Words in s. 489(9A)(a) substituted (with effect in accordance with s. 117(4)(5) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 19 para. 49\(a\)](#); S.I. 1998/3173, [art. 2](#)

F2206Word in s. 489(9A) substituted (with effect in accordance with s. 117(4)(5) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 19 para. 49\(b\)](#); S.I. 1998/3173, [art. 2](#)

Modifications etc. (not altering text)

C146 S. 489: functions transferred (1.7.1999 with effect in accordance with art. 1(2) of the affecting S.I.) by [The National Assembly for Wales \(Transfer of Functions\) Order 1999 \(S.I. 1999/672\)](#), [art. 2](#), [Sch. 1](#)

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- C147** See 1976(D)—*exemption of certain housing associations from development land tax*. 1976(D)repealed from 19March 1985.
- C148** See reference to approved self-build societies in 1988(F) s.43(3)and s.44.
- C149** S. 489(5A) modified (1.12.2008) by [The Transfer of Housing Corporation Functions \(Modifications and Transitional Provisions\) Order 2008 \(S.I. 2008/2839\)](#), arts. 1(1), 3, **Sch. para. 1**; S.I. 2008/3068, **arts. 1(2), 2(1)(b)**

Marginal Citations

- M116** Source—1970 s.341A
- M117** 1965 c. 12.
- M118** 1985 c. 68.
- M119** S.I. 1981/156 (N.I. 3).
- M120** 1965 c. 12.
- M121** 1969 c. 24 (N.I.).

490 Companies carrying on a mutual business or not carrying on a business.

F2207

Textual Amendments
F2207S. 490 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), Sch. 1 para. 61, **Sch. 3 Pt. 1** (with Sch. 2)

491 Distribution of assets of body corporate carrying on mutual business.

F2208

Textual Amendments
F2208S. 491 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 165, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

CHAPTER V

Modifications etc. (not altering text)
C150 Pt. 12 Ch. 5 modified (27.7.1999) by [Finance Act 1999 \(c. 16\)](#), **s. 98**

PETROLEUM EXTRACTION ACTIVITIES

492 Treatment of oil extraction activities etc. for tax purposes.

F2209

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Textual Amendments

F2209S. 492 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 62, **Sch. 3 Pt. 1** (with Sch. 2)

493 Valuation of oil disposed of or appropriated in certain circumstances.

F2210

Textual Amendments

F2210S. 493 repealed (the repeal of s. 493(1)-(6) having effect for specified purposes only) (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 63, Sch. 3 Pts. 1, 2 (with Sch. 2); and s. 493(1)-(6) repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 181, **Sch. 10 Pt. 6** (with Sch. 9)

494 [^{F2211}**Loan relationships etc.**]

F2212

Textual Amendments

F2211 S. 494 sidenote substituted (with effect in accordance with s. 38(7)-(13) of the amending Act) by virtue of Finance (No. 2) Act 2005 (c. 22), **s. 38(5)**
F2212Ss. 494-494A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 64, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F2213}**494A Sale and lease-back.**

F2214]

Textual Amendments

F2213S. 494AA inserted (with application in accordance with s. 100(2)(3) of the amending Act) by Finance Act 1999 (c. 16), **s. 100(1)**
F2214Ss. 494-494A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 64, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F2215}**494B Computation of amount available for surrender by way of group relief.**

F2216]

Textual Amendments

F2215S. 494A inserted (with effect in accordance with s. 38(2)(3) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 5 para. 30** (with Sch. 5 para. 73)

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F2216Ss. 494-494A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 64, **Sch. 3 Pt. 1** (with Sch. 2)

495 Regional development grants.

F2217

Textual Amendments
F2217S. 495 repealed for specified purposes (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 65, **Sch. 3 Pt. 2** (with Sch. 2); and s. 495 repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 182, **Sch. 10 Pt. 6** (with Sch. 9)

496 [^{F2218}**Tariff receipts and tax-exempt tariffing receipts]**

F2219

Textual Amendments
F2218S. 496 sidenote substituted (with effect in accordance with s. 285(7) of the amending Act) by virtue of Finance Act 2004 (c. 12), **Sch. 37 para. 11(5)**
F2219S. 496 repealed for specified purposes (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 66, **Sch. 3 Pt. 2** (with Sch. 2); and s. 496 repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 183, **Sch. 10 Pt. 6** (with Sch. 9)

[^{F2220}**496A** ~~E~~**Exploration expenditure supplement**

Schedule 19B to this Act (exploration expenditure supplement) shall have effect.]

Textual Amendments
F2220S. 496A inserted (22.7.2004) by Finance Act 2004 (c. 12), **s. 286(2)**

[^{F2221}**496B** ~~R~~**Ring fence expenditure supplement**

F2222
]

Textual Amendments
F2221S. 496B inserted (19.7.2006) by Finance Act 2006 (c. 25), **s. 154(2)**
F2222S. 496B repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 67, **Sch. 3 Pt. 1** (with Sch. 2)

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497 Restriction on setting ACT against income from oil extraction activities etc.

F2223
.....

Textual Amendments

F2223S. 497 repealed (with effect in accordance with Sch. 3 para. 29(2) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), Sch. 3 para. 29(1), [Sch. 27 Pt. 3\(2\)](#), Note

498 Limited right to carry back surrendered ACT.

F2224
.....

Textual Amendments

F2224S. 498 repealed (with effect in accordance with Sch. 3 para. 30(2) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), Sch. 3 para. 30(1), [Sch. 27 Pt. 3\(2\)](#), Note (with Sch. 3 para. 30(3))

499 Surrender of ACT where oil extraction company etc. owned by a consortium.

F2225
.....

Textual Amendments

F2225S. 499 repealed (with effect in accordance with Sch. 3 para. 31(2) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), Sch. 3 para. 31(1), [Sch. 27 Pt. 3\(2\)](#), Note

500 Deduction of PRT in computing income for corporation tax purposes.

- (1) Where a participator in an oil field has paid any petroleum revenue tax with which he was chargeable for a chargeable period, then, in computing for corporation tax the amount of his income arising in the relevant accounting period from oil extraction activities or oil rights, there shall be deducted an amount equal to that petroleum revenue tax.
- (2) There shall be made all such adjustments of assessments to corporation tax as are required in order to give effect to subsection (1) above.
- (3) For the purposes of subsection (1) above, the relevant accounting period, in relation to any petroleum revenue tax paid by a company, is—
 - (a) the accounting period of the company in or at the end of which the chargeable period for which that tax was charged ends; or
 - [^{F2226}(b) if that chargeable period ends after the accounting period of the company in or at the end of which the company—
 - (i) ceases to carry on the trade giving rise to the income referred to above, or
 - (ii) ceases to be within the charge to corporation tax in respect of that trade,that accounting period.]

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- (4) [^{F2227}Subject to the following provisions of this section] if some or all of the petroleum revenue tax in respect of which a deduction has been made under subsection (1) above is subsequently repaid, that deduction shall be reduced or extinguished accordingly; and any additional assessment to corporation tax required in order to give effect to this subsection may be made at any time not later than [^{F2228}4 years] after the end of the [^{F2229}calendar year] in which the first-mentioned tax was repaid.
- [^{F2230}(5) If, in a case where paragraph 17 of Schedule 2 to the 1975 Act applies, an amount of petroleum revenue tax in respect of which a deduction has been made under subsection (1) above is repaid by virtue of an assessment under that Schedule or an amendment of such an assessment, then, so far as concerns so much of that repayment as constitutes the appropriate repayment,—
- (a) subsection (4) above shall not apply; and
 - (b) the following provisions of this section shall apply in relation to the company which is entitled to the repayment.
- (6) In subsection (5) above and the following provisions of this section—
- (a) “the appropriate repayment” has the meaning assigned by sub-paragraph (2) of paragraph 17 of Schedule 2 to the 1975 Act;
 - (b) in relation to the appropriate repayment, a “carried back loss” means an allowable loss which falls within sub-paragraph (1)(a) of that paragraph and which (alone or together with one or more other carried back losses) gives rise to the appropriate repayment;
 - (c) in relation to a carried back loss, “the operative chargeable period” means the chargeable period in which the loss accrued; and
 - (d) in relation to the company which is entitled to the appropriate repayment, “the relevant accounting period” [^{F2231}means—
 - (i) the accounting period in or at the end of which ends the operative chargeable period, or
 - (ii) if the company ceases to carry on its ring fence trade (or to be within the charge to corporation tax in respect of that trade) before the end of the operative chargeable period, the last accounting period of that trade (or, as the case requires, the accounting period during or at the end of which the company ceased to be within the charge to corporation tax in respect of that trade).]
- (7) In computing for corporation tax the amount of the company’s income arising in the relevant accounting period from oil extraction activities or oil rights there shall be added an amount equal to the appropriate repayment; but this subsection has effect subject to subsection (8) below in any case where—
- (a) two or more carried back losses give rise to the appropriate repayment; and
 - (b) the operative chargeable period in relation to each of the carried back losses is not the same; and
 - (c) if subsection (6)(d) above were applied separately in relation to each of the carried back losses there would be more than one relevant accounting period.
- (8) Where paragraphs (a) to (c) of subsection (7) above apply, the appropriate repayment shall be treated as apportioned between each of the relevant accounting periods referred to in paragraph (c) of that subsection in such manner as to secure that the amount added by virtue of that subsection in relation to each of those relevant accounting periods is what it would have been if—

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- (a) relief for each of the carried back losses for which there is a different operative chargeable period had been given by a separate assessment or amendment of an assessment under Schedule 2 to the 1975 Act; and
 - (b) relief for a carried back loss accruing in an earlier chargeable period had been so given before relief for a carried back loss accruing in a later chargeable period.
- (9) Any additional assessment to corporation tax required in order to give effect to the addition of an amount by virtue of subsection (7) above may be made at any time not later than [^{F2228}4 years] after the end of the calendar year in which is made the repayment of petroleum revenue tax comprising the appropriate repayment.
- (10) In this section “allowable loss” and “chargeable period” have the same meaning as in Part I of the 1975 Act and “calendar year” means a period of twelve months beginning on 1st January.]

Textual Amendments

- F2226**S. 500(3)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 170(2)** (with Sch. 2 Pts. 1, 2)
- F2227**Words in s. 500(4) inserted by Finance Act 1990 (c. 29), s. **62(1)(a)**
- F2228**Words in s. 500(4)(9) substituted (1.4.2010) by Finance Act 2008 (c. 9), s. 118(2), **Sch. 39 para. 23**; S.I. 2009/403, **art. 2(2)**
- F2229**Words in s. 500(4) substituted by Finance Act 1990 (c. 29), s. **62(1)(b)**
- F2230**S. 500(5)-(10) substituted for s. 500(5) by Finance Act 1990 (c. 29), s. **62(2)**
- F2231**Words in s. 500(6)(d) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 170(3)** (with Sch. 2 Pts. 1, 2)

501 Interest on repayment of PRT.

F2232]

Textual Amendments

- F2232**Ss. 500-501B repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 68, Sch. 3 Pt. 1** (with Sch. 2)

[^{F2233}**501A Supplementary charge in respect of ring fence trades**

F2234]

Textual Amendments

- F2233**S. 501A inserted (24.7.2002) by Finance Act 2002 (c. 23), **ss. 91, 93**
- F2234**Ss. 500-501B repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 68, Sch. 3 Pt. 1** (with Sch. 2)

[^{F2235}**501B Assessment, recovery and postponement of supplementary charge**

F2236]

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Textual Amendments

F2235S. 501B inserted (24.7.2002) by Finance Act 2002 (c. 23), ss. 92(1), 93

F2236Ss. 500-501B repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 68, Sch. 3 Pt. 1 (with Sch. 2)

502 Interpretation of Chapter V.

F2237

Textual Amendments

F2237S. 502 repealed (the repeal of s. 502(1)(2) having effect for specified purposes only) (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 69, Sch. 3 Pts. 1, 2 (with Sch. 2); and s. 502(1)(2) repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 184, Sch. 10 Pt. 6 (with Sch. 9)

[^{F2238}CHAPTER 5A

SPECIAL RULES FOR LONG FUNDING LEASES OF PLANT OR MACHINERY: CORPORATION TAX

Textual Amendments

F2238Pt. 12 Ch. 5A (ss. 502A-502L) inserted (with effect in accordance with Sch. 8 para. 15 of the amending Act) by Finance Act 2006 (c. 25), Sch. 8 para. 11

Introductory

502A Scope of Chapter 5A

F2239

Textual Amendments

F2239Pt. 12 Ch. 5A (ss. 502A-502L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 70, Sch. 3 Pt. 1 (with Sch. 2)

Lessors under long funding finance leases

502B Lessor under long funding finance lease: rental earnings

F2240

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Textual Amendments

F2240 Pt. 12 Ch. 5A (ss. 502A-502L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 70, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

502C Lessor under long funding finance lease: exceptional items

F2241

Textual Amendments

F2241 Pt. 12 Ch. 5A (ss. 502A-502L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 70, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

502D Lessor under long funding finance lease making termination payment

F2242

Textual Amendments

F2242 Pt. 12 Ch. 5A (ss. 502A-502L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 70, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Lessors under long funding operating leases

502E Lessor under long funding operating lease: periodic deduction

F2243

Textual Amendments

F2243 Pt. 12 Ch. 5A (ss. 502A-502L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 70, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

502F Long funding operating lease: lessor's additional expenditure

F2244

Textual Amendments

F2244 Pt. 12 Ch. 5A (ss. 502A-502L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 70, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

502G Lessor under long funding operating lease: termination of lease

F2245

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Textual Amendments
F2245Pt. 12 Ch. 5A (ss. 502A-502L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 70, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F2246}Lessors under long funding finance or operating leases: avoidance etc

Textual Amendments
F2246S. 502GA and preceding cross-heading inserted (with effect in accordance with [Sch. 20 para. 9\(5\)](#) of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 20 para. 9\(2\)](#)

502GA Cases where ss. 502B to 502G do not apply: plant or machinery held as trading stock

F2247

Textual Amendments
F2247Pt. 12 Ch. 5A (ss. 502A-502L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 70, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F2248}Cases where ss. 502B to 502G do not apply: lessor also lessee under non-long funding lease

F2249]

Textual Amendments
F2248S. 502GB inserted (with effect in accordance with [Sch. 20 para. 9\(6\)](#) of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 20 para. 9\(3\)](#)
F2249Pt. 12 Ch. 5A (ss. 502A-502L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 70, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F2250}Cases where ss. 502B to 502G do not apply: other avoidance

^{F2251}502GC]

Textual Amendments
F2250S. 502GC inserted (with effect in accordance with [Sch. 20 para. 9\(7\)](#) of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 20 para. 9\(4\)](#)
F2251Pt. 12 Ch. 5A (ss. 502A-502L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 70, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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[
F2252 **502GD** F2253
.....]]

Textual Amendments

F2252S. 502GD inserted (with effect in accordance with Sch. 33 para. 3 of the amending Act) by Finance Act 2009 (c. 10), Sch. 33 para. 1

F2253Pt. 12 Ch. 5A (ss. 502A-502L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 70, Sch. 3 Pt. 1 (with Sch. 2)

Insurance company as lessor

502H Insurance company as lessor

F2254
.....

Textual Amendments

F2254S. 502H omitted (with effect in accordance with Sch. 17 para. 17(12) of the repealing Act) by virtue of Finance Act 2008 (c. 9), Sch. 17 para. 17(10)(11)(b)

Lessees under long funding finance leases

502I Lessee under long funding finance lease: limit on deductions

F2255
.....

Textual Amendments

F2255Pt. 12 Ch. 5A (ss. 502A-502L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 70, Sch. 3 Pt. 1 (with Sch. 2)

502J Lessee under long funding finance lease: termination

F2256
.....

Textual Amendments

F2256Pt. 12 Ch. 5A (ss. 502A-502L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 70, Sch. 3 Pt. 1 (with Sch. 2)

Lessees under long funding operating leases

502K Lessee under long funding operating lease

F2257
.....

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Textual Amendments
F2257Pt. 12 Ch. 5A (ss. 502A-502L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 70, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Interpretation of Chapter

502L Interpretation of this Chapter

F2258]

Textual Amendments
F2258Pt. 12 Ch. 5A (ss. 502A-502L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 70, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

CHAPTER VI

MISCELLANEOUS BUSINESSES AND BODIES

[^{F2260}503 Letting of furnished holiday accommodation treated as a trade for certain
[^{F2259}corporation tax] purposes.

F2261]

Textual Amendments
F2259 Words in s. 503 sidenote inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 195\(5\)](#) (with [Sch. 2](#))
F2260 S. 503 substituted (with effect in accordance with s. 38(2)(3) of the amending Act) by [Finance Act 1998 \(c. 36\), Sch. 5 para. 42](#) (with [Sch. 5 para. 73](#))
F2261 S. 503 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 71, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

504 Supplementary provisions.

F2262

Textual Amendments
F2262 S. 504 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 173, Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

[^{F2263}504 Letting of furnished holiday accommodation treated as trade for certain income tax purposes

F2264]

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Textual Amendments

- F2263**S. 504A inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 197](#) (with [Sch. 2](#))
- F2264**S. 504A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 93](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

505 [^{F2265}**Charitable companies]: general.**

F2266

Textual Amendments

- F2265**Words in s. 505 sidenote substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 94\(10\)](#) (with [Sch. 2](#))
- F2266**S. 505 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 72](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

506 [^{F2267}**Charitable and non-charitable expenditure]**

F2268

Textual Amendments

- F2267**S. 506(3) heading substituted (with effect in accordance with s. 55(5) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 55\(2\)\(g\)](#)
- F2268**S. 506 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 73](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F2269}**506A**Transactions with substantial donors

F2270

Textual Amendments

- F2269**Ss. 506A-506C inserted (with effect in accordance with s. 54(2)(3) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 54\(1\)](#)
- F2270**S. 506A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 74](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F2269}**506B**ection 506A: exceptions

- (1) Section 506A shall not apply to a transaction within section 506A(1)(b) or (d) if the Commissioners for Her Majesty's Revenue and Customs determine that the transaction—
 - (a) takes place in the course of a business carried on by the substantial donor,
 - (b) is on terms which are no less beneficial to the [^{F2271}charitable company] than those which might be expected in a transaction at arm's length, and

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- (c) is not part of an arrangement for the avoidance of any tax.
- (2) Section 506A shall not apply to the provision of services to a substantial donor if the Commissioners determine that the services are provided—
 - (a) in the course of the actual carrying out of a primary purpose of the [F2271 charitable company], and
 - (b) on terms which are no more beneficial to the substantial donor than those on which services are provided to others.
- (3) Section 506A shall not apply to the provision of financial assistance to a [F2271 charitable company] by a substantial donor if the Commissioners determine that the assistance—
 - (a) is on terms which are no less beneficial to the [F2271 charitable company] than those which might be expected in a transaction at arm's length, and
 - (b) is not part of an arrangement for the avoidance of any tax.
- (4) Section 506A shall not apply to investment by a [F2271 charitable company] in the business of a substantial donor where the investment takes the form of the purchase of shares or securities listed on a recognised stock exchange.
- (5) A disposal at an undervalue [F2272; in respect of which relief is available under section 587B of this Act or section 431 of ITA 2007 (gifts of shares, securities and real property to charities etc)] shall not be a transaction to which section 506A applies (but may be taken into account in the application of section 506A(2)).
- (6) A disposal at an undervalue to which section 257(2) of the 1992 Act (gifts of chargeable assets) applies shall not be a transaction to which section 506A applies (but may be taken into account in the application of section 506A(2)).
- (7) In the application of section 506A payments by a [F2271 charitable company], or benefits arising to a substantial donor from a transaction, shall be disregarded in so far as [F2273 they relate to a donation by the donor, and—
 - (a) if the donation is made by a company, the payments or benefits do not prevent the donation being a qualifying donation for the purposes of section 339 because of subsection (3B)(b) of that section (restrictions on associated benefits), or
 - (b) if the donation is made by an individual, the payments or benefits do not prevent the donation being a qualifying donation for the purposes of section 416 of ITA 2007 because of subsection (7)(b) of that section (restrictions on associated benefits).]
- (8) A company which is wholly owned by a charity within the meaning of section 339(7AB) shall not be treated as a substantial donor in relation to [F2274 a charitable company which owns it (or any part of it)].
- (9) A [F2275 relevant housing provider] shall not be treated as a substantial donor in relation to a [F2271 charitable company] with which it is connected; and for that purpose—
 - (a) “[F2275 relevant housing provider]” means a body [F2276 which is a non-profit registered provider of social housing or which is] entered on a register maintained under—
 - (i) section 1 of the Housing Act 1996,
 - (ii) section 57 of the Housing (Scotland) Act 2001, or
 - (iii) Article 14 of the Housing (Northern Ireland) Order 1992, and
 - (b) a body and a [F2271 charitable company] are connected if (and only if)—

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- (i) the one is wholly owned, or subject to control, by the other, or
- (ii) both are wholly owned, or subject to control, by the same person.]

Textual Amendments

- F2269**Ss. 506A-506C inserted (with effect in accordance with s. 54(2)(3) of the amending Act) by Finance Act 2006 (c. 25), s. 54(1)
- F2271**Words in s. 506B(1)-(4)(7)(9) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 97(2) (with Sch. 2)
- F2272**Words in s. 506B(5) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 97(3) (with Sch. 2)
- F2273**Words in s. 506B(7) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 97(4) (with Sch. 2)
- F2274**Words in s. 506B(8) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 97(5) (with Sch. 2)
- F2275**Words in s. 506B(9) substituted (1.4.2010) by Housing and Regeneration Act 2008 (c. 17), s. 325(1), Sch. 9 para. 15(a); S.I. 2010/862, art. 2 (with Sch.)
- F2276**Words in s. 506B(9)(a) inserted (1.4.2010) by Housing and Regeneration Act 2008 (c. 17), s. 325(1), Sch. 9 para. 15(b); S.I. 2010/862, art. 2 (with Sch.)

506C Sections 506A and 506B: supplemental

F2277]

Textual Amendments

- F2269**Ss. 506A-506C inserted (with effect in accordance with s. 54(2)(3) of the amending Act) by Finance Act 2006 (c. 25), s. 54(1)
- F2277**S. 506C repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 76, Sch. 3 Pt. 1 (with Sch. 2)

507 The National Heritage Memorial Fund, the Historic Buildings and Monuments Commission for England and the British Museum.

F2278

Textual Amendments

- F2278**S. 507 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 77, Sch. 3 Pt. 1 (with Sch. 2)

508 Scientific research organisations.

F2279

Textual Amendments

- F2279**S. 508 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 78, Sch. 3 Pt. 1 (with Sch. 2)

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[^{F2280}**508A Investment trusts investing in housing.**

F2281

Textual Amendments

F2280Ss. 508A, 508B inserted (with effect in accordance with [Sch. 30 para. 3](#) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 30 para. 1](#)

F2281Ss. 508A, 508B repealed (with effect in accordance with s. 145(2) of the repealing Act) by [Finance Act 2006 \(c. 25\)](#), s. 143(a), [Sch. 26 Pt. 4](#)

508B Interpretation of section 508A.

F2282

Textual Amendments

F2280Ss. 508A, 508B inserted (with effect in accordance with [Sch. 30 para. 3](#) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 30 para. 1](#)

F2282Ss. 508A, 508B repealed (with effect in accordance with s. 145(2) of the repealing Act) by [Finance Act 2006 \(c. 25\)](#), s. 143(a), [Sch. 26 Pt. 4](#)

[^{F2283}**508A Contemplative religious communities: profits exempt from corporation tax**

- (1) Subsection (2) applies in a case where members of a qualifying contemplative religious community transfer all their income and assets, or covenant all their income, to the community (“the independent community”) (and for this purpose it is irrelevant whether or not the community is part of an order or religious institution).
- (2) As respects each chargeable period of the independent community, and each person who is a qualifying member of the independent community at any time in that period, the independent community shall be treated for the purposes of corporation tax as if an amount of its profits for the chargeable period equal to the relevant amount (see subsections (5) to (7)) were income of the qualifying member.
- (3) Subsection (4) applies in a case where—
 - (a) one or more qualifying contemplative religious communities (“constituent communities”) are part of an order or religious institution (“the parent body”), and
 - (b) members of the constituent communities transfer all their income and assets, or covenant all their income, to the parent body.
- (4) As respects each chargeable period of the parent body, and each person who is a qualifying member of a constituent community at any time in that period, the parent body shall be treated for the purposes of corporation tax as if an amount of its profits for the chargeable period equal to the relevant amount (see subsections (5) to (7)) were income of the qualifying member.
- (5) For the purposes of subsections (2) and (4), the relevant amount, in relation to a chargeable period, is the amount of the annual personal allowance for persons under 65 (see section 35 of ITA 2007) for—
 - (a) the tax year which begins in the chargeable period, or

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(b) if no tax year begins in the chargeable period, the tax year which is current when the chargeable period begins.

(6) But, if the chargeable period is less than 12 months, the relevant amount is—

$$\frac{P}{365} \times A$$

where—

P is the number of days in the chargeable period;

A is the amount determined under subsection (5) in relation to the chargeable period.

(7) If, during the chargeable period, an individual ceases to be a qualifying member of the independent community or a constituent community (otherwise than on death), the relevant amount, in relation to the chargeable period and that qualifying member, is—

$$\frac{Q}{P} \times B$$

where—

Q is the number of days in the chargeable period for which the individual is a qualifying member of the independent community or constituent community;

P is the number of days in the chargeable period;

B is the amount determined under subsection (5), or subsections (5) and (6), in relation to the chargeable period.

(8) So far as the exemption from corporation tax conferred by this section calls for repayment of tax, no repayment shall be made except on a claim made by the independent community or parent body.

(9) In a case where a member of an independent community or constituent community—

(a) has transferred or covenanted income to the community (in the case of an independent community) or the parent body (in the case of a constituent community), and

(b) has income for a tax year which does not exceed 20% of the annual personal allowance for persons under 65 (see section 35 of ITA 2007) for that tax year, the member is, for the purposes of this section, to be taken to have transferred or covenanted all his or her income for that tax year to the community or parent body.

(10) For the purposes of this section a contemplative religious community is a “qualifying” contemplative religious community if—

(a) the community is established in the United Kingdom,

(b) the members of the community live and practise their religion in a communal establishment, and

(c) the community is not a charity, but the religion that is professed by the members of the community does not prevent the community from being a charity.

(11) In this section—

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“member”, in relation to a religious community, means an individual who—

- (a) is living in the community, and
- (b) has taken vows or made equivalent commitments (whether probationary or not);

“qualifying member”, in relation to a religious community, means a member of the community who—

- (a) has been a member of the community for a period of at least six months, and
- (b) has transferred all his or her income and assets, or covenanted all his or her income, to the community (in the case of an independent community) or the parent body (in the case of a constituent community).]

Textual Amendments

F2283 Ss. 508A, 508B inserted (1.4.2010 with effect in accordance with art. 6(2) of the amending S.I.) by The Enactment of Extra-Statutory Concessions Order 2010 (S.I. 2010/157), arts. 1, 6(1)

[^{F2283}508E] Contemplative religious communities: gains exempt from corporation tax

- (1) Subsection (2) applies if, as respects a chargeable period—
 - (a) section 508A(2) applies in relation to an independent community,
 - (b) the profits of the independent community in the chargeable period are less than the total of the amounts that fall to be treated as income of the qualifying members of the community in accordance with section 508A(2), and
 - (c) the independent community has chargeable gains in the chargeable period.
- (2) As respects the chargeable period and each qualifying member of the independent community, the community shall be treated for the purposes of corporation tax as if the relevant amount of its chargeable gains for that period were income of the qualifying member.
- (3) Subsection (4) applies if, as respects a chargeable period—
 - (a) section 508A(4) applies in relation to a parent body,
 - (b) the profits of the parent body in the chargeable period are less than the total of the amounts that fall to be treated as income of the qualifying members of the constituent communities in accordance with section 508A(4), and
 - (c) the parent body has chargeable gains in the chargeable period.
- (4) As respects the chargeable period and each qualifying member of a constituent community, the parent body shall be treated for the purposes of corporation tax as if the relevant amount of its chargeable gains for that period were income of the qualifying member.
- (5) For the purposes of subsections (2) and (4), the relevant amount, in relation to a qualifying member of the independent community or a constituent community, is the smaller of—
 - (a) the shortfall in profits, and
 - (b) the average gain.
- (6) The shortfall in profits is the difference between—

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- (a) the relevant amount determined under section 508A(5) to (7) in relation to the qualifying member, and
 - (b) the amount that has actually been treated as the income of the qualifying member.
- (7) The average gain is—

$$\frac{G}{N}$$

where—

G is the amount of the chargeable gains which the independent community or parent body has in the chargeable period;

N is the number calculated by adding together the relevant value for each qualifying member of the independent community or constituent communities who, under section 508A(2) or (4), falls to be treated as having income.

- (8) For the purposes of calculating “N” in subsection (7)—
- (a) the relevant value for a qualifying member is 1;
 - (b) but, if section 508A(7) applies in relation to the qualifying member, the relevant value for that member is—

$$1 \times \frac{Q}{P}$$

where Q and P have the same meanings as in section 508A(7).

- (9) So far as the exemption from corporation tax conferred by this section calls for repayment of tax, no repayment shall be made except on a claim made by the independent community or parent body.]

Textual Amendments

F2283 Ss. 508A, 508B inserted (1.4.2010 with effect in accordance with art. 6(2) of the amending S.I.) by The Enactment of Extra-Statutory Concessions Order 2010 (S.I. 2010/157), arts. 1, 6(1)

509 Reserves of marketing boards and certain other statutory bodies.

F2284

Textual Amendments

F2284 S. 509 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 176, Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

510 Agricultural societies.

F2285

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Textual Amendments
F2285S. 510 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 79, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F2286} **510** ~~European economic interest groupings.~~

F2287]

Textual Amendments
F2286S. 510A inserted (retrospective to 1.7.1989) by [Finance Act 1990 \(c. 29\), Sch. 11 paras. 1, 5](#)
F2287S. 510A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 80, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

511 The Electricity Council and Boards, the Northern Ireland Electricity Service and the Gas Council.

- (1) ^{F2288}
- (2) ^{F2288}
- (3) ^{F2288}
- ^{F2289} (4)
- ^{F2289} (5)
- (6) ^{F2288}
- (7) ^{F2290}

Textual Amendments
F2288S. 511(1)-(3)(6) repealed (9.11.2001) by [Electricity Act 1989 \(c. 29\), s. 113\(2\), Sch. 18](#); S.I. 2001/3419, [art. 2](#)
F2289S. 511(4)(5) repealed (1.4.1992) by S.I. 1992/231 (N.I. 1), [art. 95\(4\), Sch.14](#); S.R. 1992/117, [art. 3\(1\)](#)
F2290S. 511(7) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 81, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

512 Atomic Energy Authority and National Radiological Protection Board.

F2291

Textual Amendments
F2291S. 512 repealed (with effect in accordance with s. 46(4)(c)-(e) of the repealing Act) by [Finance \(No. 2\) Act 2005 \(c. 22\), s. 46\(2\)\(c\)\(d\), Sch. 11 Pt. 2\(12\)](#), Note (with s. 46(7)); and s. 512(2) repealed (6.4.2006) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 3](#), Note (with [Sch. 36](#))

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513 British Airways Board and National Freight Corporation.

F2292
.....

Textual Amendments

F2292S. 513 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 82, Sch. 3 Pt. 1 (with Sch. 2)

514 Funds for reducing the National Debt.

F2293
.....

Textual Amendments

F2293S. 514 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 200, Sch. 3 (with Sch. 2)

515 Signatories to Operating Agreement for INMARSAT.

F2294
.....

Textual Amendments

F2294S. 515 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 102, Sch. 3 Pt. 1 (with Sch. 2)

516 Government securities held by non-resident central banks.

F2295
.....

Textual Amendments

F2295S. 516 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 103, Sch. 3 Pt. 1 (with Sch. 2)

517 Issue departments of the Reserve Bank of India and the State Bank of Pakistan.

F2296
.....

Textual Amendments

F2296S. 517 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 83, Sch. 3 Pt. 1 (with Sch. 2)

518 Harbour reorganisation schemes.

F2297
.....

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Textual Amendments

F2297S. 518 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 84, **Sch. 3 Pt. 1** (with Sch. 2)

519 Local authorities.

F2298

Textual Amendments

F2298S. 519 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 85, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F2299}**519A Health service bodies.**

F2300]

Textual Amendments

F2299S. 519A inserted (17.9.1990) by National Health Service and Community Care Act 1990 (c. 19), **ss. 61(1), 67(2)**; S.I. 1990/1329, art. 2(5)(a), **Sch. 2**

F2300S. 519A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 86, **Sch. 3 Pt. 1** (with Sch. 2)

PART XIII

MISCELLANEOUS SPECIAL PROVISIONS

CHAPTER I

INTELLECTUAL PROPERTY

Modifications etc. (not altering text)

C151 Pt. 13 Ch. 1 modified (8.11.1995) by Atomic Energy Authority Act 1995 (c. 37), **Sch. 3 para. 20**

Patents and know-how

520 Allowances for expenditure on purchase of patent rights: post-31st March 1986 expenditure.

F2301

Status: Point in time view as at 01/04/2010. This version of this Act contains provisions that are not valid for this point in time.
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Textual Amendments

F2301 Ss. 520-523 repealed (with effect in accordance with s. 579 of the repealing Act) by [Capital Allowances Act 2001 \(c. 2\), Sch. 2 para. 44, Sch. 4](#)

521 Provisions supplementary to section 520.

F2302

Textual Amendments

F2302 Ss. 520-523 repealed (with effect in accordance with s. 579 of the repealing Act) by [Capital Allowances Act 2001 \(c. 2\), Sch. 2 para. 44, Sch. 4](#)

522 Allowances for expenditure on purchase of patent rights: pre-1st April 1986 expenditure.

F2303

Textual Amendments

F2303 Ss. 520-523 repealed (with effect in accordance with s. 579 of the repealing Act) by [Capital Allowances Act 2001 \(c. 2\), Sch. 2 para. 44, Sch. 4](#)

523 Lapses of patent rights, sales etc.

F2304

Textual Amendments

F2304 Ss. 520-523 repealed (with effect in accordance with s. 579 of the repealing Act) by [Capital Allowances Act 2001 \(c. 2\), Sch. 2 para. 44, Sch. 4](#)

524 Taxation of receipts from sale of patent rights.

F2305

Textual Amendments

F2305 S. 524 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 179, Sch. 3 Pt. 1 \(with Sch. 2 Pts. 1, 2\)](#)

525 Capital sums: ^{F2306} . . . winding up or partnership change.

F2307

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Textual Amendments

- F2306** Word in s. 525 sidenote omitted (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by virtue of [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 202\(5\)](#) (with [Sch. 2](#))
- F2307** S. 525 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 180](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

526 Relief for expenses.

F2308

Textual Amendments

- F2308** S. 526 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 181](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

527 Spreading of royalties over several years.

[^{F2309M122}(1) Where—

- (a) a royalty or other sum is paid to a company in respect of the user of a patent,
- (b) the user extended over a period of six complete years or more, and
- (c) the payment is one from which a sum representing income tax must be deducted under section 903 of ITA 2007,

the company may on the making of a claim require that the corporation tax payable by it by reason of the receipt of that sum shall be reduced so as not to exceed the total amount of corporation tax which would have been payable by it if that royalty or sum had been paid in six equal instalments at yearly intervals, the last of which was paid on the date on which the payment was in fact made.]

- (2) Subsection (1) above shall apply in relation to a royalty or other sum where the period of the user is two complete years or more but less than six complete years as it applies to the royalties and sums mentioned in that subsection, but with the substitution for the reference to six equal instalments of a reference to so many equal instalments as there are complete years comprised in that period.

(3) ^{F2310}

(4) ^{F2311}

Textual Amendments

- F2309** S. 527(1) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 108\(2\)](#) (with [Sch. 2](#))
- F2310** S. 527(3) repealed (with effect in accordance with Sch. 14 Pt. 8 Note 5 of the repealing Act) by [Finance Act 1988 \(c. 39\)](#), [Sch. 14 Pt. 8](#)
- F2311** S. 527(4) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 108\(3\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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Marginal Citations

M122 Source - 1970 s.384

528 Manner of making allowances and charges.

F2312
.....

Textual Amendments

F2312S. 528 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 182, Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

529 Patent income to be earned income in certain cases.

F2313
.....

Textual Amendments

F2313S. 529 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 206, Sch. 3](#) (with [Sch. 2](#))

530 Disposal of know-how.

F2314
.....

Textual Amendments

F2314S. 530 repealed (with effect in accordance with s. 579 of the repealing Act) by [Capital Allowances Act 2001 \(c. 2\), Sch. 2 para. 47, Sch. 4](#)

531 Provisions supplementary to section 530.

F2315
.....

Textual Amendments

F2315S. 531 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 183, Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

532 Application of Capital Allowances Act

F2316
.....

Textual Amendments

F2316S. 532 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 184, Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

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533 Interpretation of sections 520 to 532.

F2317

Textual Amendments

F2317S. 533 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 185, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Copyright and public lending right

534 Relief for copyright payments etc.

F2318

Textual Amendments

F2318S. 534 repealed (with effect in accordance with s. 71(3) of the repealing Act) by Finance Act 2001 (c. 9), **Sch. 33 Pt. 2(6)**

535 Relief where copyright sold after ten years or more.

F2319

Textual Amendments

F2319S. 535 repealed (with effect in accordance with s. 71(3) of the repealing Act) by Finance Act 2001 (c. 9), **Sch. 33 Pt. 2(6)**

536 Taxation of royalties where owner abroad.

F2320

Textual Amendments

F2320Ss. 536, 537, 537B repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 110, **Sch. 3 Pt. 1** (with Sch. 2)

537 Public lending right.

F2321

Textual Amendments

F2321Ss. 536, 537, 537B repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 110, **Sch. 3 Pt. 1** (with Sch. 2)

Status: Point in time view as at 01/04/2010. This version of this Act contains provisions that are not valid for this point in time.
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F²³²² Designs

Textual Amendments

F2322 Ss. 537A, 537B and preceding cross-heading inserted (1.8.1989) by [Intellectual Property Act 1988](#) (c. 48), [Sch. 7 para. 36\(6\)](#); S.I. 1989/816, [art. 2](#)

537A Relief for payments in respect of designs.

F2323
.....

Textual Amendments

F2323 S. 537A repealed (with effect in accordance with s. 71(3) of the repealing Act) by [Finance Act 2001](#) (c. 9), [Sch. 33 Pt. 2\(6\)](#)

537B Taxation of design royalties where owner abroad.

F2324
.....]

Textual Amendments

F2324 Ss. 536, 537, 537B repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007](#) (c. 3), [Sch. 1 para. 110](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Artists' receipts

538 Relief for painters, sculptors and other artists.

F2325
.....

Textual Amendments

F2325 S. 538 repealed (with effect in accordance with s. 71(3) of the repealing Act) by [Finance Act 2001](#) (c. 9), [Sch. 33 Pt. 2\(6\)](#)

CHAPTER II

LIFE POLICIES, LIFE ANNUITIES AND CAPITAL REDEMPTION POLICIES

Modifications etc. (not altering text)

C152 Pt. 13 Ch. 2 restricted (with effect in accordance with s. 105(1) of the affecting Act) by [Finance Act 1996](#) (c. 8), [Sch. 13 para. 3\(2\)](#) (with [Sch. 13 para. 16](#))

C153 Pt. 13 Ch. 2 applied (with modifications) (6.4.1999) by [The Individual Savings Account Regulations 1998](#) (S.I. 1998/1870), [regs. 35\(7\)](#), [36\(3\)-\(7\)](#) (as amended by [The Individual Savings Account \(Amendment\) Regulations 1998](#) (S.I. 1998/3174), [reg. 12](#))

Status: Point in time view as at 01/04/2010. This version of this Act contains provisions that are not valid for this point in time.
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- C154** Pt. 13 Ch. 2 applied (with modifications) (6.4.1999 with effect in accordance with reg. 1 of the affecting S.I.) by [The Personal Portfolio Bonds \(Tax\) Regulations 1999 \(S.I. 1999/1029\)](#), **reg. 6(2)-(8)** (as amended (6.4.2002) by [The Personal Portfolio Bonds \(Tax\) \(Amendment\) Regulations 2002 \(S.I. 2002/455\)](#), **regs. 1, 2**)
- C155** Pt. 13 Ch. 2 modified (9.4.2003) by [Finance Act 2003 \(c. 14\)](#), s. 171(1)(3), **Sch. 34 para. 3**
- C156** Pt. 13 Ch. 2 modified (9.4.2003) by [Finance Act 2003 \(c. 14\)](#), s. 171(1)(3), **Sch. 34 para. 15**
- C157** Pt. 13 Ch. 2 modified (6.4.2005) by [The Child Trust Funds Regulations 2004 \(S.I. 2004/1450\)](#), **regs. 1, 2(1), 38(3)-(8)**; S.I. 2004/3369, **art. 2(1)**
- C158** Pt. 13 Ch. 2 modified (20.7.2005) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 7 para. 14(5)-(7)**
- C159** Pt. 13 Ch. 2 modified (with effect in accordance with Sch. 13 para. 5 of the modifying Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 13 para. 6**

539 Introductory.

F2326

Textual Amendments

F2326Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 14 para. 3**

[^{F2327}**539ZA** **Application of this Chapter etc. to policies and contracts in which persons other than companies are interested**

F2328]

Textual Amendments

F2327S. 539ZA inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), **Sch. 1 para. 211** (with Sch. 2)
F2328Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 14 para. 3**

[^{F2329}**539A** **The conditions for being an excepted group life policy**

F2330]

Textual Amendments

F2329S. 539A inserted (9.4.2003) by [Finance Act 2003 \(c. 14\)](#), s. 171(1)(3), **Sch. 34 para. 2**
F2330Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 14 para. 3**

540 Life policies: chargeable events.

F2331

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Textual Amendments

F2331Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

541 Life policies: computation of gain.

F2332

.....
Textual Amendments

F2332Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

542 Life annuity contracts: chargeable events.

F2333

.....
Textual Amendments

F2333Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

543 Life annuity contracts: computation of gain.

F2334

.....
Textual Amendments

F2334Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

544 Second and subsequent assignment of life policies and contracts.

F2335

.....
Textual Amendments

F2335Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

545 Capital redemption policies.

F2336

Status: Point in time view as at 01/04/2010. This version of this Act contains provisions that are not valid for this point in time.
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Textual Amendments

F2336Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

546 Calculation of certain amounts for purposes of sections 540, 542 and 545.

F2337

Textual Amendments

F2337Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

[^{F2338}546A Treatment of certain assignments etc involving co-ownership

F2339]

Textual Amendments

F2338S. 546A inserted (with effect in accordance with s. 83(2) of the amending Act) by [Finance Act 2001 \(c. 9\)](#), [Sch. 28 para. 9](#)

F2339Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

[^{F2340}546B Special provision in respect of certain section 546 excesses

F2341

Textual Amendments

F2340Ss. 546B-546D inserted (with effect in accordance with s. 83(2) of the amending Act) by [Finance Act 2001 \(c. 9\)](#), [Sch. 28 para. 10](#)

F2341Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

546C Charging the section 546 excess to tax where section 546B applies

F2342

Textual Amendments

F2340Ss. 546B-546D inserted (with effect in accordance with s. 83(2) of the amending Act) by [Finance Act 2001 \(c. 9\)](#), [Sch. 28 para. 10](#)

F2342Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 3](#)

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546D Modifications of s.546C for final year ending with terminal chargeable event

F2343]

Textual Amendments

F2340Ss. 546B-546D inserted (with effect in accordance with s. 83(2) of the amending Act) by Finance Act 2001 (c. 9), Sch. 28 para. 10

F2343Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 3

547 Method of charging gain to tax.

F2344

Textual Amendments

F2344Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 3

[^{F2345}547] Method of charging gain to tax: multiple interests.

F2346]

Textual Amendments

F2345S. 547A inserted (with effect in accordance with Sch. 14 para. 7(5) of the amending Act) by Finance Act 1998 (c. 36), Sch. 14 para. 2

F2346Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 3

548 Deemed surrender of certain loans.

F2347

Textual Amendments

F2347Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 3

[^{F2348}548] Effect of rebated or reinvested commission in certain cases

F2349

Textual Amendments

F2348Ss. 548A, 548B inserted (with effect in accordance with s. 29(4) of the amending Act) by Finance Act 2007 (c. 11), s. 29(1)

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F2349 Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 3**

548B Section 548A: further definitions

F2350]

Textual Amendments
F2348 Ss. 548A, 548B inserted (with effect in accordance with s. 29(4) of the amending Act) by Finance Act 2007 (c. 11), s. 29(1)
F2350 Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 3**

549 Certain deficiencies allowable as deductions.

F2351

Textual Amendments
F2351 S. 549 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 219, **Sch. 3** (with Sch. 2)

550 Relief where gain charged at a higher rate.

F2352

Textual Amendments
F2352 S. 550 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 220, **Sch. 3** (with Sch. 2)

551 Right of individual to recover tax from trustees.

F2353

Textual Amendments
F2353 S. 551 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 221, **Sch. 3** (with Sch. 2)

[^{F2354} 551] Right of company to recover tax from trustees.

F2355]

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Textual Amendments

F2354Ss. 551A inserted (with effect in accordance with Sch. 14 para. 7(5) of the amending Act) by Finance Act 1998 (c. 36), Sch. 14 para. 3

F2355Ss. 539-551A omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 3

[^{F2356}552]Information: duty of insurers.

- (1) Where a chargeable event ^{F2357} . . . has happened in relation to any policy or contract, the body by or with whom the policy or contract was issued, entered into or effected shall—
 - (a) unless satisfied that no gain is to be treated as arising by reason of the event, deliver to the appropriate policy holder before the end of the relevant three month period a certificate specifying the information described in subsection (5) below; and
 - (b) if the condition in paragraph (a) or (b) of subsection (2) below is satisfied, deliver to the inspector before the end of the relevant three month period a certificate specifying the information described in subsection (5) below together with the name and address of the appropriate policy holder.
- (2) For the purposes of this section—
 - (a) the condition in this paragraph is that the event is an assignment for money or money's worth of the whole of the rights conferred by the policy or contract; or
 - (b) the condition in this paragraph is that the amount of the gain, or the aggregate amount of the gain and any gains connected with it, exceeds one half of the basic rate limit for the relevant year of assessment.
- (3) If, in the case of every certificate which a body delivers under subsection (1)(a) above which relates to a gain attributable to a year of assessment ^{F2358} . . . , the body also delivers to the inspector—
 - (a) before the end of the relevant three month period for the purposes of subsection (1)(b) above,
 - (b) by a means prescribed by the Board for the purposes of this subsection under section 552ZA(5), and
 - (c) in a form so prescribed in the case of that means,
a certificate specifying the same information as the certificate under subsection (1)(a) together with the name and address of the appropriate policy holder, the body shall be taken to have complied with the requirements of subsection (1)(b) above in relation to that year of assessment ^{F2359} . . . so far as relating to the chargeable events to which the certificates relate.
- (4) Where a certificate is not required to be delivered under subsection (1)(b) above in the case of any chargeable event—
 - (a) the inspector may by notice require the body to deliver to him a copy of any certificate that the body was required to deliver under subsection (1)(a) above which relates to the chargeable event; and
 - (b) it shall be the duty of the body to deliver such a copy within 30 days of receipt of the notice.

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- (5) The information to be given to the appropriate policy holder pursuant to subsection (1) (a) above or the inspector pursuant to subsection (1)(b) above is—
- (a) any unique identifying designation given to the policy or contract;
 - (b) the nature of the chargeable event and—
 - (i) the date on which it happened; and
 - (ii) if it is a chargeable event by virtue of ^{F2360} . . . [^{F2361}section 514(1) of ITTOIA 2005 (chargeable events where transaction-related calculations show gains), the date on which [^{F2362}the insurance year ends];]
 - (c) if the event is the assignment of all the rights conferred by the policy or contract, such of the following as may be required for computing the amount of the gain to be treated as arising by virtue of ^{F2363} . . . [^{F2364}Chapter 9 of Part 4 of ITTOIA 2005]—
 - (i) ^{F2365} . . . [^{F2366}the amount or value of any capital sums of a kind referred to in section 492(1)(b) to (e) of ITTOIA 2005];
 - (ii) the amounts previously paid under the policy or contract by way of premiums or otherwise by way of consideration for an annuity;
 - (iii) ^{F2367} . . . [^{F2368}the amount of so much of any payment previously made on account of an annuity as is exempt under section 717 of ITTOIA 2005];
 - (iv) the value of any previously assigned parts of or shares in the rights conferred by the policy or contract;
 - (v) ^{F2369} . . . [^{F2370}the total of the amounts of gains treated as arising on previous chargeable events within section 509(1) or 514(1) of ITTOIA 2005];
 - (d) except where paragraph (c) above applies, the amount of the gain treated as arising by reason of the event;
 - ^{F2371}(e) the number of years relevant for computing the annual equivalent of the amount of the gain for the purposes of subsection (1) of section 536 of ITTOIA 2005 (top slicing relieved liability: one chargeable event), apart from subsections (6) and (8) of that section;]
 - ^{F2372}(f) on the assumption that section 465 of ITTOIA 2005 (person liable: individuals) has effect in relation to the gain —
 - (i) whether an individual would fall to be treated as having paid income tax at the [^{F2373}basic rate] on the amount of the gain in accordance with section 530 of that Act; and
 - (ii) if so, except in a case where paragraph (c) above applies, the amount of such tax that would fall to be so treated as paid.]
- (6) For the purposes of subsection (1)(a) above, the relevant three month period is whichever of the following periods ends the latest—
- (a) the period of three months following the happening of the chargeable event;
 - (b) if the event is a surrender or assignment which is a chargeable event by virtue of ^{F2374} . . . [^{F2375}section 514(1) of ITTOIA 2005 ^{F2376} . . .], the period of three months following the end of [^{F2377}the insurance year] in which the event happens;
 - (c) if the event is a death or an assignment of the whole of the rights or a surrender or assignment which is a chargeable event by virtue of ^{F2378} . . .

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[^{F2379}section 514(1) of ITTOIA 2005 ^{F2378}. . .], the period of three months beginning with receipt of written notification of the event.

(7) For the purposes of subsection (1)(b) above, the relevant three month period is whichever of the following periods ends the latest—

- (a) the period of three months following the end of the year of assessment ^{F2380}. . . in which the event happened;
- (b) if the event is a surrender or assignment which is a chargeable event by virtue of [^{F2381}section 514(1) of ITTOIA 2005, the period of three months following the end of the insurance year] in which the event happens;
- (c) if the event is a death or an assignment, the period of three months beginning with receipt of written notification of the event;
- (d) if a certificate under subsection (1)(b) above would not be required in respect of the event apart from the happening of another event, and that other event is one of those mentioned in paragraph (c) above, the period of three months beginning with receipt of written notification of that other event.

(8) For the purposes of this section the cases where a gain is connected with another gain are those cases where—

- (a) both gains arise in connection with policies or contracts containing obligations which, immediately before the chargeable event, were obligations of the same body;
- (b) the policy holder of those policies or contracts is the same;
- (c) both gains are attributable to the same year of assessment ^{F2382}. . . ;
- (d) the terms of the policies or contracts are the same, apart from any difference in their maturity dates; and
- (e) the policies or contracts were issued in respect of insurances made, or were entered into or effected, on the same date.

(9) For the purposes of this section, the year of assessment ^{F2383}. . . to which a gain is attributable is—

- (a) in the case of a gain treated as arising by virtue of [^{F2384}subsection (1) of section 514 of ITTOIA 2005, the year of assessment which includes the end of the insurance year mentioned in subsection (3) and (4) of that section;] or
- (b) in any other case, the year of assessment ^{F2385}. . . in which happens the chargeable event by reason of which the gain is treated as arising.

(10) In this section—

“amount”, in relation to any gain, means the amount of the gain apart from ^{F2386}. . . [^{F2387}section 528 of ITTOIA 2005];

“appropriate policy holder” means—

- (a) in relation to an assignment of part of or a share in the rights conferred by a policy or contract, any person who is both—
 - (i) the policy holder, or one of the policy holders, immediately before the assignment; and
 - (ii) the assignor or one of the assignors; and
- (b) in relation to any other chargeable event, the person who is the policy holder immediately before the happening of the event;

[^{F2388}“chargeable event” means an event which is a chargeable event within the meaning of ^{F2389}. . . Chapter 9 of Part 4 of ITTOIA 2005;]

^{F2390}
.....

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[^{F2391cc}“insurance year” has the same meaning as in Chapter 9 of Part 4 of ITTOIA 2005 (see section 499 of that Act);]

“the relevant year of assessment”, in the case of any gain, means—

(a) the year of assessment to which the gain is attributable, ^{F2392} . . .

(b) ^{F2392}

^{F2393}

^{F2393}

(11) ^{F2394}

(12) This section is supplemented by section 552ZA.

[^{F2395}(13) For the purposes of this section, no account is to be taken of the effect of ^{F2396} . . . section 541A of ITTOIA 2005.]]

Textual Amendments

F2356Ss. 552, 552ZA substituted for s. 552 (with effect in accordance with s. 83(3) of the amending Act) by Finance Act 2001 (c. 9), **Sch. 28 para. 18**

F2357Words in s. 552(1) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(2)**, **Sch. 3** (with Sch. 2)

F2358Words in s. 552(3) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(2)(a)**

F2359Words in s. 552(3) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(2)(b)**

F2360Words in s. 552(5)(b)(ii) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(3)(a)(i)**

F2361Words in s. 552(5)(b)(ii) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(3)(a)** (with Sch. 2)

F2362Words in s. 552(5)(b)(ii) substituted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by Finance Act 2008 (c. 9), **Sch. 14 para. 4(3)(a)(ii)**

F2363Words in s. 552(5)(c) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(3)(b)(i)**

F2364Words in s. 552(5)(c) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(3)(b)(i)** (with Sch. 2)

F2365Words in s. 552(5)(c)(i) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(3)(b)(ii)**

F2366Words in s. 552(5)(c)(i) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(3)(b)(ii)** (with Sch. 2)

F2367Words in s. 552(5)(c)(iii) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(3)(b)(iii)**

F2368Words in s. 552(5)(c)(iii) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(3)(b)(iii)** (with Sch. 2)

F2369Words in s. 552(5)(c)(v) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 4(3)(b)(iv)**

F2370Words in s. 552(5)(c)(v) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(3)(b)(iv)** (with Sch. 2)

F2371S. 552(5)(e) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 222(3)(c)** (with Sch. 2)

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- F2372S.** 552(5)(f) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 222\(3\)\(d\)](#) (with Sch. 2)
- F2373** Words in s. 552(5)(f)(i) substituted (with effect in accordance with Sch. 1 para. 65 of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 1 para. 43](#)
- F2374** Words in s. 552(6)(b) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(4\)\(a\)\(i\)](#)
- F2375** Words in s. 552(6)(b) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 222\(4\)\(a\)\(i\)](#) (with Sch. 2)
- F2376** Closing bracket in s. 552(6)(b) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(4\)\(a\)\(ii\)](#)
- F2377** Words in s. 552(6)(b) substituted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(4\)\(a\)\(iii\)](#)
- F2378** Words and closing bracket in s. 552(6)(c) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(4\)\(b\)](#)
- F2379** Words in s. 552(6)(c) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 222\(4\)\(b\)](#) (with Sch. 2)
- F2380** Words in s. 552(7)(a) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(5\)\(a\)](#)
- F2381** Words in s. 552(7)(b) substituted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(5\)\(b\)](#)
- F2382** Words in s. 552(8)(c) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(6\)](#)
- F2383** Words in s. 552(9) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(7\)\(a\)](#)
- F2384** Words in s. 552(9)(a) substituted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(7\)\(b\)](#)
- F2385** Words in s. 552(9)(b) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(7\)\(c\)](#)
- F2386S.** 552(10): words in definition of "amount" omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(8\)\(a\)](#)
- F2387S.** 552(10): words in definition of "amount" inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 222\(7\)\(a\)](#) (with Sch. 2)
- F2388S.** 552(10): definition of "chargeable event" inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 222\(7\)\(b\)](#) (with Sch. 2)
- F2389S.** 552(10): words in definition of "chargeable event" omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(8\)\(b\)](#)
- F2390S.** 552(10): definition of "financial year" omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(8\)\(c\)](#)
- F2391S.** 552(10): definition of "insurance year" inserted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(8\)\(d\)](#)
- F2392S.** 552(10): in definition of "the relevant year of assessment", para. (b) and preceding word omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(8\)\(e\)](#)
- F2393S.** 552(10): definitions of "section 546 excess" and "year" omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(8\)\(f\)](#)
- F2394S.** 552(11) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(9\)](#)
- F2395S.** 552(13) inserted (with effect in accordance with s. 29(4) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 29\(2\)](#)
- F2396** Words in s. 552(13) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 4\(10\)](#)

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Modifications etc. (not altering text)

C160 S. 552(6) modified (9.4.2003) by Finance Act 2003 (c. 14), s. 171(1)(3), Sch. 34 para. 5

[^{F2397} 552ZA] Information: supplementary provisions

- (1) This section supplements section 552 and shall be construed as one with it.
- (2) Where the obligations under any policy or contract of the body that issued, entered into or effected it (“the original insurer”) are at any time the obligations of another body (“the transferee”) to whom there has been a transfer of the whole or any part of a business previously carried on by the original insurer, section 552 shall have effect in relation to that time, except where the chargeable event—
 - (a) happened before the transfer, and
 - (b) in the case of a death or an assignment, is an event of which the notification mentioned in subsection (6) or (7) of that section was given before the transfer, as if the policy or contract had been issued, entered into or effected by the transferee.
- (3) Where, in consequence of ^{F2398} . . . [^{F2399} section 514(1) of ITTOIA 2005], paragraph (a) or (b) of section 552(1) requires certificates to be delivered in respect of two or more surrenders, happening in the same year, of part of or a share in the rights conferred by the policy or contract, a single certificate may be delivered under the paragraph in question in respect of all those surrenders (and may treat them as if they together constituted a single surrender) unless between the happening of the first and the happening of the last of them there has been—
 - (a) an assignment of part of or a share in the rights conferred by the policy or contract; or
 - (b) an assignment, otherwise than for money or money’s worth, of the whole of the rights conferred by the policy or contract.
- (4) Where the appropriate policy holder is two or more persons—
 - (a) section 552(1)(a) requires a certificate to be delivered to each of them; but
 - (b) nothing in section 552 or this section requires a body to deliver a certificate under subsection (1)(a) of that section to any person whose address has not been provided to the body (or to another body, at a time when the obligations under the policy or contract were obligations of that other body).
- (5) A certificate under section 552(1)(b) or (3)—
 - (a) shall be in a form prescribed for the purpose by the Board; and
 - (b) shall be delivered by any means prescribed for the purpose by the Board;
 and different forms, or different means of delivery, may be prescribed for different cases or different purposes.
- (6) The Board may by regulations make such provision as they think fit for securing that they are able—
 - (a) to ascertain whether there has been or is likely to be any contravention of the requirements of section 552 or this section; and
 - (b) to verify any certificate under that section.
- (7) Regulations under subsection (6) above may include, in particular, provisions requiring persons to whom premiums under any policy are or have at any time been payable—

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- (a) to supply information to the Board; and
 - (b) to make available books, documents and other records for inspection on behalf of the Board.
- (8) Regulations under subsection (6) above may—
- (a) make different provision for different cases; and
 - (b) contain such supplementary, incidental, consequential or transitional provision as appears to the Board to be appropriate.]

Textual Amendments

F2397Ss. 552, 552ZA substituted for s. 552 (with effect in accordance with s. 83(3) of the amending Act) by Finance Act 2001 (c. 9), **Sch. 28 para. 18**

F2398Words in s. 552ZA(3) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 5**

F2399Words in s. 552ZA(3) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 223** (with Sch. 2)

VALID FROM 17/07/2013

^{F2400}~~B~~**552ZB** Regulations in relation to qualifying policies

- (1) The Commissioners for Her Majesty's Revenue and Customs may make regulations—
- (a) requiring relevant persons—
 - (i) to provide prescribed information to persons who apply for the issue of qualifying policies or who are, or may be, required to make statements under paragraph B3(2) of Schedule 15;
 - (ii) to provide to an officer of Revenue and Customs prescribed information about qualifying policies which have been issued by them or in relation to which they are or have been a relevant transferee;
 - (b) making such provision (not falling within paragraph (a)) as the Commissioners think fit for securing that an officer of Revenue and Customs is able—
 - (i) to ascertain whether there has been or is likely to be any contravention of the requirements of the regulations or of paragraph B3(2) of Schedule 15;
 - (ii) to verify any information provided to an officer of Revenue and Customs as required by the regulations.
- (2) The provision that may be made by virtue of subsection (1)(b) includes, in particular, provision requiring relevant persons to make available books, documents and other records for inspection by or on behalf of an officer of Revenue and Customs.
- (3) The regulations may—
- (a) make different provision for different cases or circumstances, and
 - (b) contain incidental, supplementary, consequential, transitional, transitory or saving provision.

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- (4) In this section—
- “prescribed” means prescribed by the regulations,
 - “qualifying policy” includes a policy which would be a qualifying policy apart from—
 - (a) paragraph A1(2), B1(2), B2(2) or B3(3) of Schedule 15, or
 - (b) paragraph 17(2)(za) of that Schedule (including as applied by paragraph 18), and
 - “relevant person” means a person—
 - (a) who issues, or has issued, qualifying policies, or
 - (b) who is, or has been, a relevant transferee in relation to qualifying policies.
- (5) For the purposes of this section a person (“X”) is at any time a “relevant transferee” in relation to a qualifying policy if the obligations under the policy of its issuer are at that time the obligations of X as a result of there having been a transfer to X of the whole or any part of a business previously carried on by the issuer.]

Textual Amendments

F2400S. 552ZB inserted (17.7.2013) by [Finance Act 2013 \(c. 29\)](#), [Sch. 9 para. 10](#)

[^{F2401} **552A** Tax representatives.

- (1) This section has effect for the purpose of securing that, where it applies to an overseas insurer, another person is the overseas insurer’s tax representative.
- (2) In this section “overseas insurer” means a person who is not resident in the United Kingdom who carries on a business which consists of or includes the effecting and carrying out of—
 - (a) policies of life insurance;
 - (b) contracts for life annuities; or
 - (c) capital redemption policies.
- (3) This section applies to an overseas insurer—
 - (a) if the condition in subsection (4) below is satisfied on the designated day; or
 - (b) where that condition is not satisfied on that day, if it has subsequently become satisfied.
- (4) The condition mentioned in subsection (3) above is that—
 - (a) there are in force relevant insurances the obligations under which are obligations of the overseas insurer in question or of an overseas insurer connected with him; and
 - (b) the total amount or value of the gross premiums paid under those relevant insurances is £1 million or more.
- (5) In this section “relevant insurance” means any policy of life insurance, contract for a life annuity or capital redemption policy ^{F2402} . . . in the case of which—
 - (a) the holder is resident in the United Kingdom;
 - (b) the obligations of the insurer are obligations of a person not resident in the United Kingdom; and

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- (c) those obligations are not attributable to a branch or agency of that person's in the United Kingdom.
- (6) Before the expiration of the period of three months following the day on which this section first applies to an overseas insurer, the overseas insurer must nominate to the Board a person to be his tax representative.
- (7) A person shall not be a tax representative unless—
- (a) if he is an individual, he is resident in the United Kingdom and has a fixed place of residence there, or
 - (b) if he is not an individual, he has a business establishment in the United Kingdom,
- and, in either case, he satisfies such other requirements (if any) as are prescribed in regulations made for the purpose by the Board.
- (8) A person shall not be an overseas insurer's tax representative unless—
- (a) his nomination by the overseas insurer has been approved by the Board; or
 - (b) he has been appointed by the Board.
- (9) The Board may by regulations make provision supplementing this section; and the provision that may be made by any such regulations includes provision with respect to—
- (a) the making of a nomination by an overseas insurer of a person to be his tax representative;
 - (b) the information which is to be provided in connection with such a nomination;
 - (c) the form in which such a nomination is to be made;
 - (d) the powers and duties of the Board in relation to such a nomination;
 - (e) the procedure for approving, or refusing to approve, such a nomination, and any time limits applicable to doing so;
 - (f) the termination, by the overseas insurer or the Board, of a person's appointment as a tax representative;
 - (g) the appointment by the Board of a person as the tax representative of an overseas insurer (including the circumstances in which such an appointment may be made);
 - (h) the nomination by the overseas insurer, or the appointment by the Board, of a person to be the tax representative of an overseas insurer in place of a person ceasing to be his tax representative;
 - (j) circumstances in which an overseas insurer to whom this section applies may, with the Board's agreement, be released (subject to any conditions imposed by the Board) from the requirement that there must be a tax representative;
 - (k) appeals to the [^{F2403}tribunal] against decisions of the Board under this section or regulations under it.
- (10) The provision that may be made by regulations under subsection (9) above also includes provision for or in connection with the making of other arrangements between the Board and an overseas insurer for the purpose of securing the discharge by or on behalf of the overseas insurer of the relevant duties, within the meaning of section 552B.
- (11) [^{F2404}Section 1122 of CTA 2010] (connected persons) applies for the purposes of this section.

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(12) In this section—

^{F2405}“capital redemption policy” means a capital redemption policy in relation to which ^{F2406} . . . Chapter 9 of Part 4 of ITTOIA 2005 [^{F2407}has] effect;]

^{F2408}“contract for a life annuity” means a contract for a life annuity in relation to which ^{F2406} . . . Chapter 9 of Part 4 of ITTOIA 2005 [^{F2407}has] effect;]

“the designated day” means such day as the Board may specify for the purpose in regulations;

^{F2409}“policy of life insurance” means a policy of life insurance in relation to which ^{F2406} . . . Chapter 9 of Part 4 of ITTOIA 2005 [^{F2407}has] effect;]

“tax representative” means a tax representative under this section.]

Subordinate Legislation Made

P2 S. 552A(12) power exercised: 6.4.1999 appointed by S.I. 1999/881, **reg. 3**

Textual Amendments

F2401Ss. 552A, 552B inserted (31.7.1998) by Finance Act 1998 (c. 36), **s. 87**

F2402Words in s. 552A(5) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 224(2), **Sch. 3** (with Sch. 2)

F2403Word in s. 552A(9)(k) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 148**

F2404Words in s. 552A(11) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 87** (with Sch. 2)

F2405S. 552A(12): definition of "capital redemption policy" inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 224(3)** (with Sch. 2)

F2406Words in s. 552A(12) omitted (with effect in accordance with Sch. 14 para. 18 of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 6(a)**

F2407Words in s. 552A(12) substituted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by Finance Act 2008 (c. 9), **Sch. 14 para. 6(b)**

F2408S. 552A(12): definition of "contract for a life annuity" inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 224(3)** (with Sch. 2)

F2409S. 552A(12): definition of "policy of life insurance" inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 224(3)** (with Sch. 2)

Modifications etc. (not altering text)

C161 S. 522A restricted (6.4.1999) by The Overseas Insurers (Tax Representatives) Regulations 1999 (S.I. 1999/881), **reg. 11(2)**

^{F2401}**552** Duties of overseas insurers' tax representatives.

(1) It shall be the duty of an overseas insurer's tax representative to secure (where appropriate by acting on the overseas insurer's behalf) that the relevant duties are discharged by or on behalf of the overseas insurer.

^{F2410}(2) For the purposes of this section “the relevant duties” are—

- (a) the duties imposed by section 552,
- (b) the duties imposed by section 552ZA(2), (4) or (5), and

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(c) any duties imposed by regulations made under subsection (6) of section 552ZA by virtue of subsection (7) of that section, so far as relating to relevant insurances under which the overseas insurer in question has any obligations.]

- (3) An overseas insurer’s tax representative shall be personally liable—
- (a) in respect of any failure to secure the discharge of the relevant duties, and
 - (b) in respect of anything done for purposes connected with acting on the overseas insurer’s behalf,
- as if the relevant duties were imposed jointly and severally on the tax representative and the overseas insurer.
- (4) In the application of this section in relation to any particular tax representative, it is immaterial whether any particular relevant duty arose before or after his appointment.
- (5) This section has effect in relation to relevant duties relating to chargeable events happening on or after the day by which section 552A(6) requires the nomination of the overseas insurer’s first tax representative to be made.

[In subsection (5) “chargeable event” has the same meaning as in section 552 (see ^{F2411}(5A) subsection (10) of that section).]

(6) Expressions used in this section and in section 552A have the same meaning in this section as they have in that section.]

Textual Amendments

- F2401** Ss. 552A, 552B inserted (31.7.1998) by [Finance Act 1998 \(c. 36\), s. 87](#)
- F2410** S. 552B(2) substituted (with effect in accordance with s. 83(3) of the amending Act) by [Finance Act 2001 \(c. 9\), Sch. 28 para. 19](#)
- F2411** S. 552B(5A) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 225](#) (with [Sch. 2](#))

553 Non-resident policies and off-shore capital redemption policies.

^{F2412}

Textual Amendments

- F2412** Ss. 553-553C omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 7](#)

[^{F2413} **553 Overseas life assurance business: life policies.**

^{F2414}

Textual Amendments

- F2413** S. 553A inserted (31.7.1998) by [Finance Act 1998 \(c. 36\), s. 88\(1\)](#)
- F2414** Ss. 553-553C omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 14 para. 7](#)

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[^{F2415}**553B** Overseas life assurance business: capital redemption policies.

F2416]

Textual Amendments

F2415S. 553B inserted (31.7.1998) by [Finance Act 1998 \(c. 36\)](#), **s. 88(2)**

F2416Ss. 553-553C omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 14 para. 7**

[^{F2417}**553C** Personal portfolio bonds.

F2418]

Textual Amendments

F2417S. 553C inserted (31.7.1998) by [Finance Act 1998 \(c. 36\)](#), **s. 89**

F2418Ss. 553-553C omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 14 para. 7**

554 Borrowings on life policies to be treated as income in certain cases.

F2419

Textual Amendments

F2419S. 554 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), **Sch. 1 para. 229**, **Sch. 3** (with **Sch. 2**)

CHAPTER III

ENTERTAINERS AND SPORTSMEN

555 Payment of tax.

F2420

Textual Amendments

F2420S. 555 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), **Sch. 1 para. 113**, **Sch. 3 Pt. 1** (with **Sch. 2**)

556 Activity treated as trade etc. and attribution of income.

F2421

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Textual Amendments

F2421S. 556 omitted (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by virtue of Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 186** (with Sch. 2 Pts. 1, 2)

557 Charge on [^{F2422}profits].

F2423

Textual Amendments

F2422Word in s. 557 sidenote substituted (31.7.1998) by Finance Act 1998 (c. 36), s. 46(3)(a), **Sch. 7 para. 1**

F2423S. 557 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 231, **Sch. 3** (with Sch. 2)

558 Supplementary provisions.

- (1) ^{F2424}
- (2) ^{F2424}
- (3) ^{F2424}
- (4) ^{F2424}
- (5) ^{F2425}
- (6) ^{F2425}

Textual Amendments

F2424S. 558(1)-(4) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 115, **Sch. 3 Pt. 1** (with Sch. 2)

F2425S. 558(5)(6) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 187, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

CHAPTER IV

SUB-CONTRACTORS IN THE CONSTRUCTION INDUSTRY

559 Deductions on account of tax etc. from payments to certain sub-contractors.

F2426

Textual Amendments

F2426Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by Finance Act 2004 (c. 12), Sch. 12 para. 9(2), **Sch. 42 Pt. 2(7)**, Note; S.I. 2006/3240, **art. 2**

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[^{F2427}**559A** Treatment of sums deducted under s.559

F2428]

Textual Amendments

F2427S. 559A inserted (with effect in accordance with s. 40(4) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 40\(1\)](#)

F2428Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by [Finance Act 2004 \(c. 12\), Sch. 12 para. 9\(2\), Sch. 42 Pt. 2\(7\)](#), Note; S.I. 2006/3240, [art. 2](#)

560 Persons who are sub-contractors or contractors for purposes of Chapter IV.

F2429

Textual Amendments

F2429Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by [Finance Act 2004 \(c. 12\), Sch. 12 para. 9\(2\), Sch. 42 Pt. 2\(7\)](#), Note; S.I. 2006/3240, [art. 2](#)

561 Exceptions from section 559.

F2430

Textual Amendments

F2430Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by [Finance Act 2004 \(c. 12\), Sch. 12 para. 9\(2\), Sch. 42 Pt. 2\(7\)](#), Note; S.I. 2006/3240, [art. 2](#)

562 Conditions to be satisfied by individuals.

F2431

Textual Amendments

F2431Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by [Finance Act 2004 \(c. 12\), Sch. 12 para. 9\(2\), Sch. 42 Pt. 2\(7\)](#), Note; S.I. 2006/3240, [art. 2](#)

563 Conditions to be satisfied by partners who are individuals.

F2432

Textual Amendments

F2432S. 563 repealed (with effect in accordance with Sch. 27 para. 8(1), Sch. 29 Pt. 8(21) Note 3 of the repealing Act) by [Finance Act 1995 \(c. 4\), Sch. 27 para. 5, Sch. 29 Pt. 8\(21\)](#); S.I. 1998/2620, [art. 3](#)

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564 Conditions to be satisfied by firms.

F2433
.....

Textual Amendments

F2433Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by Finance Act 2004 (c. 12), Sch. 12 para. 9(2), **Sch. 42 Pt. 2(7)**, Note; S.I. 2006/3240, **art. 2**

565 Conditions to be satisfied by companies.

F2434
.....

Textual Amendments

F2434Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by Finance Act 2004 (c. 12), Sch. 12 para. 9(2), **Sch. 42 Pt. 2(7)**, Note; S.I. 2006/3240, **art. 2**

566 General powers to make regulations under Chapter IV.

F2435
.....

Textual Amendments

F2435Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by Finance Act 2004 (c. 12), Sch. 12 para. 9(2), **Sch. 42 Pt. 2(7)**, Note; S.I. 2006/3240, **art. 2**

567 Meaning of “construction operations”.

F2436
.....

Textual Amendments

F2436Pt. 13 Ch. 4 (ss. 559-567) repealed (with effect in accordance with s. 77 of the repealing Act) by Finance Act 2004 (c. 12), Sch. 12 para. 9(2), **Sch. 42 Pt. 2(7)**, Note; S.I. 2006/3240, **art. 2**

CHAPTER V

SCHEMES FOR RATIONALIZING INDUSTRY

568 Deductions from profits of contributions paid under certified schemes.

^{M123}(1) Notwithstanding anything contained in ^{F2437}... [^{F2438}section 33 of ITTOIA 2005][^{F2439}or section 53 of CTA 2009 (no deduction for capital expenditure)] but subject to the following provisions of this Chapter, where a person pays, wholly and exclusively for the purposes of a trade in respect of which he is chargeable [^{F2440}under Part 2 of ITTOIA 2005 or Part 3 of CTA 2009,] a contribution in furtherance of a scheme which is for the time being certified by the Secretary of State under this section, the

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contribution shall, in so far as it is paid in furtherance of the primary object of the scheme, be allowed to be deducted as an expense in computing the [^{F2441}profits] of that trade.

- (2) The Secretary of State shall certify a scheme under this section if he is satisfied—
- (a) that the primary object of the scheme is the elimination of redundant works or machinery or plant from use in an industry in the United Kingdom; and
 - (b) that the scheme is in the national interest and in the interests of that industry as a whole; and
 - (c) that such number of persons engaged in that industry as are substantially representative of the industry are liable to pay contributions in furtherance of the primary object of the scheme by agreement between them and the body of persons carrying out the scheme.

References in this subsection to an industry in the United Kingdom shall include references to the business carried on by owners of ships or of a particular class of ships, wherever that business is carried on, and, in relation to that business, references in this subsection to works or machinery or plant shall include references to ships.

- (3) The Secretary of State shall cancel any certificate granted under this section if he ceases to be satisfied as to any of the matters referred to in subsection (2) above.
- (4) The Secretary of State may at any time require the body of persons carrying out a scheme certified under this section to produce any books or documents of whatever nature relating to the scheme and, if the requirement is not complied with, he may cancel the certificate.
- (5) In this section and in section 569 “contribution”, in relation to a scheme, does not include a sum paid by a person by way of loan or subscription of share capital, or in consideration of the transfer of assets to him, or by way of a penalty for contravening or failing to comply with the scheme.

Textual Amendments

- F2437** Words in s. 568(1) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 188(a), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)
- F2438** Words in s. 568(1) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 232(a) (with Sch. 2)
- F2439** Words in s. 568(1) inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 188(b) (with Sch. 2 Pts. 1, 2)
- F2440** Words in s. 568(1) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 188(c) (with Sch. 2 Pts. 1, 2)
- F2441** Words in s. 568(1) substituted (31.7.1998) by Finance Act 1998 (c. 36), s. 46(3)(a), Sch. 7 para. 1

Marginal Citations

- M123** Source-1970 s.406

569 Repayment of contributions.

- ^{M124}(1) In the event of the repayment, whether directly or by way of distribution of assets on a winding up or otherwise, of a contribution or any part of a contribution which has been allowed to be deducted under section 568, the deduction of the contribution, or so much of it as has been repaid, shall be deemed to be an unauthorised deduction in

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respect of which an assessment shall be made, and, notwithstanding the provisions of the Tax Acts requiring assessments to be made within six years after the end of the chargeable period to which they relate, any such assessment and any consequential assessment may be made at any time within three years after the end of the chargeable period in which the repayment was made.

- (2) For the purposes of this section, a sum received by any person by way of repayment of contributions shall be deemed to be by way of repayment of the last contribution paid by him, and, if the sum exceeds the amount of that contribution, by way of repayment of the penultimate contribution so paid, and so on.

Marginal Citations

M124 Source-1970 s.407; 1971 Sch.6 45

570 Payments under certified schemes which are not repayments of contributions.

- ^{M125}(1) Subject to the provisions of this section, where, under any scheme which is for the time being certified or has at any time been certified by the Secretary of State under section 568, any payment (not being a payment made by way of repayment of contributions) is made to a person carrying on a trade to which the scheme relates, that payment shall be treated for the purposes of the Tax Acts as a trading receipt of the trade, and shall accordingly be taken into account in computing the [^{F2442}profits] of the trade for those purposes.
- (2) Where ^{F2443} . . . the payments which have been made under such a scheme in respect of a trade (not being payments made by way of repayment of contributions) have been made wholly or partly in respect of damage in respect of which no relief may be given under the Tax Acts, [^{F2444}and a claim is made to that effect,] then, subject to and in accordance with the provisions of [^{F2445}Schedule 21]—
- (a) relief shall be given in respect of those payments by reducing the amounts which are to be treated as trading receipts of the trade under subsection (1) above; but
- (b) where such relief is given, section 568 shall, in relation to contributions subsequently paid under the scheme in respect of the trade, have effect subject to the modifications specified in Part III of that Schedule,
- [^{F2446}and paragraph 6 of that Schedule applies for the purposes of this subsection as it applies for the purposes of that Schedule.]
- (3) The provisions of this section and Schedule 21 shall apply in relation to any payment made to a person who has ceased to carry on a trade to which any such scheme as is mentioned in subsection (1) above relates as they apply in relation to payments made to a person carrying on such a trade, subject to the modification that so much of that payment as falls to be treated as a trading receipt by virtue of those provisions shall be deemed for the purposes of those provisions to have been made to him on the last day on which he was engaged in carrying on the trade.
- (4) In determining for the purposes of this section and of Schedule 21—
- (a) whether any trade has ceased to be carried on; or
- (b) whether any contribution is paid in respect of a trade in respect of which a payment has been made; or

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- (c) whether any payment is made in respect of a trade in respect of which a contribution has been paid,
 no regard shall be had to any event which, by virtue of [^{F2447}section 18 of ITTOIA 2005 or section 41 of CTA 2009 (company starting or ceasing to be within charge to corporation tax) is to be treated as effecting a cessation of trading.]

Textual Amendments

- F2442** Words in s. 570(1) substituted (31.7.1998) by [Finance Act 1998 \(c. 36\)](#), s. 46(3)(a), [Sch. 7 para. 1](#)
F2443 Words in s. 570(2) repealed (with effect in accordance with s. 134(2) of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 20 para. 31\(a\)](#), [Sch. 41 Pt. 5\(10\)](#), Note
F2444 Words in s. 570(2) inserted (with effect in accordance with s. 134(2) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 20 para. 31\(b\)](#)
F2445 Words in s. 570(2) substituted (with effect in accordance with s. 134(2) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 20 para. 31\(c\)](#)
F2446 Words in s. 570(2) added (with effect in accordance with s. 134(2) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 20 para. 31\(d\)](#)
F2447 Words in s. 570(4) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 189](#) (with [Sch. 2 Pts. 1, 2](#))

Marginal Citations

- M125** Source-1970 s.408

571 Cancellation of certificates.

- ^{M126}(1) Where any certificate granted with respect to a scheme under section 568 is cancelled by the Secretary of State, and any deductible contributions paid in furtherance of the scheme have not been repaid at the expiration of one year from the cancellation, the body of persons carrying out the scheme shall, for the chargeable period in which that year expires, be charged to tax ^{F2448}. . . upon the aggregate amount of the deductible contributions which have not been repaid at that time.
- [^{F2449}(1A) An amount charged to income tax under subsection (1) above is treated for income tax purposes as an amount of income.]
- [^{F2450}(1B) So far as relating to corporation tax, the charge to tax under subsection (1) has effect as an application of the charge to corporation tax on income.]
- (2) The charge to tax under subsection (1) above shall not be made if the total amount of any contributions, other than deductible contributions, which have been paid under the scheme and have not been repaid before that time is greater than the available resources of the scheme, and shall not in any case be made upon an amount greater than the excess, if any, of those resources over that total amount.
- (3) In subsection (2) above “the available resources”, in relation to any scheme, means a sum representing the total funds held for the purposes of the scheme at the expiration of one year from the cancellation of the certificate plus a sum representing any funds held for the purposes of the scheme which, during that year, have been applied otherwise than in accordance with the provisions of the scheme as in force when the certificate was granted.
- (4) Where the body of persons carrying out a scheme are charged to tax by virtue of subsection (1) above, and, after the expiration of one year from the cancellation of the

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certificate, any deductible contribution paid in furtherance of the scheme is repaid, the amount upon which the charge is made shall on the making of a claim be reduced by the amount repaid, and all such repayments of tax shall be made as are necessary to give effect to the provisions of this subsection.

- (5) In this section “contribution” includes a part of a contribution, and “deductible contribution” means a contribution allowed to be deducted under section 568, any reduction under Part III of Schedule 21 being left out of account.
- (6) For the purposes of this section, a sum received by any person by way of repayment of contributions shall be deemed to be by way of repayment of the last contribution paid by him, and, if the sum exceeds the amount of that contribution, by way of repayment of the penultimate contribution so paid, and so on.

Textual Amendments

F2448 Words in s. 571(1) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 190(2), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

F2449 S. 571(1A) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 116 (with Sch. 2)

F2450 S. 571(1B) inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 190(3) (with Sch. 2 Pts. 1, 2)

Marginal Citations

M126 Source-1970 s.409

572 Application to statutory redundancy schemes.

- ^{M127}(1) Sections 569 to 571 and Schedule 21 shall, subject to the adaptations specified in subsection (2) below, apply in relation to a statutory redundancy scheme as they apply in relation to a scheme certified under section 568.
- (2) The adaptations referred to above are as follows, that is to say—
- for any reference to a contribution allowed to be deducted under section 568 there shall be substituted a reference to a contribution allowed to be deducted under any provision of the Tax Acts other than that section;
 - any provision that section 568 shall, in relation to contributions, have effect subject to modifications, shall be construed as a provision that so much of any provision of the Tax Acts other than that section as authorises the deduction of contributions shall, in relation to the contributions in question, have effect subject to the modifications in question;
 - for any reference to the cancellation of a certificate with respect to a scheme there shall be substituted a reference to the scheme ceasing to have effect; and
 - for any reference to the provisions of the scheme as in force when the certificate was granted there shall be substituted a reference to the provisions of the scheme as in force when the contributions were first paid thereunder.
- (3) In this section “statutory redundancy scheme” means a scheme for the elimination or reduction of redundant works, machinery or plant, or for other similar purposes, to which effect is given by or under any Act, whether passed before or after this Act.

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Marginal Citations

M127 Source-1970 s.410

[^{F2451}CHAPTER 5A

SHARE LOSS RELIEF

Textual Amendments

F2451Pt. 13 Ch. 5A created (6.4.2007 with effect in accordance with s. 1034(1) of the affecting Act) by virtue of [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 117\(3\)](#) (with [Sch. 2](#))

Relief for losses on unquoted shares in trading companies

573 Relief for companies.

^{F2452}

Textual Amendments

F2452Pt. 13 Ch. 5A (ss. 573, 575-576L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 88](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Modifications etc. (not altering text)

C162 [S. 573](#) transposed from Pt. 13 Ch. 6 to Pt. 13 Ch. 5A (6.4.2007 with effect in accordance with s. 1034(1) of the affecting Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 117\(3\)](#) (with [Sch. 2](#))

575 Exclusion of relief under section 573 ^{F2453}... in certain cases.

^{F2454}

Textual Amendments

F2453Words in [s. 575](#) sidenote repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 119\(2\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F2454Pt. 13 Ch. 5A (ss. 573, 575-576L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 88](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Modifications etc. (not altering text)

C163 [S. 575](#) transposed from Pt. 13 Ch. 6 to Pt. 13 Ch. 5A (6.4.2007 with effect in accordance with s. 1034(1) of the affecting Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 119\(7\)](#) (with [Sch. 2](#))

576 Provisions supplementary to [^{F2455}sections 573 and 575].

^{F2456}

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Textual Amendments

F2455 Words in s. 576 sidenote substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 120\(2\)](#) (with [Sch. 2](#))

F2456 Pt. 13 Ch. 5A (ss. 573, 575-576L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 88](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Modifications etc. (not altering text)

C164 S. 576 transposed from Pt. 13 Ch. 6 to Pt. 13 Ch. 5A (6.4.2007 with effect in accordance with s. 1034(1) of the affecting Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 120\(7\)](#) (with [Sch. 2](#))

[^{F2457} **576A** ^{F2458}]

Textual Amendments

F2457 S. 576A inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 121](#) (with [Sch. 2](#))

F2458 Pt. 13 Ch. 5A (ss. 573, 575-576L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 88](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F2459} *Qualifying trading companies: the requirements*]

Textual Amendments

F2459 S. 576B and preceding cross-heading inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 122](#) (with [Sch. 2](#))

576B The trading requirement

^{F2460}

Textual Amendments

F2460 Pt. 13 Ch. 5A (ss. 573, 575-576L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 88](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F2461} **576C** ^{F2462} **Receivership**]

Textual Amendments

F2461 S. 576C inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 123](#) (with [Sch. 2](#))

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F2462Pt. 13 Ch. 5A (ss. 573, 575-576L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 88, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[**F2463 576D** F2464]

Textual Amendments
F2463S. 576D inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 124](#) (with [Sch. 2](#))
F2464Pt. 13 Ch. 5A (ss. 573, 575-576L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 88, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[**F2465 576E** F2466]

Textual Amendments
F2465S. 576E inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 125](#) (with [Sch. 2](#))
F2466Pt. 13 Ch. 5A (ss. 573, 575-576L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 88, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[**F2467 576F** F2468]

Textual Amendments
F2467S. 576F inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 126](#) (with [Sch. 2](#))
F2468Pt. 13 Ch. 5A (ss. 573, 575-576L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 88, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[**F2469 576G** F2470]

Textual Amendments
F2469S. 576G inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 127](#) (with [Sch. 2](#))
F2470Pt. 13 Ch. 5A (ss. 573, 575-576L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 88, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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[
F2471 **576H** F2472]

Textual Amendments

- F2471S. 576H** inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 128](#) (with [Sch. 2](#))
- F2472Pt. 13 Ch. 5A** (ss. 573, 575-576L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 88](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[
F2473 **576I** F2474]]

Textual Amendments

- F2473S. 576I** inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 129](#) (with [Sch. 2](#))
- F2474Pt. 13 Ch. 5A** (ss. 573, 575-576L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 88](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F2475}Qualifying trading companies: supplementary provisions

Textual Amendments

- F2475S. 576J** and preceding cross-heading inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 130](#) (with [Sch. 2](#))

576J Relief after an exchange of shares for shares in another company

F2476

Textual Amendments

- F2476Pt. 13 Ch. 5A** (ss. 573, 575-576L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 88](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[
F2477 **576K** F2478]]

Textual Amendments

- F2477S. 576K** inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 131](#) (with [Sch. 2](#))
- F2478Pt. 13 Ch. 5A** (ss. 573, 575-576L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 88](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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[^{F2479}Supplemental

Textual Amendments

F2479S. 576L and preceding cross-heading inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 132](#) (with [Sch. 2](#))

576L Interpretation of Chapter

F2480]]

Textual Amendments

F2480Pt. 13 Ch. 5A (ss. 573, 575-576L) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 88](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

CHAPTER VI

OTHER PROVISIONS

Modifications etc. (not altering text)

C165 Pt 13 Ch. 6: ss. 573, 575 and 576 transposed to Pt. 13 Ch. 5A (6.4.2007 with effect in accordance with s. 1034(1) of the affecting Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 paras. 117\(3\), 119\(7\), 120\(7\)](#) (with [Sch. 2](#))

Relief for losses on unquoted shares in trading companies

574 Relief for individuals.

F2481

Textual Amendments

F2481S. 574 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 118](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Miscellaneous

577 Business entertaining expenses.

F2482

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Textual Amendments

F2482S. 577 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 191, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F2483}**577** ~~Expenditure involving crime.~~

F2484
.....]

Textual Amendments

F2483S. 577A inserted (with application in accordance with s. 123(2) of the amending Act) by Finance Act 1993 (c. 34), **s. 123(1)(2)**

F2484S. 577A repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 192, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

578 Housing grants.

F2485
.....

Textual Amendments

F2485S. 578 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 193, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F2486}**578** ~~Expenditure on car hire~~

F2487
.....

Textual Amendments

F2486Ss. 578A, 578B inserted (with effect in accordance with s. 579 of the amending Act) by Capital Allowances Act 2001 (c. 2), **Sch. 2 para. 52** (with Sch. 3 para. 113)

F2487Ss. 578A, 578B repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 194, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

578B Expenditure on car hire: supplementary

F2488
.....]

Textual Amendments

F2486Ss. 578A, 578B inserted (with effect in accordance with s. 579 of the amending Act) by Capital Allowances Act 2001 (c. 2), **Sch. 2 para. 52** (with Sch. 3 para. 113)

F2488Ss. 578A, 578B repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 194, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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579 Statutory redundancy payments.

F2489

Textual Amendments
F2489Ss. 579, 580 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 195, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

580 Provisions supplementary to section 579.

F2490

Textual Amendments
F2490Ss. 579, 580 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 195, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F2491}**580A Relief from tax on annual payments under certain insurance policies.**

F2492

Textual Amendments
F2491Ss. 580A, 580B inserted (with effect in accordance with s. 143(2)-(5) of the amending Act) by Finance Act 1996 (c. 8), s. **143(1)**
F2492Ss. 580A-580C repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 240, **Sch. 3** (with Sch. 2)

580B Meaning of “self-contained” for the purposes of s.580A.

F2493]

Textual Amendments
F2491Ss. 580A, 580B inserted (with effect in accordance with s. 143(2)-(5) of the amending Act) by Finance Act 1996 (c. 8), s. **143(1)**
F2493Ss. 580A-580C repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 240, **Sch. 3** (with Sch. 2)

[^{F2494}**580B Relief from tax on annual payments under immediate needs annuities**

F2495]

Textual Amendments
F2494S. 580C inserted (with effect in accordance with s. 147(6) of the amending Act) by Finance Act 2004 (c. 12), s. **147(3)**

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F2495Ss. 580A-580C repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 240, **Sch. 3** (with Sch. 2)

581 Borrowing in foreign currency by local authorities and statutory corporations.

F2496

Textual Amendments

F2496S. 581 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 241, **Sch. 3** (with Sch. 2)

[^{F2497}**581** ~~Interest on foreign currency securities etc.~~

F2498]

Textual Amendments

F2497S. 581A inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 242** (with Sch. 2)

F2498S. 581A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 133, **Sch. 3 Pt. 1** (with Sch. 2)

582 Funding bonds issued in respect of interest on certain debts.

F2499

Textual Amendments

F2499S. 582 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 196, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F2500}**582** ~~Designated international organisations: miscellaneous exemptions.~~

F2501]

Textual Amendments

F2500S. 582A inserted by Finance Act 1991 (c. 31, SIF 63:1), **s. 118(1)**

F2501S. 582A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 135, **Sch. 3 Pt. 1** (with Sch. 2)

583 Inter-American Development Bank.

F2502

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Textual Amendments

F2502S. 583 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 244, Sch. 3](#) (with Sch. 2)

584 Relief for unremittable overseas income

F2503

Textual Amendments

F2503S. 584 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 197, Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

585 Relief from tax on delayed remittances.

F2504

Textual Amendments

F2504S. 585 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 246, Sch. 3](#) (with Sch. 2)

586 Disallowance of deductions for war risk premiums.

F2505

Textual Amendments

F2505Ss. 586, 587 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 198, Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

587 Disallowance of certain payments in respect of war injuries to employees.

F2506

Textual Amendments

F2506Ss. 586, 587 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 198, Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

[^{F2507}**587**~~A~~**New issues of securities: extra return.**

F2508]

Status: Point in time view as at 01/04/2010. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

- F2507S.** 587A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 54, **Sch. 12 para. 1** (with application as referred to in Sch. 12 para. 5 of that Act)
- F2508S.** 587A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by **Income Tax Act 2007 (c. 3), Sch. 1 para. 136, Sch. 3 Pt. 1** (with Sch. 2)

[^{F2509}~~587B~~^{F2510} **Gifts of shares, securities and real property to charities etc**
F2511

Textual Amendments

- F2509S.** 587B inserted (with effect in accordance with s. 43(3) of the amending Act) by **Finance Act 2000 (c. 17), s. 43(1)**
- F2510S.** 587B sidenote substituted (with effect in accordance with s. 97(6) of the amending Act) by **Finance Act 2002 (c. 23), s. 97(4)**
- F2511S.** 587B repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by **Corporation Tax Act 2010 (c. 4), Sch. 1 para. 89, Sch. 3 Pt. 1** (with Sch. 2)

[^{F2512}~~587B~~ **Qualifying interests in land held jointly**
F2513

Textual Amendments

- F2512S.** 587BA inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3), Sch. 1 para. 138** (with Sch. 2)
- F2513S.** 587BA repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by **Corporation Tax Act 2010 (c. 4), Sch. 1 para. 90, Sch. 3 Pt. 1** (with Sch. 2)

[^{F2514}~~587C~~ **Supplementary provision for gifts of real property**
F2515

Textual Amendments

- F2514S.** 587C inserted (with effect in accordance with s. 97(6) of the amending Act) by **Finance Act 2002 (c. 23), s. 97(5)**
- F2515S.** 587C repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by **Corporation Tax Act 2010 (c. 4), Sch. 1 para. 91, Sch. 3 Pt. 1** (with Sch. 2)

588 Training courses for employees.
F2516

Status: Point in time view as at 01/04/2010. This version of this Act contains provisions that are not valid for this point in time.
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Textual Amendments
F2516S. 588 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 200, Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

589 Qualifying courses of training etc.

F2517

Textual Amendments
F2517S. 589 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 68, Sch. 8 Pt. 1](#) (with [Sch. 7](#))

[^{F2518}**589A** ~~C~~**C**ounselling services for employees.

F2519]

Textual Amendments
F2518Ss. 589A, 589B inserted (27.7.1993) by [Finance Act 1993 \(c. 34\), s. 108](#)
F2519S. 589A repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 201, Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

^{F2520}**589B** ~~Q~~**Q**ualifying counselling services etc.

- (1) ^{F2521}
- (2) ^{F2521}
- (3) ^{F2521}
- [^{F2522}(4) ^{F2521}]
- (4A) ^{F2521}]
- (5) ^{F2523}

Textual Amendments
F2520Ss. 589A, 589B inserted (27.7.1993) by [Finance Act 1993 \(c. 34\), s. 108](#)
F2521S. 589B(1)-(4A) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 70\(2\), Sch. 8 Pt. 1](#) (with [Sch. 7](#))
F2522S. 589B(4)(4A) substituted for s. 589B(4) (with effect in accordance with s. 57(4) of the amending Act) by [Finance Act 2001 \(c. 9\), Sch. 12 Pt. 2 para. 13](#)
F2523S. 589B(5) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 202, Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

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PART XIV

PENSION SCHEMES, SOCIAL SECURITY BENEFITS, LIFE ANNUITIES ETC.

CHAPTER I

RETIREMENT BENEFIT SCHEMES

.....

Modifications etc. (not altering text)

C166 Pt. 14 Ch. 1 (ss. 590-612) modified (31.3.1995) by [Judicial Pensions and Retirement Act 1993 \(c. 8\)](#), ss. 18, 19(4), 31(2); S.I. 1995/631, art. 2

Approval of schemes

590 Conditions for approval of retirement benefit schemes.

F2524

.....

Textual Amendments

F2524Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

[^{F2525}**590**Section 590: supplementary provisions.

F2526]

.....

Textual Amendments

F2525Ss. 590A-590C inserted by [Finance Act 1989 \(c. 26\)](#), s. 75, [Sch. 6 paras. 4, 18\(4\)](#)

F2526Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

[^{F2527}**590**Section 590: further supplementary provisions.

F2528]

.....

Textual Amendments

F2527Ss. 590A-590C inserted by [Finance Act 1989 \(c. 26\)](#), s. 75, [Sch. 6 paras. 4, 18\(4\)](#)

F2528Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

[^{F2529}**590**Earnings cap.

F2530

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Textual Amendments
F2529Ss. 590A-590C inserted by [Finance Act 1989 \(c. 26\)](#), s. 75, Sch. 6 paras. 4, **18(4)**
F2530Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 3**, Note (with Sch. 36)

591 Discretionary approval.

F2531

Textual Amendments
F2531Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 3**, Note (with Sch. 36)

[^{F2532}**591**Effect on approved schemes of regulations under section 591.

F2533]

Textual Amendments
F2532S. 591A inserted by [Finance Act 1991 \(c. 31\)](#), **s.35**
F2533Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 3**, Note (with Sch. 36)

[^{F2534}**591**Cessation of approval: general provisions.

F2535]

Textual Amendments
F2534S. 591B inserted (retrospectively) by [Finance Act 1991 \(c. 31\)](#), **s. 36(1)(3)**
F2535Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 3**, Note (with Sch. 36)

[^{F2536}**591**Cessation of approval: tax on certain schemes.

F2537

Textual Amendments
F2536Ss. 591C, 591D inserted (with effect in accordance with s. 61(3) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), **s. 61(1)**
F2537Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 3**, Note (with Sch. 36)

591D Section 591C: supplementary.

F2538

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Textual Amendments

- F2536Ss. 591C, 591D inserted (with effect in accordance with s. 61(3) of the amending Act) by [Finance Act 1995 \(c. 4\), s. 61\(1\)](#)
- F2538Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 3](#), Note (with Sch. 36)

Tax reliefs

592 Exempt approved schemes.

F2539
.....

Textual Amendments

- F2539Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 3](#), Note (with Sch. 36)

593 Relief by way of deductions from contributions.

F2540
.....

Textual Amendments

- F2540Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 3](#), Note (with Sch. 36)

594 Exempt statutory schemes.

F2541
.....

Textual Amendments

- F2541Ss. 590-594 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 3](#), Note (with Sch. 36)

Charge to tax in certain cases

595 Charge to tax in respect of certain sums paid by employer etc.

F2542
.....

Textual Amendments

- F2542Ss. 595, 596 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 74, Sch. 8 Pt. 1](#) (with Sch. 7)

596 Exceptions from section 595.

F2543
.....

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Textual Amendments

F2543 Ss. 595, 596 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 74](#), [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

[^{F2544} **596** Charge to tax: benefits under non-approved schemes.

^{F2545}]

Textual Amendments

F2544 Ss. 596A, 596B inserted (with effect in accordance with [Sch. 6 para. 18\(7\)](#) of the amending Act) by [Finance Act 1989 \(c. 26\)](#), [Sch. 6 para. 9](#)

F2545 Ss. 596A-596C repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 75](#), [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

[^{F2546} **596** Section 596A: supplementary provisions.

^{F2547}]

Textual Amendments

F2546 Ss. 596A, 596B inserted (with effect in accordance with [Sch. 6 para. 18\(7\)](#) of the amending Act) by [Finance Act 1989 \(c. 26\)](#), [Sch. 6 para. 9](#)

F2547 Ss. 596A-596C repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 75](#), [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

[^{F2548} **596** Notional interest treated as paid if amount charged in respect of beneficial loan.

^{F2549}]

Textual Amendments

F2548 S. 596C inserted (with effect in accordance with s. 93(4) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 93\(3\)](#)

F2549 Ss. 596A-596C repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 75](#), [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

597 Charge to tax: pensions.

^{F2550}

Textual Amendments

F2550 S. 597 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 76](#), [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

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598 Charge to tax: repayment of employee’s contributions.

F2551

Textual Amendments

F2551 Ss. 598-599A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36) (with savings in S.I. 2006/5072, arts. 1(1), 38)

599 Charge to tax: commutation of entire pension in special circumstances.

F2552

Textual Amendments

F2552 Ss. 598-599A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36) (with savings in S.I. 2006/5072, arts. 1(1), 38)

[^{F2553}**599A Charge to tax: payments out of surplus funds.**

F2554]

Textual Amendments

F2553 S. 599A inserted (with effect in accordance with Sch. 6 para. 18(9) of the amending Act) by Finance Act 1989 (c. 26), Sch. 6 para. 12
F2554 Ss. 598-599A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36) (with savings in S.I. 2006/5072, arts. 1(1), 38)

600 Charge to tax: unauthorised payments to or for employees.

F2555

Textual Amendments

F2555 S. 600 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 78, Sch. 8 Pt. 1 (with Sch. 7)

601 Charge to tax: payments to employers.

F2556

Textual Amendments

F2556 Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

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602 Regulations relating to pension fund surpluses.

F2557

Textual Amendments

F2557Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

603 Reduction of surpluses.

F2558

Textual Amendments

F2558Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

Supplementary provisions

604 Application for approval of a scheme.

F2559

Textual Amendments

F2559Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

605 Information.

F2560

Textual Amendments

F2560Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

[^{F2561}605] False statements etc.

F2562
]

Textual Amendments

F2561S. 605A inserted (with application in accordance with s. 106(2) of the amending Act) by Finance Act 1994 (c. 9), s. 106(1)

F2562Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

606 Default of administrator etc.

F2563

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Textual Amendments

F2563Ss. 601-612 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

[^{F2564}**606** **Recourse to scheme members.**

F2565]

Textual Amendments

F2564S. 606A inserted (with effect in accordance with [Sch. 15 para. 6\(2\)](#) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 15 para. 6\(1\)](#)

F2565Ss. 601-612 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

607 Pilots' benefit fund.

F2566

Textual Amendments

F2566Ss. 601-612 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

608 Superannuation funds approved before 6th April 1980.

F2567

Textual Amendments

F2567Ss. 601-612 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

609 Schemes approved before 23rd July 1987.

F2568

Textual Amendments

F2568Ss. 601-612 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

610 Amendments of schemes.

F2569

Textual Amendments

F2569Ss. 601-612 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

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611 Definition of “retirement benefits scheme”.

F2570

Textual Amendments
 F2570Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

[^{F2571}**611A Definition of relevant statutory scheme.**

F2572

Textual Amendments
 F2571S. 611A inserted (14.3.1989) by Finance Act 1989 (c. 26), Sch. 6 paras. 15, 18(1)
 F2572Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

[^{F2573}**611AA Definition of the administrator.**

F2574
]

Textual Amendments
 F2573S. 611AA inserted (with application in accordance with s. 103(3) of the amending Act) by Finance Act 1994 (c. 4), s. 103(1)
 F2574Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

611A Definition of relevant statutory scheme.

F2572
]

Textual Amendments
 F2571S. 611A inserted (14.3.1989) by Finance Act 1989 (c. 26), Sch. 6 paras. 15, 18(1)
 F2572Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

612 Other interpretative provisions, and regulations for purposes of this Chapter.

F2575

Textual Amendments
 F2575Ss. 601-612 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

CHAPTER II

OTHER PENSION FUNDS AND SOCIAL SECURITY BENEFITS AND CONTRIBUTIONS

613 Parliamentary pension funds.

[^{F2576}(1) ^{M128}The salary of a Member of the House of Commons shall, for all the purposes of the Income Tax Acts, be treated as reduced by the amounts deducted in pursuance of section 1 of the ^{M129}House of Commons Members' Fund Act 1939; but a Member shall not by reason of any such deduction be entitled to relief under any other provision of the Income Tax Acts.

(2) In subsection (1) above the reference to salary shall be construed as mentioned in subsection (3) of section 1 of the House of Commons Members' Fund Act 1939, the reference to amounts deducted includes a reference to amounts required to be set aside under that subsection, and "deduction" shall be construed accordingly.]

(3) ^{F2577}

(4) ^{M130}The ^{F2578} . . . trustees of—

(a) the House of Commons Members' Fund established under section 1 of that Act of 1939;

(b) ^{F2579}

[^{F2580}(bb) ^{F2579}

(c) ^{F2579}

(d) ^{F2579}

shall be entitled to exemption from income tax in respect of all income derived from [^{F2581}that Fund] or any investment of [^{F2581}that Fund].

A claim under this subsection shall be made to the Board.

Textual Amendments

F2576S. 613(1)(2) (which were repealed by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 83, Sch. 8 Pt. 1](#)) restored (retrospectively) by [Finance Act 2005 \(c. 7\), Sch. 10 para. 63](#)

F2577S. 613(3) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 83, Sch. 8 Pt. 1](#) (with Sch. 7)

F2578Word in s. 613(4) repealed (6.4.2006) by [Finance Act 2004 \(c. 12\), s. 284\(1\), Sch. 35 para. 26\(a\), Sch. 42 Pt. 3](#), Note (with Sch. 36)

F2579S. 613(4)(b)-(d) repealed (6.4.2006) by [Finance Act 2004 \(c. 12\), s. 284\(1\), Sch. 35 para. 26\(a\), Sch. 42 Pt. 3](#), Note (with Sch. 36)

F2580S. 613(4)(bb) inserted (with effect in accordance with s. 52(2) of the amending Act) by [Finance Act 1999 \(c. 16\), Sch. 5 para. 4](#)

F2581Words in s. 613(4) substituted (6.4.2006) by [Finance Act 2004 \(c. 12\), s. 284\(1\), Sch. 35 para. 26\(b\)](#) (with Sch. 36)

Marginal Citations

M128 Source-1970 s.211(1), (4)

M129 1939 c. 49.

M130 Source-1970 s.211(2) 1981 s.50(1); PPA 1987 Sch.3 2(1)

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614 Exemptions and reliefs in respect of income from investments etc. of certain pension schemes.

- (1) ^{F2582}
- (2) ^{M131} Any interest or dividends received by the person in whom is vested any of the Family Pension Funds mentioned in section 273 of the ^{M132}Government of India Act 1935, and having effect as a scheme made under section 2 of the ^{M133}Overseas Pensions Act 1973, on sums forming part of that fund shall be exempt from income tax.
- ^{F2583}(2A) The reference in subsection (2) above to interest on sums forming part of a fund include references to any amount which is treated as income by virtue of ^{F2584}Chapter 8 of Part 4 of ITTOIA 2005 (profits from deeply] discounted securities) and derives from any investment forming part of that fund.]
- (3) ^{M134}Income derived from investments or deposits of any fund referred to in ^{F2585}section 648, 649, 650 or 651 of ITEPA 2003] shall not be charged to income tax, and any income tax deducted from any such income shall be repaid by the Board to the persons entitled to receive the income.
- (4) ^{M135}In respect of income derived from investments or deposits of the Overseas Service Pensions Fund established pursuant to section 7(1) of the ^{M136}Overseas Aid Act 1966, the Board shall give by way of repayment such relief from income tax as is necessary to secure that the income is exempt to the like extent (if any) as if it were income of a person not domiciled, ordinarily resident or resident in the United Kingdom.
- (5) ^{M137}In respect of dividends and other income derived from investments, deposits or other property of a superannuation fund to which section 615(3) applies the Board shall give by way of repayment such relief from income tax as is necessary to secure that the income is exempt to the like extent (if any) as if it were income of a person not domiciled, ordinarily resident or resident in the United Kingdom.
- (6) ^{M138}A claim under this section shall be made to the Board.

Textual Amendments

- F2582**S. 614(1) repealed (3.5.1994) by [Finance Act 1994 \(c. 9\)](#), [Sch. 26 Pt. 5\(22\)](#)
- F2583**S. 614(2A) inserted (with effect in accordance with s. 105(1) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 14 para. 34](#) (with [Sch. 15](#))
- F2584**Words in s. 614(2A) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 261](#) (with [Sch. 2](#))
- F2585**Words in s. 614(3) substituted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 84](#) (with [Sch. 7](#))

Marginal Citations

- M131** Source-1970 s.213(1)
- M132** 1935 c. 2.
- M133** 1973 c. 21.
- M134** Source-1970 s.214(2), 216(2); 1973 s.53(1)
- M135** Source-1970 s.217(2), (4)
- M136** 1966 c. 21.
- M137** Source-1970 s.218(1)
- M138** Source-1970 s.212(3), 213(1), 214(3), 216(2), 217(2), 218(1); 1987 Sch.15 2(13)

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615 Exemption from tax in respect of certain pensions.

- (1) ^{F2586}
- (2) ^{F2586}
- (3) ^{M139} Where an annuity is paid from a superannuation fund to which this subsection applies to a person who is not resident in the United Kingdom, income tax shall not be deducted from any payment of the annuity or accounted for under [^{F2587}Chapter 6 of Part 15 of ITA 2007 (deduction from annual payments and patent royalties)] by the trustees or other persons having the control of the fund.
- (4) ^{F2586}
- (5) ^{F2586}
- (6) ^{M140} Subsection (3) above applies to any superannuation fund which—
 - (a) is bona fide established under irrevocable trusts in connection with some trade or undertaking carried on wholly or partly outside the United Kingdom;
 - (b) has for its sole purpose [^{F2588}(subject to any enactment or Northern Ireland legislation requiring or allowing provision for the value of any rights to be transferred between schemes or between members of the same scheme)] the provision of superannuation benefits in respect of persons' employment in the trade or undertaking wholly outside the United Kingdom; and
 - (c) is recognised by the employer and employed persons in the trade or undertaking;

and for the purposes of this subsection duties performed in the United Kingdom the performance of which is merely incidental to the performance of other duties outside the United Kingdom shall be treated as performed outside the United Kingdom.

- (7) ^{M141} In this section—

“pension” includes a gratuity or any sum payable on or in respect of death or, in the case of a pension falling within subsection (2)(g) above, ill-health, and a return of contributions with or without interest thereon or any other addition thereto;

“overseas territory” means any territory or country outside the United Kingdom;

“the Pensions (Increase) Acts” means the ^{M142}Pensions (Increase) Act 1971 and any Act passed after that Act for purposes corresponding to the purposes of that Act;

“United Kingdom trust territory” means a territory administered by the government of the United Kingdom under the trusteeship system of the United Nations.

- (8) ^{F2586}

^{F2589}(9) For the purposes of this section, a person shall be taken to be employed in the public service of an overseas territory at any time when—

- (a) he is employed in any capacity under the government of that territory, or under any municipal or other local authority in it,
- (b) he is employed, in circumstances not falling within paragraph (a) above, by a body corporate established for any public purpose in that territory by an enactment of a legislature empowered to make laws for that territory, or

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(c) he is the holder of a public office in that territory in circumstances not falling within either paragraph (a) or (b).

(10) For the purposes of subsection (9), references to the government of an overseas territory include references to a government constituted for two or more overseas territories, and to any authority established for the purpose of providing or administering services which are common to, or relate to matters of common interest to, two or more such territories.]

Textual Amendments

- F2586**S. 615(1)(2)(4)(5)(8) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 85, Sch. 8 Pt. 1](#) (with [Sch. 7](#))
- F2587**Words in s. 615(3) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 140](#) (with [Sch. 2](#))
- F2588**Words in s. 615(6)(b) inserted (27.7.1999) by [Finance Act 1999 \(c. 16\), Sch. 10 para. 11](#)
- F2589**S. 615(9)(10) inserted (17.6.2002) by [International Development Act 2002 \(c. 1\), s. 20\(2\), Sch. 3 para. 9\(3\)](#) (with [Sch. 5](#)); [S.I. 2002/1408, art. 2](#)

Marginal Citations

- M139** Source-1970 s.218(3)
- M140** Source-1970 s.218(4)
- M141** Source-1970 s.214(5), 215(3), 216(4), 217(4)
- M142** 1971 c. 56.

616 Other overseas pensions.

F2590

Textual Amendments

- F2590**S. 616 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 86, Sch. 8 Pt. 1](#) (with [Sch. 7](#))

617 Social security benefits and contributions.

F2591

Textual Amendments

- F2591**S. 617 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 203, Sch. 3 Pt. 1](#) (with [Sch. 2 Pts 1, 2](#))

[^{F2592}617A Tax credits under Part 1 of Tax Credits Act 2002

F2593]

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Textual Amendments

- F2592**S. 617A inserted (prosp.) by [Tax Credits Act 2002 \(c. 21\)](#), s. 61, [Sch. 3 para. 14](#) (the insertion being brought into force at 6.4.2003 by [S.I. 2003/962](#), [art. 2\(3\)\(d\)\(iii\)](#))
- F2593**S. 617A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), Sch. 6 para. 88, [Sch. 8 Pt. 1](#) (with Sch. 7)

CHAPTER III

RETIREMENT ANNUITIES

618 Termination of relief under this Chapter, and transitional provisions.

F2594

Textual Amendments

- F2594**Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

619 Exemption from tax in respect of qualifying premiums.

F2595

Textual Amendments

- F2595**Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

620 Qualifying premiums.

F2596

Textual Amendments

- F2596**Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

621 Other approved contracts.

F2597

Textual Amendments

- F2597**Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

622 Substituted retirement annuity contracts.

F2598

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Textual Amendments
 F2598Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

623 Relevant earnings.

F2599

.....

Textual Amendments
 F2599Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

624 Sponsored superannuation schemes and controlling directors.

F2600

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Textual Amendments
 F2600Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

625 Carry-forward of unused relief under section 619.

F2601

.....

Textual Amendments
 F2601Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

626 Modification of section 619 in relation to persons over 50.

F2602

.....

Textual Amendments
 F2602Ss. 618-626 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

^{F2603} **627 Lloyd’s underwriters.**

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Textual Amendments
 F2603S. 627 repealed (with effect as mentioned in s. 228(4) of the repealing Act) by [Finance Act 1994 \(c. 9\)](#), s. 228(2)(a), [Sch. 26 Pt. 5\(25\)](#), Note 1

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628 Partnership retirement annuities.

F2604
.....

Textual Amendments

F2604S. 628 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

629 Annuity premiums of Ministers and other officers.

^{M143}(1) For the purposes of this Chapter so much of any salary which—

- (a) is payable to the holder of a qualifying office who is also a Member of the House of Commons, and
- (b) is payable for a period in respect of which the holder is not a participant in relation to that office in arrangements contained in the Parliamentary pension scheme but is a participant in relation to his membership of the House of Commons in any such arrangements, or for any part of such a period,

as is equal to the difference between a Member’s pensionable salary and the salary which (in accordance with any such resolution as is mentioned in subsection (3)(a) below) is payable to him as a Member holding that qualifying office shall be treated as remuneration from the office of Member and not from the qualifying office.

(2) In this section—

“Member’s pensionable salary” means a Member’s ordinary salary under any resolution of the House of Commons which, being framed otherwise than as an expression of opinion, is for the time being in force relating to the remuneration of Members or, if the resolution provides for a Member’s ordinary salary thereunder to be treated for pension purposes as being at a higher rate, a notional yearly salary at that higher rate;

“qualifying office” means an office mentioned in section 2(2)(b), (c) or (d) of the Parliamentary and other ^{M144}Pensions Act 1987;

“the Parliamentary pension scheme” has the same meaning as in that Act; and without prejudice to the power conferred by virtue of paragraph 13 of Schedule 1 to that Act, regulations under section 2 of that Act may make provision specifying the circumstances in which a person is to be regarded for the purposes of this section as being or not being a participant in relation to his Membership of the House of Commons, or in relation to any office, in arrangements contained in the Parliamentary pension scheme.

(3) In subsection (2) above “a Member’s ordinary salary”, in relation to any resolution of the House of Commons, means—

- (a) if the resolution provides for salary to be paid to Members at different rates according to whether or not they are holders of particular offices, or are in receipt of salaries or pensions as the holders or former holders of particular offices, a Member’s yearly salary at the higher or highest rate; and
- (b) in any other case, a Member’s yearly salary at the rate specified in or determined under the resolution.

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Modifications etc. (not altering text)
 C167 S. 629 applied (with modifications) (with effect in accordance with s. 52(2) of the affecting Act) by Finance Act 1999 (c. 16), Sch. 5 para. 6

Marginal Citations
 M143 Source-1970 s.229
 M144 1987 c. 45.

CHAPTER IV

PERSONAL PENSION SCHEMES

Modifications etc. (not altering text)
 C168 Pt. 14 Ch. 5 excluded (1.5.1995) by Finance Act 1995 (c. 4), s. 60(5)

Preliminary

630 Interpretation.

F2605

Textual Amendments
 F2605Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

631 Approval of schemes.

F2606

Textual Amendments
 F2606Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

[^{F2607} 631 Conversion of certain approved retirement benefits schemes.

F2608]

Textual Amendments
 F2607S. 631A inserted (28.7.2000) by Finance Act 2000 (c. 17), Sch. 13 para. 7 (with Sch. 13 Pt. 2)
 F2608Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

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Restrictions on approval

632 Establishment of schemes.

F2609

Textual Amendments

F2609Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

[^{F2610} **632 Eligibility to make contributions.**

F2611

Textual Amendments

F2610Ss. 632A, 632B inserted (6.4.2001) by Finance Act 2000 (c. 17), Sch. 13 para. 8 (with Sch. 13 Pt. 2)

F2611Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

632B Eligibility to make contributions: concurrent membership.

F2612]

Textual Amendments

F2610Ss. 632A, 632B inserted (6.4.2001) by Finance Act 2000 (c. 17), Sch. 13 para. 8 (with Sch. 13 Pt. 2)

F2612Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

633 Scope of benefits.

F2613

Textual Amendments

F2613Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

634 Annuity to member.

F2614

Textual Amendments

F2614Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

[^{F2615} **634 Income withdrawals by member.**

F2616]

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Textual Amendments

F2615S. 634A inserted (1.5.1995) by [Finance Act 1995 \(c. 4\)](#), [Sch. 11 para. 4](#)
F2616Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

635 Lump sum to member.

F2617

Textual Amendments

F2617Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

636 Annuity after death of member.

F2618

Textual Amendments

F2618Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

[^{F2619}636] ~~Income~~ withdrawals after death of member.

F2620
]

Textual Amendments

F2619S. 636A inserted (1.5.1995) by [Finance Act 1995 \(c. 4\)](#), [Sch. 11 para. 7](#)
F2620Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

637 Death benefit.

F2621

Textual Amendments

F2621Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

[^{F2622}637] ~~Return~~ of contributions on or after death of member.

F2623
]

Textual Amendments

F2622Ss. 637, 637A substituted for s. 637 (1.5.1995) by [Finance Act 1995 \(c. 4\)](#), [Sch. 11 para. 8](#)
F2623Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

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638 Other restrictions on approval.

F2624

Textual Amendments

F2624Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

[^{F2625}638ZA Personal pension arrangements with more than one pension date etc.

F2626]

Textual Amendments

F2625S. 638ZA inserted (6.4.2001) by Finance Act 2000 (c. 17), Sch. 13 para. 14 (with Sch 13 Pt. 2)

F2626Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

[^{F2627}638B Power to prescribe restrictions on approval.

F2628]

Textual Amendments

F2627S. 638A inserted (31.7.1998) by Finance Act 1998 (c. 36), s. 94(1)

F2628Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

Tax reliefs

639 Member's contributions.

F2629

Textual Amendments

F2629Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

640 Maximum amount of deductions.

F2630

Textual Amendments

F2630Ss. 630-640A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

[^{F2631}640E Earnings cap.

F2632]

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Textual Amendments

- F2631S. 640A inserted (with effect in accordance with Sch. 7 para. 4(2) of the amending Act) by [Finance Act 1989 \(c. 26\)](#), [Sch. 7 para. 4\(1\)](#)
- F2632Ss. 630-640A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

641 Carry-back of contributions.

F2633

Textual Amendments

- F2633S. 641 repealed (with effect in accordance with Sch. 13 para. 17 of the repealing Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 40 Pt. 2\(4\)](#), Note 3 (with Sch. 13 Pt. 2)

[^{F2634}**641 Election for contributions to be treated as paid in previous year.**

F2635]

Textual Amendments

- F2634S. 641A inserted (with effect in accordance with Sch. 13 para. 18(2) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 18\(1\)](#) (with Sch. 13 Pt. 2)
- F2635S. 641A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

642 Carry-forward of relief.

F2636

Textual Amendments

- F2636S. 642 repealed (with effect in accordance with Sch. 13 para. 19 of the repealing Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 40 Pt. 2\(4\)](#), Note 4 (with Sch. 13 Pt. 2)

643 Employer’s contributions and personal pension income etc.

F2637

Textual Amendments

- F2637Ss. 643-646D repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

644 Meaning of “relevant earnings”.

F2638

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Textual Amendments

F2638Ss. 643-646D repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

645 Earnings from pensionable employment.

F2639

Textual Amendments

F2639Ss. 643-646D repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

646 Meaning of “net relevant earnings”.

F2640

Textual Amendments

F2640Ss. 643-646D repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

[^{F2641}**646A** **Earnings from associated employments.**

F2642]

Textual Amendments

F2641S. 646A inserted (with effect in accordance with [Sch. 7 para. 8\(2\)](#) of the amending Act) by [Finance Act 1989 \(c. 26\)](#), [Sch. 7 para. 8\(1\)](#)

F2642Ss. 643-646D repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

[^{F2643}**646B** **Presumption of same level of relevant earnings etc for 5 years.**

F2644

Textual Amendments

F2643Ss. 646B, 646C inserted (with effect in accordance with [Sch. 13 para. 22\(2\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 13 para. 22\(1\)](#) (with [Sch. 13 Pt. 2](#))

F2644Ss. 643-646D repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

646C Provisions supplementary to section 646B.

F2645]

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Textual Amendments
F2643 Ss. 646B, 646C inserted (with effect in accordance with Sch. 13 para. 22(2) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 13 para. 22(1)** (with Sch. 13 Pt. 2)
F2645 Ss. 643-646D repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3**, Note (with Sch. 36)

[^{F2646} **646D Higher level contributions after cessation of actual relevant earnings: modification of section 646B.**

F2647]

Textual Amendments
F2646 S. 646D inserted (with effect in accordance with Sch. 13 para. 23(2) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 13 para. 23(1)** (with Sch. 13 Pt. 2)
F2647 Ss. 643-646D repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3**, Note (with Sch. 36)

Charge to tax

647 Unauthorised payments.

F2648

Textual Amendments
F2648 Ss. 647-648A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 96, **Sch. 8 Pt. 1** (with Sch. 7)

648 Contributions under unapproved arrangements.

F2649

Textual Amendments
F2649 Ss. 647-648A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 96, **Sch. 8 Pt. 1** (with Sch. 7)

[^{F2650F2651}

Textual Amendments
F2650 S. 648A and preceding cross-heading inserted (with application in accordance with s. 109(2) of the amending Act) by Finance Act 1994 (c. 9), **s. 109(1)**
F2651 Cross-heading preceding s. 648A omitted (1.5.1995) by virtue of Finance Act 1995 (c. 4), **Sch. 11 para. 12**

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648A Annuities: charge under Schedule E.

F2652

Textual Amendments

F2650S. 648A and preceding cross-heading inserted (with application in accordance with s. 109(2) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), **s. 109(1)**

F2652Ss. 647-648A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 96](#), **Sch. 8 Pt. 1** (with [Sch. 7](#))

[^{F2653}**648B** ^{F2654}.....]]

Textual Amendments

F2650S. 648A and preceding cross-heading inserted (with application in accordance with s. 109(2) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), **s. 109(1)**

F2653S. 648B inserted (1.5.1995) by [Finance Act 1995 \(c. 4\)](#), **Sch. 11 para. 12**

F2654Ss. 648B-651A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 3**, Note (with [Sch. 36](#))

Miscellaneous

649 Minimum contributions under Social Security Act 1986.

F2655

Textual Amendments

F2655Ss. 648B-651A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 3**, Note (with [Sch. 36](#))

650 Withdrawal of approval.

F2656

Textual Amendments

F2656Ss. 648B-651A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 3**, Note (with [Sch. 36](#))

[^{F2657}**650A** Charge on withdrawal of approval from arrangements.

F2658

Textual Amendments

F2657S. 650A inserted (with effect in accordance with s. 95(4) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), **s. 95(1)**

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F2658 Ss. 648B-651A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

651 Appeals.

F2659

Textual Amendments
F2659 Ss. 648B-651A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

[^{F2660} **651A Information powers.**

F2661]

Textual Amendments
F2660 S. 651A inserted (31.7.1998) by Finance Act 1998 (c. 36), s. 96(1)
F2661 Ss. 648B-651A repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

652 Information about payments.

F2662

Textual Amendments
F2662 S. 652 repealed (1.10.2000) by Finance Act 1998 (c. 36), s. 96(4), Sch. 27 Pt. 3(21), Note; S.I. 2000/2319, art. 2

653 Information: penalties.

F2663

Textual Amendments
F2663 Ss. 653-655 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

[^{F2664} **653A Notices to be given to scheme administrator.**

F2665]

Textual Amendments
F2664 S. 653A inserted (with effect in accordance with s. 97(2) of the amending Act) by Finance Act 1998 (c. 36), s. 97(1)
F2665 Ss. 653-655 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

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654 Remuneration of Ministers and other officers.

F2666
.....

Textual Amendments

F2666Ss. 653-655 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

655 Transitional provisions.

F2667
.....

Textual Amendments

F2667Ss. 653-655 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

CHAPTER V

PURCHASED LIFE ANNUITIES

656 Purchased life annuities other than retirement annuities.

F2668
.....

Textual Amendments

F2668Ss. 656-658 omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 8

657 Purchased life annuities to which section 656 applies.

F2669
.....

Textual Amendments

F2669Ss. 656-658 omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 8

658 Supplementary.

F2670
.....

Textual Amendments

F2670Ss. 656-658 omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 8

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CHAPTER VI

MISCELLANEOUS

[^{F2671} **658** Charges and assessments on administrators.

F2672

Textual Amendments

F2671S. 658A inserted (retrospectively) by [Finance Act 1998 \(c. 36\)](#), [s. 98\(1\)](#)

F2672S. 658A repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

[^{F2673} **659** Financial futures and traded options.

.....

Textual Amendments

F2673S. 659 repealed (with effect in accordance with s. 81(7)(8) of the repealing Act) by [Finance Act 1990 \(c. 29\)](#), [s. 81\(4\)](#), [Sch. 19 Pt. 4](#), Note 9

[^{F2674} **659** Futures and options.

- (1) For the purposes of sections ^{F2675} . . . 613(4), 614(3) and (4) ^{F2675} . . . —
- (a) “investments” (or “investment”) includes futures contracts and options contracts, and
 - (b) income derived from transactions relating to such contracts shall be regarded as income derived from (or income from) such contracts.

F2675

- (2) For the purposes of subsection (1) above a contract is not prevented from being a futures contract or an options contract by the fact that any party is or may be entitled to receive or liable to make, or entitled to receive and liable to make, only a payment of a sum (as opposed to a transfer of assets other than money) in full settlement of all obligations.]

Textual Amendments

F2674S. 659A inserted (with effect in accordance with [s. 81\(5\)](#) of the amending Act) by [Finance Act 1990 \(c. 29\)](#), [s. 81\(2\)](#)

F2675 Words in [s. 659A\(1\)](#) repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#), Note (with Sch. 36)

[^{F2676} **659** Definition of insurance company.

F2677

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Textual Amendments

- F2676Ss. 659B, 659C inserted (with effect in accordance with s. 60 of the amending Act) by Finance Act 1995 (c. 4), s. 59(5)
- F2677Ss. 659B-659D repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

659C Effect of appointment or arrangements under section 659B.

F2678]

Textual Amendments

- F2676Ss. 659B, 659C inserted (with effect in accordance with s. 60 of the amending Act) by Finance Act 1995 (c. 4), s. 59(5)
- F2678Ss. 659B-659D repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

[^{F2679}**659D Interpretation of provisions about pension sharing.**

F2680]

Textual Amendments

- F2679S. 659D inserted (27.7.1999) by Finance Act 1999 (c. 16), Sch. 10 para. 17
- F2680Ss. 659B-659D repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

[^{F2681}**659E Treatment of income from property investment LLPs**

- (1) The exemptions specified below do not apply to income derived from investments, deposits or other property held as a member of a property investment LLP [^{F2682}(see section 1004 of ITA 2007)].
- (2) The exemptions are those provided by—
 - F2683
 - F2683
 - section 613(4) (Parliamentary pension funds),
 - section 614(3) (certain colonial, &c. pension funds),
 - section 614(4) (the Overseas Service Pension Fund),
 - section 614(5) (other pension funds for overseas employees),
 - F2683
 - F2683
- (3) The income to which subsection (1) above applies includes relevant stock lending fees, in relation to any investments, to which any of the provisions listed in subsection (2) above would apply by virtue of section 129B.
- (4) Section 659A (treatment of futures and options) applies for the purposes of subsection (1) above.]

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Textual Amendments

F2681 S. 659E inserted (6.4.2001) by Finance Act 2001 (c. 9), s. 76(2), **Sch. 25 para. 2**

F2682 Words in s. 659E(1) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 143** (with Sch. 2)

F2683 S. 659E(2): entries repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3**, Note (with Sch. 36)

PART XV

SETTLEMENTS

Modifications etc. (not altering text)

C169 Pt. 15 modified (with effect in accordance with s. 105(1) of the modifying Act) by Finance Act 1996 (c. 8), **Sch. 13 para. 6(1)** (with Sch. 13 para. 16, Sch. 15)

[^{F2684}CHAPTER IA

LIABILITY OF SETTLOR

Textual Amendments

F2684 Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 17 para. 1**

Modifications etc. (not altering text)

C170 Pt. 15 Ch. 1A excluded (with effect in accordance with s. 44(6) of the affecting Act) by Finance Act 2000 (c. 17), s. 44(1)

C171 Pt. 15 Ch. 1A modified (with effect in accordance with s. 45(3) of the modifying Act) by Finance Act 2000 (c. 17), s. 45(1)

Main provisions

660A Income arising under settlement where settlor retains an interest.

F2685

Textual Amendments

F2685 Ss. 660A, 660B repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 271, **Sch. 3** (with Sch. 2)

660B Payments to unmarried minor children of settlor.

F2686

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Textual Amendments

F2686Ss. 660A, 660B repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 271, Sch. 3 \(with Sch. 2\)](#)

660C Nature of charge on settlor.

- (1) ^{F2687}
- ^{F2687} [.....]
- ^{F2688}(1A)
- (2) ^{F2687}
- (3) ^{F2689}
- ^{F2690}(4) [^{F2691}]

Textual Amendments

F2687S. 660C(1)-(2) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 272\(2\), Sch. 3 \(with Sch. 2\)](#)

F2688S. 660C(1A) inserted (with effect in accordance with [Sch. 4 para. 14\(4\)](#) of the amending Act) by [Finance \(No. 2\) Act 1997 \(c. 58\), Sch. 4 para. 14\(3\)](#)

F2689S. 660C(3) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 144, Sch. 3 Pt. 1 \(with Sch. 2\)](#)

F2690S. 660C(4) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 272\(4\) \(with Sch. 2\)](#)

F2691S. 660C(4) repealed (with effect in accordance with [Sch. 5 para. 2\(2\)\(3\)](#) of the repealing Act) by [Finance Act 2007 \(c. 11\), Sch. 5 para. 2\(1\), Sch. 27 Pt. 2\(3\), Note](#)

660D Adjustments between settlor and trustees, &c.

- ^{F2692}

Textual Amendments

F2692Ss. 660D-660G repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 273, Sch. 3 \(with Sch. 2\)](#)

Supplementary provisions

660E Application to settlements by two or more settlors.

- ^{F2693}

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Textual Amendments
F2693 Ss. 660D-660G repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 273, Sch. 3 (with Sch. 2)

660F Power to obtain information.

F2694

Textual Amendments
F2694 Ss. 660D-660G repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 273, Sch. 3 (with Sch. 2)

660G Meaning of “settlement” and related expressions.

F2695]

Textual Amendments
F2695 Ss. 660D-660G repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 273, Sch. 3 (with Sch. 2)

CHAPTER I

DISPOSITIONS FOR SHORT PERIODS

F2684 **660 Dispositions for period which cannot exceed six years.**

.....

Textual Amendments
F2684 Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by Finance Act 1995 (c. 4), Sch. 17 para. 1

F2684 **661 Adjustments between disponor and trustees.**

.....

Textual Amendments
F2684 Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by Finance Act 1995 (c. 4), Sch. 17 para. 1

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F2684 662 Application of Chapter I to dispositions by two or more disponors.

.....

Textual Amendments

F2684Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 17 para. 1](#)

CHAPTER II

SETTLEMENTS ON CHILDREN

F2684 663 The general rule.

.....

Textual Amendments

F2684Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 17 para. 1](#)

F2684 664 Accumulation settlements.

.....

Textual Amendments

F2684Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 17 para. 1](#)

F2684 665 Meaning of “irrevocable”.

.....

Textual Amendments

F2684Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 17 para. 1](#)

F2684 666 Interest paid by trustees.

.....

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Textual Amendments
F2684Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by Finance Act 1995 (c. 4), Sch. 17 para. 1

F2684 **667 Adjustments between disporor and trustees.**

.....

Textual Amendments
F2684Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by Finance Act 1995 (c. 4), Sch. 17 para. 1

F2684 **668 Application of Chapter II to settlements by two or more settlors.**

.....

Textual Amendments
F2684Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by Finance Act 1995 (c. 4), Sch. 17 para. 1

F2684 **669 Power to obtain information under Chapter II.**

.....

Textual Amendments
F2684Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by Finance Act 1995 (c. 4), Sch. 17 para. 1

F2684 **670 Interpretation of Chapter II.**

.....

Textual Amendments
F2684Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by Finance Act 1995 (c. 4), Sch. 17 para. 1

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[^{F2696}CHAPTER 1B

PROVISIONS AS TO CAPITAL SUMS PAID TO SETTLOR]

Textual Amendments

F2696Pt. 15 Ch. 1B heading inserted (with effect in accordance with s. 74(2) of the amending Act) by Finance Act 1995 (c. 4), Sch. 17 para. 8

^{F2684}**671 Revocable settlements allowing release of obligation.**

Textual Amendments

F2684Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by Finance Act 1995 (c. 4), Sch. 17 para. 1

^{F2684}**672 Revocable settlements allowing reversion of property.**

Textual Amendments

F2684Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by Finance Act 1995 (c. 4), Sch. 17 para. 1

^{F2684}**673 Settlements where settlor retains an interest.**

Textual Amendments

F2684Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by Finance Act 1995 (c. 4), Sch. 17 para. 1

^{F2684}**674 Settlements: discretionary power for benefit of settlor etc.**

Textual Amendments

F2684Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by Finance Act 1995 (c. 4), Sch. 17 para. 1

^{F2684}**674A**^{F2697} **Other settlements where settlor retains interest in settled property.]**

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Textual Amendments
F2684Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 17 para. 1](#)
F26971989 s.109(1).

F2684 675 Provisions supplementary to sections 671 to 674.

.....

Textual Amendments
F2684Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 17 para. 1](#)

F2684 676 Disallowance of deduction from total income of certain sums paid by settlor.

.....

Textual Amendments
F2684Pt. 15 Ch. 1A inserted (in place of ss. 660-676, 683-685) (with effect in accordance with s. 74(2) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 17 para. 1](#)

677 Sums paid to settlor otherwise than as income.

F2698

Textual Amendments
F2698S. 677 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 274](#), [Sch. 3](#) (with [Sch. 2](#))

678 Capital sums paid by body connected with settlement.

F2699

Textual Amendments
F2699S. 678 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 275](#), [Sch. 3](#) (with [Sch. 2](#))

679 Application of Chapter III to settlements by two or more settlors.

F2700

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Textual Amendments

F2700Ss. 679-681 repealed (with effect in accordance with Sch. 29 Pt. 8(8) Note of the repealing Act) by Finance Act 1995 (c. 4), **Sch. 29 Pt. 8(8)**

680 Power to obtain information for purposes of Chapter III.

F2701

Textual Amendments

F2701Ss. 679-681 repealed (with effect in accordance with Sch. 29 Pt. 8(8) Note of the repealing Act) by Finance Act 1995 (c. 4), **Sch. 29 Pt. 8(8)**

681 Interpretation of Chapter III.

F2702

Textual Amendments

F2702Ss. 679-681 repealed (with effect in accordance with Sch. 29 Pt. 8(8) Note of the repealing Act) by Finance Act 1995 (c. 4), **Sch. 29 Pt. 8(8)**

682 Ascertainment of undistributed income.

F2703

Textual Amendments

F2703Ss. 682, 682A repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 276, **Sch. 3** (with Sch. 2)

[^{F2704}**682A** **Supplementary provisions.**

F2705]

Textual Amendments

F2704S. 682A inserted (with effect in accordance with s. 74(2) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 17 para. 11**

F2705Ss. 682, 682A repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 276, **Sch. 3** (with Sch. 2)

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[^{F2706}CHAPTER 1C

LIABILITY OF TRUSTEES]

Textual Amendments

F2706 Pt. 15 Ch. 1C heading substituted for heading before s. 686 (with effect in accordance with s. 74(2) of the amending Act) by Finance Act 1995 (c. 4), Sch. 17 para. 12

Modifications etc. (not altering text)

C172 Pt. 15 Ch. 1C modified (6.4.2005 with effect in accordance with s. 883(1) of the modifying Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 457(1)(3) (with Sch. 2)

F2707 . . .

Textual Amendments

F2707 Ss. 683-685 repealed (with effect in accordance with Sch. 29 Pt. 8(8) Note of the repealing Act) by Finance Act 1995 (c. 4), Sch. 29 Pt. 8(8)

683 Settlements made after 6th April 1965.

F2708

Textual Amendments

F2708 Ss. 683-685 repealed (with effect in accordance with Sch. 29 Pt. 8(8) Note of the repealing Act) by Finance Act 1995 (c. 4), Sch. 29 Pt. 8(8)

684 Settlements made before 7th April 1965 but after 9th April 1946.

F2709

Textual Amendments

F2709 Ss. 683-685 repealed (with effect in accordance with Sch. 29 Pt. 8(8) Note of the repealing Act) by Finance Act 1995 (c. 4), Sch. 29 Pt. 8(8)

685 Provisions supplementary to sections 683 and 684.

F2710

Textual Amendments

F2710 Ss. 683-685 repealed (with effect in accordance with Sch. 29 Pt. 8(8) Note of the repealing Act) by Finance Act 1995 (c. 4), Sch. 29 Pt. 8(8)

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F2711

Textual Amendments

F2711 Cross-heading before s. 686 replaced by Pt. 15 Ch. 1C heading (with effect in accordance with s. 74(2) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), **Sch. 17 para. 12**

[^{F2712}**685A Meaning of “settled property”**

F2713

Textual Amendments

F2712 Ss. 685A–685G inserted (coming into force and with effect in accordance with [Sch. 13 para. 1\(2\)–\(6\)](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 13 para. 1(1)**

F2713 Ss. 685A–687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 145](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))

685B Meaning of “settlor”

F2714

Textual Amendments

F2712 Ss. 685A–685G inserted (coming into force and with effect in accordance with [Sch. 13 para. 1\(2\)–\(6\)](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 13 para. 1(1)**

F2714 Ss. 685A–687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 145](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))

685C Transfer between settlements: identification of settlor

F2715

Textual Amendments

F2712 Ss. 685A–685G inserted (coming into force and with effect in accordance with [Sch. 13 para. 1\(2\)–\(6\)](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 13 para. 1(1)**

F2715 Ss. 685A–687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 145](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))

685D Variation of will or intestacy, etc: identification of settlor

F2716

Textual Amendments

F2712 Ss. 685A–685G inserted (coming into force and with effect in accordance with [Sch. 13 para. 1\(2\)–\(6\)](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 13 para. 1(1)**

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F2716 Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

685E Trustees of settlements

F2717

Textual Amendments

F2712 Ss. 685A-685G inserted (coming into force and with effect in accordance with Sch. 13 para. 1(2)-(6) of the amending Act) by Finance Act 2006 (c. 25), **Sch. 13 para. 1(1)**

F2717 Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

685F Application of section 739 and 740

F2718

Textual Amendments

F2712 Ss. 685A-685G inserted (coming into force and with effect in accordance with Sch. 13 para. 1(2)-(6) of the amending Act) by Finance Act 2006 (c. 25), **Sch. 13 para. 1(1)**

F2718 Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

685G Sub-funds

F2719]

Textual Amendments

F2712 Ss. 685A-685G inserted (coming into force and with effect in accordance with Sch. 13 para. 1(2)-(6) of the amending Act) by Finance Act 2006 (c. 25), **Sch. 13 para. 1(1)**

F2719 Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

686 [^{F2720} **Accumulation and discretionary trusts: special rates of tax.**]

F2721

Textual Amendments

F2720 S. 686 sidenote substituted (with effect in accordance with s. 32(11) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), **s. 32(8)**

F2721 Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

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[^{F2722}**686A Receipts to be treated as income to which section 686 applies**

F2723]

Textual Amendments

F2722Ss. 686A inserted (with effect in accordance with s. 32(11) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), s. 32(9)

F2723Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, Sch. 3 Pt. 1 (with Sch. 2) (subject to an amendment to s. 686A(2)(a) by Finance Act 2007 (c. 11), s. 55(1)(3))

[^{F2724}**686B Share incentive plans: distributions in respect of unappropriated shares**

F2725]

Textual Amendments

F2724Ss. 686B, 686C inserted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 100 (with Sch. 2 para. 87, Sch. 7)

F2725Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, Sch. 3 Pt. 1 (with Sch. 2)

686C Interpretation of section 686B

F2726]

Textual Amendments

F2724Ss. 686B, 686C inserted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 100 (with Sch. 2 para. 87, Sch. 7)

F2726Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, Sch. 3 Pt. 1 (with Sch. 2)

[^{F2727}**686D Special trust rates not to apply to first slice of trust income**

F2728]

Textual Amendments

F2727S. 686D inserted (with effect in accordance with s. 14(5) of the amending Act) by Finance Act 2005 (c. 7), s. 14(1)

F2728Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, Sch. 3 Pt. 1 (with Sch. 2)

[^{F2729}**686E Application of section 686D where settlor has made more than one settlement**

F2730]

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Textual Amendments

F2729S. 686E inserted (6.4.2006) by Finance Act 2006 (c. 25), **Sch. 13 para. 4(2)(3)**

F2730Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

687 Payments under discretionary trusts.

F2731

Textual Amendments

F2731Ss. 685A-687 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F2732}**687A**^{F2733} **Discretionary payments by trustees to companies**].

F2734]

Textual Amendments

F2732S. 687A inserted (with effect in accordance with s. 27(2) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), **s. 27(1)**

F2733Words in s. 687A sidenote substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 146(5)** (with Sch. 2)

F2734S. 687A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 92, **Sch. 3 Pt. 1** (with Sch. 2)

688 Schemes for employees and directors to acquire shares.

F2735

Textual Amendments

F2735S. 688 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 279, **Sch. 3** (with Sch. 2)

689 Recovery from trustees of discretionary trusts of higher rate tax due from beneficiaries.

F2736

Textual Amendments

F2736S. 689 repealed (with effect in accordance with s. 74(2), Sch. 29 Pt. 8(8) Note of the repealing Act) by Finance Act 1995 (c. 4), Sch. 17 para. 15, **Sch. 29 Pt. 8(8)**

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[^{F2737}CHAPTER 1D

TRUST MANAGEMENT EXPENSES

Textual Amendments

F2737Pt. 15 Ch. 1D (ss. 689A, 689B) inserted (with effect in accordance with [Sch. 6 para. 28](#) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 6 para. 16](#)

689A Disregard of expenses where beneficiary non-resident.

F2738
.....

Textual Amendments

F2738S. 689A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 147](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

689B Order in which expenses to be set against income.

F2739
.....]

Textual Amendments

F2739S. 689B repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 93](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

CHAPTER V

MAINTENANCE FUNDS FOR HISTORIC BUILDINGS

690 Schedule 4 directions.

F2740
.....

Textual Amendments

F2740Ss. 690-694 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 149](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

691 Certain income not to be income of settlor etc.

F2741
.....

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Textual Amendments

F2741 Ss. 690-694 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 149, **Sch. 3 Pt. 1** (with Sch. 2)

692 Reimbursement of settlor.

F2742

Textual Amendments

F2742 Ss. 690-694 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 149, **Sch. 3 Pt. 1** (with Sch. 2)

693 Severance of settled property for certain purposes.

F2743

Textual Amendments

F2743 Ss. 690-694 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 149, **Sch. 3 Pt. 1** (with Sch. 2)

694 [^{F2744} Trustees chargeable to income tax in certain cases at higher rate reduced by rate applicable to trusts]

F2745

Textual Amendments

F2744 S. 694 sidenote substituted (22.7.2004) by Finance Act 2004 (c. 12), **Sch. 4 para. 2**

F2745 Ss. 690-694 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 149, **Sch. 3 Pt. 1** (with Sch. 2)

PART XVI

ESTATES OF DECEASED PERSONS IN COURSE OF ADMINISTRATION

695 Limited interests in residue.

F2746

Textual Amendments

F2746 S. 695 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 204, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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696 Absolute interests in residue.

F2747
.....

Textual Amendments

F2747S. 696 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 205, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

697 Supplementary provisions as to absolute interests in residue.

F2748
.....

Textual Amendments

F2748S. 697 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 206, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

698 Special provisions as to certain interests in residue.

F2749
.....

Textual Amendments

F2749S. 698 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 207, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

[^{F2751}698A Taxation of income of beneficiaries at lower rate or at rates applicable to [^{F2750}distribution] income.

F2752
.....]

Textual Amendments

F2750 Word in s. 698A sidenote substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 288(5)** (with Sch. 2)

F2751S. 698A inserted (27.7.1993 with effect for the year 1993-1994 and subsequent years of assessment) by 1993 c. 34, s. 79, Sch. 6 paras. 11(2), **25(1)**

F2752S. 698A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 150, **Sch. 3 Pt. 1** (with Sch. 2)

699 Relief from higher rate tax for inheritance tax on accrued income.

F2753
.....

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Textual Amendments

F2753S. 699 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 289, Sch. 3](#) (with Sch. 2)

[^{F2754}**699A** Untaxed sums comprised in the income of the estate.

^{F2755}

Textual Amendments

F2754S. 699A inserted (with effect in accordance with s. 76(6) of the amending Act) by [Finance Act 1995 \(c. 4\), s. 76\(4\)](#)

F2755S. 699A repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 208, Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

700 Adjustments and information.

^{F2756}

Textual Amendments

F2756S. 700 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 7 para. 45, Sch. 10 Pt. 12](#) (with Sch. 9)

701 Interpretation.

^{F2757}

Textual Amendments

F2757S. 701 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 210, Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

702 Application to Scotland.

^{F2758}

Textual Amendments

F2758S. 702 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 211, Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

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PART XVII

TAX AVOIDANCE

[^{F2759}CHAPTER I

CANCELLATION OF [^{F2760}CORPORATION TAX] ADVANTAGES FROM CERTAIN TRANSACTIONS IN SECURITIES]

Textual Amendments

F2759 Pt. 17 Ch. 1 (ss. 703-709) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 94, Sch. 3 Pt. 1 (with Sch. 2)

F2760 Words in Pt. 17 Ch. 1 heading substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 153 (with Sch. 2)

703 Cancellation of [^{F2761}corporation tax] advantage.

^{F2762}

Textual Amendments

F2761 Words in s. 703 sidenote substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 154(10) (with Sch. 2)

F2762 Pt. 17 Ch. 1 (ss. 703-709) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 94, Sch. 3 Pt. 1 (with Sch. 2)

704 The prescribed circumstances.

^{F2763}

Textual Amendments

F2763 Pt. 17 Ch. 1 (ss. 703-709) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 94, Sch. 3 Pt. 1 (with Sch. 2)

705 Appeals against Board’s notices under section 703.

^{F2764}

Textual Amendments

F2764 Pt. 17 Ch. 1 (ss. 703-709) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 94, Sch. 3 Pt. 1 (with Sch. 2)

[^{F2765}705] Statement of case by tribunal for opinion of High Court.

^{F2766}

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Textual Amendments

F2765Ss. 705A, 705B inserted (1.1.1994) by The General and Special Commissioners (Amendment of Enactments) Regulations 1994 (S.I. 1994/1813), reg. 1(1), **Sch. 1 para. 24**

F2766Ss. 705A, 705B, 706 omitted (1.4.2009) by virtue of The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 152**

705B Proceedings in Northern Ireland.

F2767]

Textual Amendments

F2765Ss. 705A, 705B inserted (1.1.1994) by The General and Special Commissioners (Amendment of Enactments) Regulations 1994 (S.I. 1994/1813), reg. 1(1), **Sch. 1 para. 24**

F2767Ss. 705A, 705B, 706 omitted (1.4.2009) by virtue of The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 152**

706 The tribunal.

F2768

Textual Amendments

F2768Ss. 705A, 705B, 706 omitted (1.4.2009) by virtue of The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 152**

707 Procedure for clearance in advance.

F2769

Textual Amendments

F2769Pt. 17 Ch. 1 (ss. 703-709) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 94, **Sch. 3 Pt. 1** (with Sch. 2)

708 Power to obtain information.

F2770

Textual Amendments

F2770S. 708 omitted (13.8.2009) by virtue of The Finance Act 2009, Schedule 47 (Consequential Amendments) Order 2009 (S.I. 2009/2035), art. 1, Sch. para. 19

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709 Meaning of [F2771“corporation tax advantage”] and other expressions.

F2772
.....

Textual Amendments

F2771 Words in s. 709 sidenote substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 161\(5\)](#) (with [Sch. 2](#))
F2772 Pt. 17 Ch. 1 (ss. 703-709) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 94](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

CHAPTER II

TRANSFERS OF SECURITIES

Transfers with or without accrued interest: introductory

710 Meaning of “securities”, “transfer” etc. for purposes of sections 711 to 728.

F2773
.....

Textual Amendments

F2773 Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 162](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

711 Meaning of “interest”, “transfers with or without accrued interest” etc.

F2774
.....

Textual Amendments

F2774 Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 162](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

712 Meaning of “settlement day” for purposes of sections 711 to 728.

F2775
.....

Textual Amendments

F2775 Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 162](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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Transfers with or without accrued interest: charge to tax and reliefs

713 Deemed sums and reliefs.

F2776

Textual Amendments

F2776Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 162, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

714 Treatment of deemed sums and reliefs.

F2777

Textual Amendments

F2777Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 162, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

715 Exceptions from sections 713 and 714

F2778

Textual Amendments

F2778Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 162, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

716 Transfer of unrealised interest.

F2779

Textual Amendments

F2779Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 162, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

717 Variable interest rate.

F2780

Textual Amendments

F2780Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 162, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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718 Interest in default.

F2781

Textual Amendments

F2781Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 162, **Sch. 3 Pt. 1** (with Sch. 2)

719 Unrealised interest in default

F2782

Textual Amendments

F2782Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 162, **Sch. 3 Pt. 1** (with Sch. 2)

Transfers with or without accrued interest: supplemental

720 Nominees, trustees etc.

F2783

Textual Amendments

F2783Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 162, **Sch. 3 Pt. 1** (with Sch. 2)

721 Death.

F2784

Textual Amendments

F2784Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 162, **Sch. 3 Pt. 1** (with Sch. 2)

722 Trading stock.

F2785

Textual Amendments

F2785Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 162, **Sch. 3 Pt. 1** (with Sch. 2)

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[^{F2786}**722** **Gilt strips: deemed transfer.**
F2787]

Textual Amendments
F2786S. 722A inserted (29.4.1996) by [Finance Act 1996 \(c. 8\)](#), [Sch. 40 para. 6](#)
F2787Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 162](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

723 Foreign securities: delayed remittances
F2788

Textual Amendments
F2788Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 162](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

724 Insurance companies.
F2789

Textual Amendments
F2789S. 724 repealed (with effect in accordance with s. 105(1) of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 41 Pt. 5\(3\)](#), Note

^{F2790}**725**

Textual Amendments
F2790S. 725 repealed (27.7.1993 with effect for the year 1992-93 and subsequent years of assessment) by [1993 c. 34, s. 213](#), [Sch. 23 Pt. III\(12\)](#) Note 5

^{F2791}**726**

Textual Amendments
F2791S. 726 repealed (for the year 1991-92 and subsequent years of assessment) by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), [s. 123](#), [Sch. 19 Pt. V](#), Note 6

[^{F2792}**726A** **New issues of securities.**
F2793]

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Textual Amendments

F2792S. 726A inserted by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), s. 54, [Sch. 12 paras. 2, 5](#)
F2793Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 162](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

727 Stock lending.

F2794

Textual Amendments

F2794Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 162](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F2795}**727A Exception for sale and repurchase of securities.**

F2796]

Textual Amendments

F2795S. 727A inserted (with effect in accordance with s. 79(3) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [s. 79\(1\)](#) (with s. 79(4))
F2796Ss. 710-727A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 162](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

728 Information.

F2797

Textual Amendments

F2797S. 728 omitted (13.8.2009) by virtue of [The Finance Act 2009, Schedule 47 \(Consequential Amendments\) Order 2009 \(S.I. 2009/2035\)](#), art. 1, [Sch. para. 20](#)

Other transfers of securities

729 Sale and repurchase of securities.

F2798

Textual Amendments

F2798S. 729 repealed (with effect in accordance with s. 159(1)(10) of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), s. 159(1), [Sch. 41 Pt. 5\(21\)](#), Note; [S.I. 1996/2646](#), [art. 2](#)

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730 [F2799] Transfers of rights to receive distributions in respect of shares]

F2800
.....

Textual Amendments
F2799S. 730 heading substituted (with effect in accordance with Sch. 7 para. 2(13) of the amending Act) by virtue of Finance (No. 2) Act 2005 (c. 22), Sch. 7 para. 2(12)
F2800S. 730 omitted (with effect in accordance with Sch. 25 para. 10 of the repealing Act) by virtue of Finance Act 2009 (c. 10), Sch. 25 para. 9(1)(a)

[F2801] 730A Treatment of price differential on sale and repurchase of securities.

F2802
.....

Textual Amendments
F2801Ss. 730A, 730B inserted (with effect in accordance with s. 80(5) of the amending Act) by Finance Act 1995 (c. 4), s. 80(1)
F2802Ss. 730A, 730B repealed (with effect in accordance with S.I. 2007/2483, art. 3) by Finance Act 2007 (c. 11), s. 47(4), Sch. 14 para. 4, Sch. 27 Pt. 2(14), Note

730B Interpretation of section 730A.

F2803
.....]

Textual Amendments
F2801Ss. 730A, 730B inserted (with effect in accordance with s. 80(5) of the amending Act) by Finance Act 1995 (c. 4), s. 80(1)
F2803Ss. 730A, 730B repealed (with effect in accordance with S.I. 2007/2483, art. 3) by Finance Act 2007 (c. 11), s. 47(4), Sch. 14 para. 4, Sch. 27 Pt. 2(14), Note

[F2804] 730BB Exchange gains and losses on sale and repurchase of securities

F2805
.....]

Textual Amendments
F2804S. 730BB inserted (with effect in accordance with Sch. 38 para. 21(2) of the amending Act) by Finance Act 2003 (c. 14), Sch. 38 para. 12
F2805S. 730BB repealed (with effect in accordance with S.I. 2007/2483, art. 3) by Finance Act 2007 (c. 11), s. 47(4), Sch. 14 para. 5, Sch. 27 Pt. 2(14), Note

[F2806] 730C Exchanges of gilts: traders etc.

F2807
.....]

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Textual Amendments

- F2806S.** 730C inserted (29.4.1996) by [Finance Act 1996 \(c. 8\)](#), [Sch. 40 para. 7](#)
- F2807S.** 730C repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 301](#), [Sch. 3](#) (with [Sch. 2](#))

Purchase and sale of securities

731 Application and interpretation of sections 732 to 734.

F2808
.....

Textual Amendments

- F2808Ss.** 731-735 omitted (with effect in accordance with s. 66(6) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [s. 66\(1\)\(c\)](#) (subject to modification to [s. 731](#) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 2 para. 144](#))

732 Dealers in securities.

F2809
.....

Textual Amendments

- F2809Ss.** 731-735 omitted (with effect in accordance with s. 66(6) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [s. 66\(1\)\(c\)](#)

733 Persons entitled to exemptions.

F2810
.....

Textual Amendments

- F2810Ss.** 731-735 omitted (with effect in accordance with s. 66(6) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [s. 66\(1\)\(c\)](#)

734 Persons other than dealers in securities.

F2811
.....

Textual Amendments

- F2811Ss.** 731-735 omitted (with effect in accordance with s. 66(6) of the repealing Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [s. 66\(1\)\(c\)](#)

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735 Meaning of “appropriate amount in respect of” interest.

F2812

Textual Amendments
F2812Ss. 731-735 omitted (with effect in accordance with s. 66(6) of the repealing Act) by virtue of Finance Act 2008 (c. 9), s. 66(1)(c)

Miscellaneous provisions relating to securities

736 Company dealing in securities: distribution materially reducing value of holding.

F2813

Textual Amendments
F2813S. 736 omitted (with effect in accordance with s. 66(7) of the repealing Act) by virtue of Finance Act 2008 (c. 9), s. 66(1)(d)

[^{F2814}**736A Manufactured dividends and interest.**

F2815]

Textual Amendments
F2814S. 736A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 58(1) (with effect as mentioned in s. 58(3) in relation to payments made on or after such day as may be specified: 26.2.1992 specified for certain purposes by S.I. 1992/173, reg. 2(a); 30.6.1992 specified for certain purposes by S.I. 1992/1346, regs.2, 3, 4; 21.4.1993 specified for certain purposes by S.I. 1993/933, regs.2, 3(a), 4(1))
F2815S. 736A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 95, Sch. 3 Pt. 1 (with Sch. 2)

[^{F2816}**736B Deemed manufactured payments in the case of stock lending arrangements.**

F2817]

Textual Amendments
F2816S. 736B inserted (with effect in accordance with Sch. 10 para. 7(1) of the amending Act) by Finance Act 1997 (c. 16), Sch. 10 para. 3; S.I. 1997/991, art. 2
F2817S. 736B repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 96, Sch. 3 Pt. 1 (with Sch. 2)

[^{F2818}**736C Deemed interest: cash collateral under stock lending arrangements**

F2819]

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Textual Amendments

- F2818S.** 736C inserted (with effect in accordance with Sch. 6 para. 3(2)-(4) of the amending Act) by Finance Act 2006 (c. 25), **Sch. 6 para. 3(1)**
- F2819S.** 736C omitted (22.4.2009) by virtue of Finance Act 2009 (c. 10), Sch. 24 paras. 8(a)(i), **12** (with Sch. 24 paras. 13-16)

[^{F2820}**736D** Quasi-stock lending arrangements and quasi-cash collateral

F2821

Textual Amendments

- F2820S.** 736D inserted (with effect in accordance with Sch. 6 para. 4(4) of the amending Act) by Finance Act 2006 (c. 25), **Sch. 6 para. 4(3)**
- F2821S.** 736D omitted (22.4.2009) by virtue of Finance Act 2009 (c. 10), Sch. 24 paras. 8(a)(ii), **12** (with Sch. 24 paras. 13-16)

737 Manufactured dividends: treatment of tax deducted.

F2822

Textual Amendments

- F2822S.** 737 repealed (with effect in accordance with Sch. 10 para. 16(1), Sch. 18 Pt. 6(10) Notes 3, 6 of the repealing Act) by Finance Act 1997 (c. 16), Sch. 10 para. 8, **Sch. 18 Pt. 6(10)** (with Sch. 10 para. 16(3)); S.I. 1997/991, **art. 2**

[^{F2823}**737A** Sale and repurchase of securities: deemed manufactured payments.

F2824

Textual Amendments

- F2823Ss.** 737A-737C inserted (3.5.1994) by Finance Act 1994 (c. 9), **s. 122**
- F2824Ss.** 737A-737C repealed (with effect in accordance with S.I. 2007/2483, **art. 3**) by Finance Act 2007 (c. 11), s. 47(4), Sch. 14 para. 7, **Sch. 27 Pt. 2(14)**, Note

737B Interpretation of section 737A.

F2825

Textual Amendments

- F2823Ss.** 737A-737C inserted (3.5.1994) by Finance Act 1994 (c. 9), **s. 122**
- F2825Ss.** 737A-737C repealed (with effect in accordance with S.I. 2007/2483, **art. 3**) by Finance Act 2007 (c. 11), s. 47(4), Sch. 14 para. 7, **Sch. 27 Pt. 2(14)**, Note

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737C Deemed manufactured payments: further provisions.

F2826]

Textual Amendments

F2823Ss. 737A-737C inserted (3.5.1994) by Finance Act 1994 (c. 9), s. 122

F2826Ss. 737A-737C repealed (with effect in accordance with S.I. 2007/2483, art. 3) by Finance Act 2007 (c. 11), s. 47(4), Sch. 14 para. 7, **Sch. 27 Pt. 2(14)**, Note

Supplemental

[^{F2827}737D Power to provide for manufactured payments to be eligible for relief.

F2828

Textual Amendments

F2827Ss. 737D, 737E inserted (1.5.1995) by Finance Act 1995 (c. 4), s. 83(1)

F2828S. 737D omitted (21.7.2008) by virtue of Finance Act 2008 (c. 9), **Sch. 17 para. 35(1)**

737E [^{F2829}Power to modify sections ^{F2830}... 730A, 730BB and 737A to 737C]

F2831]

Textual Amendments

F2827Ss. 737D, 737E inserted (1.5.1995) by Finance Act 1995 (c. 4), s. 83(1)

F2829S. 737E sidenote substituted (with effect in accordance with Sch. 38 para. 21(2) of the amending Act) by virtue of Finance Act 2003 (c. 14), **Sch. 38 para. 13(4)**

F2830Words in s. 737E sidenote repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 176(4), **Sch. 3 Pt. 1** (with Sch. 2)

F2831S. 737E repealed (with effect in accordance with S.I. 2007/2483, art. 3) by Finance Act 2007 (c. 11), s. 47(4), Sch. 14 para. 8, **Sch. 27 Pt. 2(14)**, Note

738 Power to amend sections 732, 735 and 737.

F2832

Textual Amendments

F2832S. 738 omitted (with effect in accordance with s. 66(6)-(8) of the repealing Act) by virtue of Finance Act 2008 (c. 9), s. 66(4)(a)

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CHAPTER III

TRANSFER OF ASSETS ABROAD

739 Prevention of avoidance of income tax.

F2833

Textual Amendments

F2833Ss. 739-746 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 177, **Sch. 3 Pt. 1** (with Sch. 2)

740 Liability of non-transferors.

F2834

Textual Amendments

F2834Ss. 739-746 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 177, **Sch. 3 Pt. 1** (with Sch. 2)

741 [^{F2835}Exemption from sections 739 and 740 (transactions before 5th December 2005)]

F2836

Textual Amendments

F2835S. 741 sidenote substituted (5.12.2005) by virtue of Finance Act 2006 (c. 25), **Sch. 7 para. 2(4)(5)**
F2836Ss. 739-746 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 177, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F2837}741 Exemption from sections 739 and 740 (transactions on or after 5th December 2005)

F2838]

Textual Amendments

F2837S. 741A inserted (5.12.2005) by Finance Act 2006 (c. 25), **Sch. 7 para. 3**
F2838Ss. 739-746 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 177, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F2839}741A Application of sections 741 and 741A

F2840

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Textual Amendments

F2839Ss. 741B, 741C inserted (5.12.2005) by [Finance Act 2006 \(c. 25\)](#), [Sch. 7 para. 4](#)

F2840Ss. 739-746 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 177](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

741C Cases where there are both old transactions and new transactions

F2841]

Textual Amendments

F2839Ss. 741B, 741C inserted (5.12.2005) by [Finance Act 2006 \(c. 25\)](#), [Sch. 7 para. 4](#)

F2841Ss. 739-746 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 177](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F2842}741B]Section 739: just and reasonable apportionment in certain cases

F2843]

Textual Amendments

F2842S. 741D inserted (5.12.2005) by [Finance Act 2006 \(c. 25\)](#), [Sch. 7 para. 5](#)

F2843Ss. 739-746 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 177](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

742 [^{F2844}Interpretation of this Chapter]

F2845

Textual Amendments

F2844S. 742 sidenote substituted (5.12.2005) by virtue of [Finance Act 2006 \(c. 25\)](#), [Sch. 7 para. 6\(5\)\(6\)](#)

F2845Ss. 739-746 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 177](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

743 Supplemental provisions.

F2846

Textual Amendments

F2846Ss. 739-746 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 177](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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744 No duplication of charge.

F2847
.....

Textual Amendments

F2847Ss. 739-746 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 177, **Sch. 3 Pt. 1** (with Sch. 2)

745 Power to obtain information.

F2848
.....

Textual Amendments

F2848Ss. 739-746 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 177, **Sch. 3 Pt. 1** (with Sch. 2)

746 Persons resident in the Republic of Ireland.

F2849
.....

Textual Amendments

F2849Ss. 739-746 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 177, **Sch. 3 Pt. 1** (with Sch. 2)

CHAPTER IV

CONTROLLED FOREIGN COMPANIES

Modifications etc. (not altering text)

C173 Pt. XVII Ch. IV (ss. 747-756) modified (27.7.1993) by 1993 c. 34, **s. 119(3)**

C174 Pt. 17 Ch. 4 modified (10.6.1999) by The Non-resident Companies (General Insurance Business) Regulations 1999 (S.I. 1999/1408), **regs. 3-6**

C175 Pt. 17 Ch. 4 modified (20.7.2005) by Finance (No. 2) Act 2005 (c. 22), **s. 45(5)(6)**

747 Imputation of chargeable profits and creditable tax of controlled foreign companies

^{M145}(1) If ^{F2850} . . . in any accounting period a company—

- (a) is resident outside the United Kingdom, and
- (b) is controlled by persons resident in the United Kingdom, and
- (c) is subject to a lower level of taxation in the territory in which it is resident,

^{F2851} . . . the provisions of this Chapter shall apply in relation to that accounting period.

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[^{F2852}(1A) A company which would not, apart from this subsection, fall to be regarded as controlled by persons resident in the United Kingdom shall be taken for the purposes of this Chapter to be so controlled if—

- (a) there are two persons who, taken together, control the company;
- (b) one of those persons is resident in the United Kingdom and is a person in whose case the 40 per cent test in section 755D(3) is satisfied; and
- (c) the other is a person in whose case the 40 per cent test in section 755D(4) is satisfied.]

[^{F2853}(1B) In determining, for the purposes of any provision of this Chapter except subsection (1) (a) above, whether a company is a person resident in the United Kingdom, [^{F2854}section 18 of CTA 2009] (under which a company is treated as non-resident if it is so treated for double taxation relief purposes) shall be disregarded.]

(2) A company which falls within paragraphs (a) to (c) of subsection (1) above is in this Chapter referred to as a “controlled foreign company”.

(3) [^{F2855}Subject to section 748, where] the provisions of this Chapter apply in relation to an accounting period of a controlled foreign company, the chargeable profits of that company for that period and its creditable tax (if any) for that period shall each be apportioned in accordance with section 752 among the persons (whether resident in the United Kingdom or not) who had an interest in that company at any time during that accounting period.

[^{F2856}(3A) In the case of an apportionment to a company resident in the United Kingdom which has made an application under section 751A [^{F2857}or 751AA] which has been granted, subsection (3) above has effect subject to that section.]

(4) Where, on such an apportionment of a controlled foreign company’s chargeable profits for an accounting period as is referred to in subsection (3) above, an amount of those profits is apportioned to a company resident in the United Kingdom then, subject to subsection (5) below—

- (a) a sum equal to corporation tax at the appropriate rate on that apportioned amount of profits, less the portion of the controlled foreign company’s creditable tax for that period (if any) which is apportioned to the resident company, shall be [^{F2858}chargeable on] the resident company as if it were an amount of corporation tax chargeable on that company; ^{F2859} . . .

- (b) ^{F2859}

and for the purposes of paragraph (a) above “the appropriate rate” means the rate of corporation tax applicable to profits of that accounting period of the resident company in which ends the accounting period of the controlled foreign company [^{F2860}which is mentioned in subsection (1) above] or, if there is more than one such rate, the average rate over the whole of that accounting period of the resident company.

[^{F2861}(4A) ^{F2862}

(4B) ^{F2862}]

(5) Tax shall not, by virtue of subsection (4) above, be [^{F2863}chargeable on] a company resident in the United Kingdom unless, on the apportionment in question, the aggregate of—

- (a) the amount of the controlled foreign company’s chargeable profits for the accounting period in question which is apportioned to the resident company, and

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- (b) any amounts of those chargeable profits which are apportioned to persons who are connected or associated with the resident company, is at least [^{F2864}25 per cent.] of the total of those chargeable profits.
- [^{F2865}(5A) Where the resident company has made an application under section 751A [^{F2857}or 751AA] which has been granted, it shall be assumed for the purposes of subsection (5) above that—
- (a) each of the persons who are connected or associated with the resident company has made an application under that section to the same effect, and
- (b) all the applications have been granted.]
- (6) In relation to a company resident outside the United Kingdom—
- (a) any reference in this Chapter to its chargeable profits for an accounting period is a reference to the amount which, on the assumptions in Schedule 24, would be the amount of the total profits of the company for that period on which, after allowing for any deductions available against those profits, corporation tax would be chargeable;
- [^{F2866}(aa) any reference in this Chapter to its chargeable profits for an accounting period includes (subject to subsections (7) to (9)) income which accrues during that accounting period to the trustees of a settlement in relation to which the company is a settlor or a beneficiary;] and
- (b) any reference in this Chapter to profits does not include a reference to chargeable gains but otherwise (except as provided by paragraph (a) above) has the same meaning as it has for the purposes of corporation tax.
- [^{F2867}(7) Where there is more than one settlor or beneficiary in relation to the settlement mentioned in subsection (6)(aa), the income is to be apportioned between the company and the other settlors or beneficiaries on a just and reasonable basis.
- (8) Where income within subsection (6)(aa) is included in the chargeable profits of a company, any dividend or other distribution received by the company which derives from that income is not included in the chargeable profits of the company to the extent that it is so derived.
- (9) Any income within subsection (6)(aa) which would (apart from this subsection)—
- (a) be included in the chargeable profits of a company which is a beneficiary in relation to a settlement and apportioned under subsection (3), and
- (b) be included in the chargeable profits of a company which is a settlor in relation to the settlement and apportioned under that subsection,
- is not to be included in the chargeable profits of the company which is a settlor.]

Textual Amendments

- F2850** Words in s. 747(1) repealed (with effect in accordance with Sch. 17 para. 37 of the repealing Act) by Finance Act 1998 (c. 36), Sch. 17 para. 1(2)(a), **Sch. 27 Pt. 3(27)**, Note; S.I. 1998/3173, **art. 2**
- F2851** Words in s. 747(1) repealed (with effect in accordance with Sch. 17 para. 37 of the repealing Act) by Finance Act 1998 (c. 36), Sch. 17 para. 1(2)(b), **Sch. 27 Pt. 3(27)**, Note; S.I. 1998/3173, **art. 2**
- F2852** S. 747(1A) inserted (21.3.2000) by Finance Act 2000 (c. 17), Sch. 31 paras. 3, **9(1)**
- F2853** S. 747(1B) inserted (1.4.2002) by Finance Act 2002 (c. 23), **s. 90(1)(2)(a)** (with s. 90(2)(b))
- F2854** Words in s. 747(1B) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 217** (with Sch. 2 Pts. 1, 2)

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- F2855** Words in s. 747(3) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 1(3)**; S.I. 1998/3173, **art. 2**
- F2856** S. 747(3A) inserted (with effect in accordance with Sch. 15 para. 10 of the amending Act) by Finance Act 2007 (c. 11), **Sch. 15 para. 1(2)**
- F2857** Words in s. 747(3A)(5A) inserted (with effect in accordance with Sch. 16 para. 25 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 16 para. 22(a)**
- F2858** Words in s. 747(4)(a) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 1(4)(a)**; S.I. 1998/3173, **art. 2**
- F2859** S. 747(4)(b) and preceding word repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 178, **Sch. 3 Pt. 1** (with Sch. 2)
- F2860** Words in s. 747(4) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 1(4)(b)**; S.I. 1998/3173, **art. 2**
- F2861** S. 747(4A)(4B) inserted (1.5.1995) by Finance Act 1995 (c. 4), **Sch. 25 para. 3**
- F2862** S. 747(4A)(4B) repealed (with effect in accordance with Sch. 4 para. 24(2) of the repealing Act) by Finance Act 2005 (c. 7), **Sch. 11 Pt. 2(6)**, Note
- F2863** Words in s. 747(5) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 1(5)(a)**; S.I. 1998/3173, **art. 2**
- F2864** Words in s. 747(5) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 1(5)(b)**; S.I. 1998/3173, **art. 2**
- F2865** S. 747(5A) inserted (with effect in accordance with Sch. 15 para. 10 of the amending Act) by Finance Act 2007 (c. 11), **Sch. 15 para. 1(3)**
- F2866** S. 747(6)(aa) inserted (with effect in accordance with s. 64(6)(9)-(11) of the amending Act) by Finance Act 2008 (c. 9), **s. 64(2)(a)**
- F2867** S. 747(7)-(9) inserted (with effect in accordance with s. 64(6)(9)-(11) of the amending Act) by Finance Act 2008 (c. 9), **s. 64(2)(b)**

Modifications etc. (not altering text)

- C176** S. 747 restricted (28.7.2000) by Finance Act 2000 (c. 17), **Sch. 22 para. 54(1)**
- C177** S. 747 modified (with effect in accordance with Sch. 29 Pt. 14 of the modifying Act) by Finance Act 2002 (c. 23), **Sch. 29 para. 116**
- C178** S. 747A(4)(a) restricted (27.7.1999) by Commonwealth Development Corporation Act 1999 (c. 20), Sch. 3 paras. 1, **2(2)**; S.I. 2003/1282, **art. 2**
- C179** S. 747(6) applied (6.4.2007 with effect in accordance with s. 1034(1) of the affecting Act) by Income Tax Act 2007 (c. 3), **s. 725(3)** (with Sch. 2)

Marginal Citations

- M145** Source—1984 s.82

[^{F2868}**747A Special rule for computing chargeable profits.**

^{F2869}]

Textual Amendments

- F2868** S. 747A inserted (1.5.1995) by Finance Act 1995 (c. 4), **Sch. 25 para. 2**
- F2869** S. 747A repealed (with effect in accordance with Sch. 4 para. 24(2) of the repealing Act) by Finance Act 2005 (c. 7), Sch. 4 para. 24(1), **Sch. 11 Pt. 2(6)**, Note

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748 [F2870] **Cases where section 747(3) does not apply.**

[F2871M146] (1) No apportionment under section 747(3) falls to be made as regards an accounting period of a controlled foreign company if—

- (a) [F2872]
- (b) throughout that period the company is, within the meaning of Part II of that Schedule, engaged in exempt activities; or
- (c) [F2873]
- (d) the chargeable profits of the accounting period do not exceed [F2874] £50,000] or, if the accounting period is less than 12 months, a proportionately reduced amount; [F2875] or
- (e) as respects the accounting period, the company is, within the meaning of regulations made by the Board for the purposes of this paragraph, resident in a territory specified in the regulations and satisfies—
 - (i) such conditions with respect to its income or gains as may be so specified; and
 - (ii) such other conditions (if any) as may be so specified.]

[F2876] (1A) Regulations under paragraph (e) of subsection (1) above may—

- (a) make different provision for different cases or with respect to different territories;
- (b) make provision having effect in relation to accounting periods of controlled foreign companies ending not more than one year before the date on which the regulations are made; and
- (c) contain such supplementary, incidental, consequential and transitional provision as the Board may think fit.]

(2) [F2877]

(3) Notwithstanding that none of paragraphs (a) to [F2878] (e)] of subsection (1) above applies to an accounting period of a controlled foreign company, [F2879] no apportionment under section 747(3) falls to be made as regards that accounting period if it is the case that]—

- (a) in so far as any of the transactions the results of which are reflected in the profits arising in that accounting period, [F2880] or any two or more transactions taken together, the results of at least one of which are so reflected,] achieved a reduction in United Kingdom tax, either the reduction so achieved was minimal or it was not the main purpose or one of the main purposes of that transaction or, as the case may be, of those transactions taken together to achieve that reduction, and
- (b) it was not the main reason or, as the case may be, one of the main reasons for the company's existence in that accounting period to achieve a reduction in United Kingdom tax by a diversion of profits from the United Kingdom,

and Part IV of Schedule 25 shall have effect with respect to the preceding provisions of this subsection.

[F2881] (4) [F2882]

(5) [F2882]

[F2883] (6) This section is subject to section 748A.]

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Textual Amendments

- F2870**S. 748 sidenote substituted (with effect in accordance with [Sch. 17 para. 37](#) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 17 para. 3\(9\)](#); S.I. 1998/3173, [art. 2](#)
- F2871**Words in s. 748(1) substituted (with effect in accordance with [Sch. 17 para. 37](#) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 17 para. 3\(2\)](#); S.I. 1998/3173, [art. 2](#)
- F2872**S. 748(1)(a) and word omitted (with effect in accordance with [Sch. 16 para. 6](#) of the repealing Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 16 para. 1\(2\)](#)
- F2873**S. 748(1)(c) and word repealed (with effect in accordance with [Sch. 15 para. 10](#) of the repealing Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 15 para. 8\(1\)](#), [Sch. 27 Pt. 2\(15\)](#), Note
- F2874**Words in s. 748(1)(d) substituted (with effect in accordance with [Sch. 17 para. 37](#) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 17 para. 3\(3\)](#); S.I. 1998/3173, [art. 2](#)
- F2875**S. 748(1)(e) and preceding word inserted (with effect in accordance with [Sch. 17 para. 37](#) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 17 para. 3\(4\)](#); S.I. 1998/3173, [art. 2](#)
- F2876**S. 748(1A) inserted (with effect in accordance with [Sch. 17 para. 37](#) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 17 para. 3\(5\)](#); S.I. 1998/3173, [art. 2](#)
- F2877**S. 748(2) repealed (with effect in accordance with [Sch. 17 para. 37](#) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 17 para. 3\(27\)](#); S.I. 1998/3173, [art. 2](#)
- F2878**Word in s. 748(3) substituted (with effect in accordance with [Sch. 17 para. 37](#) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 17 para. 3\(7\)](#); S.I. 1998/3173, [art. 2](#)
- F2879**Words in s. 748(3) substituted (with effect in accordance with [Sch. 17 para. 37](#) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 17 para. 3\(8\)](#); S.I. 1998/3173, [art. 2](#)
- F2880**Words in s. 748(3)(a) substituted (with effect in accordance with [s. 182](#) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 36 para. 2](#)
- F2881**S. 748(4)(5) inserted (1.5.1995) by [Finance Act 1995 \(c. 4\)](#), [Sch. 25 para. 4](#)
- F2882**S. 748(4)(5) repealed (with effect in accordance with [Sch. 4 para. 24\(2\)](#) of the repealing Act) by [Finance Act 2005 \(c. 7\)](#), [Sch. 11 Pt. 2\(6\)](#), Note
- F2883**S. 748(6) inserted (with effect in accordance with [s. 89\(3\)](#) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [s. 89\(1\)](#)

Marginal Citations

M146 Source—1984 s.83

VALID FROM 19/07/2011

^{F2884}**748E** ~~748E~~ **Exclusion of small profits exemptions**

- (1) Nothing in section 748(1)(da) prevents an apportionment falling to be made as regards an accounting period (“the relevant accounting period”) of a controlled foreign company (“X”) if condition A, B or C is met.
- (2) Condition A is that at any time before the end of the relevant accounting period a scheme is entered into and—
 - (a) in the absence of this subsection, in consequence of the scheme, section 748(1)(da) would apply to prevent an apportionment falling to be made as regards the relevant accounting period of X, and
 - (b) the main purpose, or one of the main purposes, of any party to the scheme in entering into the scheme is to secure that section 748(1)(da) prevents an apportionment falling to be made as regards that period, or that period and one or more other accounting periods of X.

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- (3) Condition B is that at any time before the end of the relevant accounting period a scheme is entered into and—
- (a) in consequence of the scheme profits are shifted to X from another company (“Y”),
 - (b) the main purpose or one of the main purposes of any party to the scheme in entering into the scheme is to ensure that section 748(1)(da) prevents an apportionment falling to be made as regards the chargeable profits of one or more controlled foreign companies for one or more accounting periods, and
 - (c) the relevant accounting period of X falls wholly or partly within that accounting period or those accounting periods.
- (4) For the purposes of subsection (3), profits are shifted to X from Y if it is reasonable to suppose that in the absence of the scheme, and any similar scheme, the whole or a part of the income which is reflected in X's profits would have been reflected in Y's profits.
- (5) Condition C is that, in determining X's chargeable profits for the relevant accounting period—
- (a) [^{F2885}section 418(5) of CTA 2009 (loan relationships involving connected debtor and creditor where debits exceed credits) has effect so as to treat X, for the purposes of Part 5 of that Act, as bringing into account for that period credits in respect of a loan relationship, or]
 - (b) Part 21B of CTA 2010 (group mismatch schemes) has effect so as to exclude an amount from being brought into account as a debit or credit for the purposes of Part 5 of CTA 2009 (loan relationships) or Part 7 of that Act (derivative contracts).
- (6) For the purposes of this section—
- “apportionment” means an apportionment under section 747(3);
 - “scheme” means any scheme, arrangements or understanding of any kind whatever, whether or not legally enforceable, involving one or more transactions.]

Textual Amendments

F2884S. 748ZA inserted (with effect in accordance with Sch. 12 para. 14(2) of the amending Act) by Finance Act 2011 (c. 11), Sch. 12 para. 5

F2885S. 748ZA(5)(a) omitted (with effect in accordance with Sch. 5 paras. 6(3), 7(3)(4) of the repealing Act) by Finance Act 2011 (c. 11), Sch. 5 para. 7(2)(a)

[^{F2886}748A] Territorial exclusions from exemption under section 748

- (1) Nothing in section 748 prevents an apportionment under section 747(3) falling to be made as regards an accounting period of a controlled foreign company if the company—
- (a) is a company incorporated in a territory to which this section applies as respects that accounting period; or
 - (b) is at any time in that accounting period liable to tax in such a territory by reason of domicile, residence or place of management; or

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- (c) at any time in that accounting period carries on business through a [^{F2887}permanent establishment] in such a territory.
- (2) The condition in subsection (1)(c) above is not satisfied as regards an accounting period of a controlled foreign company if the business carried on by the company in that period through [^{F2887}permanent establishments] in territories to which this section applies, taken as a whole, is only a minimal part of the whole of the business carried on by the company in that period.
- (3) The territories to which this section applies as respects an accounting period of a controlled foreign company are those specified as such in regulations made by the Treasury.
- (4) Regulations under subsection (3) above—
- (a) may make different provision for different cases or with respect to different territories; and
 - (b) may contain such incidental, supplemental, consequential or transitional provision as the Treasury may think fit.
- (5) A statutory instrument containing regulations under subsection (3) above shall not be made unless a draft of the instrument has been laid before, and approved by a resolution of, the House of Commons.]

Textual Amendments

F2886S. 748A inserted (with effect in accordance with s. 89(3) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 89\(2\)](#)

F2887 Words in s. 748A(1)(c)(2) substituted (with effect in accordance with s. 153(4) of the amending Act) by [Finance Act 2003 \(c. 14\), s. 153\(1\)\(a\)](#)

^{F2888}749Residence.

- (1) Subject to subsections (2) to (4) and (6) below, in any accounting period in which a company is resident outside the United Kingdom, it shall be regarded for the purposes of this Chapter as resident in that territory in which, throughout that period, it is liable to tax by reason of domicile, residence or place of management.
- (2) If, in the case of any company,—
- (a) there are in any accounting period two or more territories falling within subsection (1) above, and
 - (b) no election or designation made under paragraph (d) or (e) of subsection (3) below in relation to an earlier accounting period of the company has effect by virtue of section 749A(1) in relation to that accounting period,
- subsection (3) below shall apply with respect to that company and that accounting period.
- (3) Where this subsection applies, the company shall in that accounting period be regarded for the purposes of this Chapter as resident in only one of those territories, namely—
- (a) if, throughout the accounting period, the company's place of effective management is situated in one of those territories only, in that territory;
 - (b) if, throughout the accounting period, the company's place of effective management is situated in two or more of those territories, in that one of

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- them in which, at the end of the accounting period, the greater amount of the company's assets is situated;
- (c) if neither paragraph (a) nor paragraph (b) above applies, in that one of the territories falling within subsection (1) above in which, at the end of the accounting period, the greater amount of the company's assets is situated;
- (d) if—
- (i) paragraph (a) above does not apply, and
 - (ii) neither paragraph (b) nor paragraph (c) above produces one, and only one, of those territories,
- in that one of them (if any) which is specified in an election made in relation to that accounting period by any one or more persons who together have a majority assessable interest in the company in that accounting period; and
- (e) if, in a case falling within paragraph (d) above, the time by which any election under that paragraph in relation to that accounting period must be made in accordance with section 749A(3)(b) expires without such an election having been made, in that one of those territories which the Board justly and reasonably designates in relation to that accounting period.
- (4) If, in the case of any company,—
- (a) there are in any accounting period two or more territories falling within subsection (1) above, and
 - (b) an election or designation made under paragraph (d) or (e) of subsection (3) above in relation to an earlier accounting period of the company has effect by virtue of section 749A(1) in relation to the accounting period mentioned in paragraph (a) above,
- the company shall in that accounting period be regarded for the purposes of this Chapter as resident in that one of those territories which is the subject of the election or designation.
- (5) If, in the case of any company, there is in any accounting period no territory falling within subsection (1) above, then, for the purposes of this Chapter, it shall be conclusively presumed that the company is in that accounting period resident in a territory in which it is subject to a lower level of taxation.
- (6) In any case where it becomes necessary for the purposes of subsection (3) above to determine in which of two or more territories the greater amount of a company's assets is situated at the end of an accounting period—
- (a) account shall be taken only of those assets which, immediately before the end of that period, are situated in those territories; and
 - (b) the amount of them shall be determined by reference to their market value at that time.
- (7) This section is without prejudice to the provision that may be made in regulations under section 748(1)(e).
- (8) For the purposes of this section, one or more persons together have a "majority assessable interest" in a controlled foreign company in an accounting period of the company if—
- (a) each of them has an assessable interest in the company in that accounting period; and
 - (b) it is likely that, were an apportionment of the chargeable profits of the company for that accounting period made under section 747(3), the aggregate

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of the amounts which would be apportioned to them is greater than 50 per cent. of the aggregate of the amounts which would be apportioned to all the persons who have an assessable interest in the company in that accounting period.

- (9) For the purposes of subsection (8) above, a person has an “assessable interest” in a controlled foreign company in an accounting period of the company if he is one of the persons who it is likely would be chargeable to tax under section 747(4)(a) on an apportionment of the chargeable profits and creditable tax (if any) of the company for that accounting period under section 747(3).

[^{F2889}(10) For the purposes of subsection (8) and (9) above, the effect of any application under section 751A [^{F2890}or 751AA] shall be disregarded.]]

Textual Amendments

F2888Ss. 749-749B substituted for s. 749 (with effect in accordance with [Sch. 17 para. 37](#) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 17 para. 4](#); S.I. 1998/3173, [art. 2](#)

F2889S. 749(10) inserted (with effect in accordance with [Sch. 15 para. 10](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 15 para. 2](#)

F2890Words in s. 749(10) inserted (with effect in accordance with [Sch. 16 para. 25](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 16 para. 22\(b\)](#)

[^{F2891}749] Elections and designations under section 749: supplementary provisions.

- (1) An election under paragraph (d) or a designation under paragraph (e) of section 749(3) shall have effect in relation to—
- (a) the accounting period in relation to which it is made (“the original accounting period”), and
 - (b) each successive accounting period of the controlled foreign company in question which precedes the next one in which the eligible territories are different,
- and shall so have effect notwithstanding any change in the persons who have interests in the company or any change in the interests which those persons have in the company.
- (2) For the purposes of subsection (1)(b) above, an accounting period of the controlled foreign company is one in which the eligible territories are different if in the case of that accounting period—
- (a) at least one of the two or more territories which fell within subsection (1) of section 749 in the original accounting period does not fall within that subsection; or
 - (b) some other territory also falls within that subsection.
- (3) Any election under section 749(3)(d)—
- (a) must be made by notice given to an officer of the Board;
 - (b) must be made no later than twelve months after the end of the controlled foreign company’s accounting period in relation to which it is made;
 - (c) must state, as respects each of the persons making it, the percentage of the chargeable profits and creditable tax (if any) of the controlled foreign company for that accounting period which it is likely would be apportioned to him on an apportionment under section 747(3) if one were made;
 - (d) must be signed by the persons making it; and

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- (e) is irrevocable.
- (4) Nothing in—
- (a) paragraph 10 of Schedule 18 to the Finance Act 1998 (claims or elections in company tax returns), or
 - (b) Schedule 1A to the Management Act (claims or elections not included in returns),
- shall apply, whether by virtue of section 754 or otherwise, to an election under section 749(3)(d).
- (5) A designation under section 749(3)(e) is irrevocable.
- (6) Where the Board make a designation under section 749(3)(e), notice of the making of the designation shall be given to every company resident in the United Kingdom which appears to the Board to have had an assessable interest in the controlled foreign company at any time during the accounting period of the controlled foreign company in relation to which the designation is made.
- (7) A notice under subsection (6) above shall specify—
- (a) the date on which the designation was made;
 - (b) the controlled foreign company to which the designation relates;
 - (c) the accounting period of the controlled foreign company in relation to which the designation is made; and
 - (d) the territory designated.
- (8) Subsection (9) of section 749 has effect for the purposes of subsection (6) above as it has effect for the purposes of subsection (8) of that section.

[For the purposes of this section the effect of any application under section 751A ^{F2893} or ^{F2892}(9) 751AA] shall be disregarded.]]

Textual Amendments

F2891Ss. 749-749B substituted for s. 749 (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 4; S.I. 1998/3173, art. 2

F2892S. 749A(9) inserted (with effect in accordance with Sch. 15 para. 10 of the amending Act) by Finance Act 2007 (c. 11), Sch. 15 para. 3

F2893Words in s. 749A(9) inserted (with effect in accordance with Sch. 16 para. 25 of the amending Act) by Finance Act 2009 (c. 10), Sch. 16 para. 22(c)

^{F2891}749 Interests in companies.

- (1) For the purposes of this Chapter, the following persons have an interest in a company—
- (a) any person who possesses, or is entitled to acquire, share capital or voting rights in the company;
 - (b) any person who possesses, or is entitled to acquire, a right to receive or participate in distributions of the company;
 - (c) any person who is entitled to secure that income or assets (whether present or future) of the company will be applied directly or indirectly for his benefit; and
 - (d) any other person who, either alone or together with other persons, has control of the company.

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- (2) Rights which a person has as a loan creditor of a company do not constitute an interest in the company for the purposes of this Chapter.
- (3) For the purposes of subsection (1)(b) above, the definition of “distribution” in [F2894Part 23 of CTA 2010] shall be construed without any limitation to companies resident in the United Kingdom.
- (4) References in subsection (1) above to being entitled to do anything apply where a person—
 - (a) is presently entitled to do it at a future date, or
 - (b) will at a future date be entitled to do it;
 but a person whose entitlement to secure that any income or assets of the company will be applied as mentioned in paragraph (c) of that subsection is contingent upon a default of the company or any other person under any agreement shall not be treated as falling within that paragraph unless the default has occurred.
- (5) Where a company has an interest in another company and a third person has, or two or more persons together have, an interest in the first company (as in a case where one company has a shareholding in a controlled foreign company and the first company is controlled by a third company or by two or more persons together) subsections (6) and (7) below apply.
- (6) Where this subsection applies, the person who has, or each of the persons who together have, the interest in the first company shall be regarded for the purposes of this Chapter as thereby having an interest in the second company.
- (7) In any case where this subsection applies, in construing references in this Chapter to one person having the same interest as another, the person or, as the case may be, each of the persons who together have, the interest in the first company shall be treated as having, to the extent of that person’s interest in that company, the same interest as the first company has in the second company.
- (8) Where two or more persons jointly have an interest in a company otherwise than in a fiduciary or representative capacity, they shall be treated for the purposes of this Chapter as having the interest in equal shares.]

Textual Amendments

F2891 Ss. 749-749B substituted for s. 749 (with effect in accordance with Sch.17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 4; S.I. 1998/3173, art. 2

F2894 Words in s. 749B(3) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 97 (with Sch. 2)

Modifications etc. (not altering text)

C180 S. 749B applied by Corporation Tax Act 2009 (c. 4), s. 18H(5) (as inserted (19.7.2011) by Finance Act 2011 (c. 11), Sch. 13 paras. 4, 31)

750 Territories with a lower level of taxation.

- ^{M147}(1) Without prejudice to [F2895subsection (5)] of section 749, a company which, by virtue of [F2896any of subsections (1) to (4)] of that section, is to be regarded as resident in a particular territory outside the United Kingdom shall be considered to be subject to a

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lower level of taxation in that territory if [^{F2897}, after giving effect to subsections (1A) and (1B) below,] the amount of tax (“the local tax”) which is paid under the law of that territory in respect of the profits of the company which arise in any accounting period is less than [^{F2898}three-quarters] of the corresponding United Kingdom tax on those profits.

[^{F2899}(1A) If in the case of that accounting period there is any income, or any income and any expenditure, of the company—

- (a) which is brought into account in determining the profits of the company in respect of which tax is paid under the law of that territory, but
- (b) which does not also fall to be brought into account in determining the chargeable profits of the company,

the local tax shall be treated for the purposes of this Chapter as reduced to what it would have been had that income and any such expenditure not been so brought into account.

(1B) If—

- (a) under the law of that territory any tax (“the company's tax”) falls to be paid by the company in respect of profits of the company arising in that accounting period,
- (b) under that law, any repayment of tax, or any payment in respect of a credit for tax, is made to a person other than the company, and
- (c) that payment or repayment is directly or indirectly in respect of the company's tax,

the local tax shall be treated for the purposes of this Chapter as reduced (or further reduced) by the amount of that payment or repayment.]

(2) For the purposes of this Chapter, the amount of the corresponding United Kingdom tax on the profits arising in an accounting period of a company resident outside the United Kingdom is the amount of corporation tax which, on the assumptions set out in Schedule 24 and subject to subsection (3) below, would be chargeable in respect of the chargeable profits of the company for that accounting period.

(3) In determining the amount of corporation tax which, in accordance with subsection (2) above, would be chargeable in respect of the chargeable profits of an accounting period of a company resident outside the United Kingdom—

- [^{F2900}(a) it shall be assumed for the purposes of Schedule 24 that an apportionment under section 747(3) falls to be made as regards that period; and]
- [^{F2901}(ab) there shall be disregarded the effect of any application under section 751A [^{F2902}or 751AA]; and]
- (b) there shall be disregarded so much of any relief from corporation tax in respect of income as would be attributable to the local tax and would fall to be given by virtue of any provision of [^{F2903}Part 2 of TIOPA 2010 (double taxation relief)]^{F2904} . . . ; and
- (c) there shall be deducted from what would otherwise be the amount of that corporation tax—
 - (i) any amount which (on the assumptions set out in Schedule 24) would fall to be set off against corporation tax by virtue of [^{F2905}section 967 of CTA 2010]; and
 - (ii) any amount of income tax or corporation tax actually charged in respect of any of those chargeable profits.

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- (4) The references in subsection (3)(c) above to an amount falling to be set off or an amount actually charged do not include so much of any such amount as has been or falls to be repaid to the company whether on the making of a claim or otherwise.

- [^{F2906}(5) ^{F2907}
 (6) ^{F2907}
 (7) ^{F2907}
 (8) ^{F2907}]

Textual Amendments

- F2895** Words in s. 750(1) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 5(2)(a); S.I. 1998/3173, art. 2
- F2896** Words in s. 750(1) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 5(2)(b); S.I. 1998/3173, art. 2
- F2897** Words in s. 750(1) inserted (with effect in accordance with s. 44(4)-(6) of the amending Act) by Finance (No. 2) Act 2005 (c. 22), s. 44(2)
- F2898** Words in s. 750(1) substituted (27.7.1993 with application in relation to accounting periods beginning on or after 16.3.1993) by 1993 c. 34, s. 119(1)(2)
- F2899** S. 750(1A)(1B) inserted (with effect in accordance with s. 44(4)-(6) of the amending Act) by Finance (No. 2) Act 2005 (c. 22), s. 44(3)
- F2900** S. 750(3)(a) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 5(3); S.I. 1998/3173, art. 2
- F2901** S. 750(3)(ab) inserted (with effect in accordance with Sch. 15 para. 10 of the amending Act) by Finance Act 2007 (c. 11), Sch. 15 para. 4
- F2902** Words in s. 750(3)(ab) inserted (with effect in accordance with Sch. 16 para. 25 of the amending Act) by Finance Act 2009 (c. 10), Sch. 16 para. 22(d)
- F2903** Words in s. 750(3)(b) substituted (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 10 (with Sch. 9)
- F2904** Words in s. 750(3)(b) repealed (with effect in accordance with Sch. 30 of the repealing Act) by Finance Act 2000 (c. 17), Sch. 40 Pt. 2(13), Note
- F2905** Words in s. 750(3)(c)(i) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 98 (with Sch. 2)
- F2906** S. 750(5)-(8) inserted (1.5.1995) by Finance Act 1995 (c. 4), Sch. 25 para. 5
- F2907** S. 750(5)-(8) repealed (with effect in accordance with Sch. 4 para. 24(2) of the repealing Act) by Finance Act 2005 (c. 7), Sch. 11 Pt. 2(6), Note

Marginal Citations

M147 Source—1984 s.85

[^{F2908}750] Deemed lower level of taxation: designer rate tax provisions.

- (1) Where—
- (a) in any accounting period a company is to be regarded by virtue of any of subsections (1) to (4) of section 749 as resident in a particular territory outside the United Kingdom, and
 - (b) within the meaning of section 750(1), the local tax in respect of the profits arising to the company in that accounting period is equal to or greater than three-quarters of the corresponding United Kingdom tax on those profits, but

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- (c) that local tax is determined under designer rate tax provisions, the company shall be taken for the purposes of this Chapter to be subject to a lower level of taxation in that territory in that accounting period.
- (2) In subsection (1) above “designer rate tax provisions” means provisions—
- (a) which appear to the Board to be designed to enable companies to exercise significant control over the amount of tax which they pay; and
 - (b) which are specified in regulations made by the Board.
- (3) Regulations under subsection (2) above—
- (a) may make different provision for different cases or with respect to different territories; and
 - (b) may contain such supplementary, incidental, consequential or transitional provision as the Board may think fit.
- (4) The first regulations under subsection (2) above may make provision having effect in relation to accounting periods beginning not more than fifteen months before the date on which the regulations are made.]

Textual Amendments

F2908S. 750A inserted (with effect in accordance with [Sch. 31 para. 9\(2\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 31 para. 3](#)

751 Accounting periods and creditable tax

- ^{M148}(1) For the purposes of this Chapter, an accounting period of a company resident outside the United Kingdom shall begin—
- (a) whenever the company comes under the control of [^{F2909}persons] resident in the United Kingdom;
 - (b) whenever the company ^{F2910} . . . commences to carry on business [^{F2911}unless an accounting period of the company has previously begun as respects which an apportionment under section 747(3) falls or has fallen to be made]; and
 - (c) whenever an accounting period of the company ends without the company then ceasing either to carry on business or to have any source of income whatsoever.
- (2) For the purposes of this Chapter, an accounting period of a company resident outside the United Kingdom shall end if and at the time when—
- (a) the company ceases to be under the control of persons resident in the United Kingdom; or
 - (b) the company becomes, or ceases to be, liable to tax in a territory; or
 - [^{F2912}(bb) ^{F2913}]
 - (c) the company ceases to have any source of income whatsoever;
- and for the purposes of paragraph (b) above “liable to tax” means liable to tax by reason of domicile, residence or place of management.
- (3) Without prejudice to subsections (1) and (2) above, [^{F2914}sections 10(1) and (5), 11(1) and (2) and 12 of CTA 2009] shall apply for the purposes of this Chapter as they apply for the purposes of corporation tax, but with the omission of so much of those

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provisions as relates to a company coming or ceasing to be within the charge to corporation tax.

- (4) Where it appears to the Board that the beginning or end of any accounting period of a company resident outside the United Kingdom is uncertain, [^{F2915}the Board may by notice] specify as an accounting period of the company such period, not exceeding 12 months, as appears to the Board to be appropriate, and that period shall be treated for the purposes of this Chapter as an accounting period of the company unless [^{F2916}the notice] is subsequently amended under subsection (5) below.
- (5) If, on further facts coming to the knowledge of the Board after the [^{F2917}giving of a notice under subsection (4) above], it appears to the Board that any accounting period specified in the [^{F2918}notice] is not the true accounting period, the Board shall amend the [^{F2918}notice] so as to specify the true period.
- [^{F2919}(5A) Any notice under subsection (4) above, and notice of any amendment of such a notice under subsection (5) above, shall be given to every person who has an assessable interest (as defined in section 749(9)) in the company in the accounting period in question.]
- (6) In this Chapter, in relation to an accounting period of a controlled foreign company [^{F2920}as regards which an apportionment under section 747(3) falls to be made], the creditable tax means the aggregate of—
- (a) the amount of any relief from corporation tax in respect of income which (on the assumptions set out in Schedule 24 and assuming the company to be liable for corporation tax on the chargeable profits of that accounting period) would fall to be given to the company by virtue of any provision of [^{F2921}Part 2 of TIOPA 2010 (double taxation relief)] in respect of foreign tax attributable to any income which is brought into account in determining those chargeable profits; and
 - (b) any amount which (on those assumptions) would fall to be set off against corporation tax on those chargeable profits by virtue of [^{F2922}section 967 of CTA 2010]; and
 - (c) the amount of any income tax or corporation tax actually charged in respect of the chargeable profits of that accounting period, less any of that tax which has been or falls to be repaid to the company, whether on the making of a claim or otherwise.

Textual Amendments

F2909 1990 s.89 and Sch.14 para.9 (*correction of errors*)—*deemed always to have had effect. Previously* “the persons”.

F2910 Words in s. 751(1)(b) repealed (with effect in accordance with Sch. 17 para. 37 of the repealing Act) by Finance Act 1998 (c. 36), Sch. 17 para. 6(2)(a), **Sch. 27 Pt. 3(27)**, Note; S.I. 1998/3173, **art. 2**

F2911 Words in s. 751(1)(b) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 6(2)(b)**; S.I. 1998/3173, **art. 2**

F2912 1990 s.67(2), (4) *on and after 20 March 1990.*

F2913 S. 751(2)(bb) repealed (retrospective to 30.11.1993) by Finance Act 1994 (c. 9), s. 251(1)(4), **Sch. 26 Pt. 8**, Note

F2914 Words in s. 751(3) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 218** (with Sch. 2 Pts. 1, 2)

F2915 Words in s. 751(4) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by virtue of Finance Act 1998 (c. 36), **Sch. 17 para. 6(3)(a)**; S.I. 1998/3173, **art. 2**

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- F2916** Words in s. 751(4) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by virtue of Finance Act 1998 (c. 36), **Sch. 17 para. 6(3)(b)**; S.I. 1998/3173, **art. 2**
- F2917** Words in s. 751(5) substituted (with effect in accordance with Sch. 17 para. 37 of amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 6(4)(a)**; S.I. 1998/3173, **art. 2**
- F2918** Words in s. 751(5) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 6(4)(b)**; S.I. 1998/3173, **art. 2**
- F2919** S. 751(5A) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 6(5)**; S.I. 1998/3173, **art. 2**
- F2920** Words in s. 751(6) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 6(6)**; S.I. 1998/3173, **art. 2**
- F2921** Words in s. 751(6)(a) substituted (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), **Sch. 8 para. 11** (with Sch. 9)
- F2922** Words in s. 751(6)(b) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 99** (with Sch. 2)

Modifications etc. (not altering text)

- C181** S. 751(1)-(5A) applied (6.4.2007 with effect in accordance with s. 1034(1) of the affecting Act) by Income Tax Act 2007 (c. 3), **s. 725(3)** (with Sch. 2)

Marginal Citations

- M148** Source—1984 s.86

751A Reduction in chargeable profits for certain activities of EEA business establishments

- (1) This section applies if—
- an apportionment under section 747(3) falls to be made as regards an accounting period (“the relevant accounting period”) of a controlled foreign company,
 - throughout that period the controlled foreign company has a business establishment in an EEA territory,
 - throughout that period there are individuals who work for the controlled foreign company in that territory, and
 - a company resident in the United Kingdom (“the UK resident company”) has a relevant interest in the controlled foreign company in that period.
- (2) The UK resident company may make an application to the Commissioners for Her Majesty's Revenue and Customs for the chargeable profits of the controlled foreign company for the relevant accounting period to be reduced by an amount (“the specified amount”) specified in the application (including to nil).
- (3) If the Commissioners grant the application—
- those chargeable profits are treated as reduced by the specified amount, and
 - the controlled foreign company's creditable tax (if any) for that period is treated as reduced by so much of that tax as, on a just and reasonable basis, relates to the reduction in those chargeable profits,
- for the purpose of applying section 747(3) to (5) for determining the sum (if any) chargeable on the UK resident company under section 747(4)(a) (but for no other purpose).
- (4) The Commissioners may grant the application only if they are satisfied that the specified amount does not exceed the amount (if any) equal to so much of those

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chargeable profits as can reasonably be regarded as representing the net economic value which—

- (a) arises to the appropriate body of persons (taken as a whole), and
 - (b) is created directly by qualifying work.
- (5) For the purposes of subsection (4) “net economic value” does not include any value which derives directly or indirectly from the reduction or elimination of any liability of any person to any tax or duty imposed under the law of any territory.
- (6) For the purposes of subsection (4) “the appropriate body of persons” means—
- (a) if the controlled foreign company is not a member of a group of companies, the controlled foreign company and the persons who have an interest in it at any time in the relevant accounting period, and
 - (b) if the controlled foreign company is a member of a group of companies, all the persons falling within paragraph (a) and any other person who is a member of that group of companies,
- and for the purposes of this subsection “group of companies” means a company and any other companies of which it has control.
- (7) For the purposes of subsection (4) “qualifying work” means work which—
- (a) is done in any EEA territory in which the controlled foreign company has a business establishment throughout the relevant accounting period, and
 - (b) is done in that territory by individuals working for the controlled foreign company there.
- (8) Any reference in this section to a business establishment of a controlled foreign company in an EEA territory is to be construed in accordance with paragraph 7 of Schedule 25 (but as if the reference in that paragraph to the territory in which the company is resident were to the EEA territory).
- (9) For the purposes of this section individuals are not to be regarded as working for a company in any territory unless—
- (a) they are employed by the company in the territory, or
 - (b) they are otherwise directed by the company to perform duties on its behalf in the territory.

^{F2923}**751 Reduction in chargeable profits for certain financing income**

- (1) This section applies if—
- (a) an apportionment under section 747(3) falls to be made as regards an accounting period (“the relevant accounting period”) of a controlled foreign company,
 - (b) the chargeable profits of the controlled foreign company for the relevant accounting period would, apart from this section, include an amount of income in respect of a payment made by another company (“the payer”),
 - (c) the amount that the payer brings into account for the purposes of corporation tax in respect of the payment is reduced (in part or in full) by virtue of Part 3 of Schedule 15 to FA 2009 (tax treatment of financing costs and income), and
 - (d) a company resident in the United Kingdom (“the UK resident company”) has a relevant interest in the controlled foreign company in the relevant accounting period.

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- (2) The UK resident company may make an application to the Commissioners for Her Majesty's Revenue and Customs for the chargeable profits of the controlled foreign company for the relevant accounting period (“the chargeable profits”) to be reduced by an amount (“the specified amount”) specified in the application (including to nil).
- (3) If the Commissioners grant the application—
 - (a) the chargeable profits are treated as reduced by the specified amount, and
 - (b) the controlled foreign company's creditable tax (if any) for that period is treated as reduced by so much of that tax as, on a just and reasonable basis, relates to the reduction in the chargeable profits,for the purpose of applying section 747(3) to (5) for determining the sum (if any) chargeable on the UK resident company under section 747(4)(a) (but for no other purpose).
- (4) The Commissioners may grant the application only if they are satisfied that the specified amount does not exceed the relevant amount.
- (5) In subsection (4) “the relevant amount” means the amount (if any) by which it is just and reasonable that the chargeable profits should be treated as reduced, having regard to the effect of Parts 3 and 4 of Schedule 15 to FA 2009 on amounts brought into account for the purposes of corporation tax by the payer, or any other company.]

Textual Amendments

F2923S. 751AA inserted (with effect in accordance with [Sch. 16 para. 25](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 16 para. 23](#)

VALID FROM 19/07/2011

^{F2924}**751AB Reduction in chargeable profits: failure to qualify for exemptions**

- (1) This section applies if—
 - (a) an apportionment under section 747(3) would fall to be made as regards an accounting period (“the relevant accounting period”) of a controlled foreign company,
 - (b) but for a relevant failure, section 748(1)(ba) or (bb) would have prevented such an apportionment, and
 - (c) a company resident in the United Kingdom (“the UK resident company”) has a relevant interest in the controlled foreign company in that period.
- (2) “Relevant failure” means—
 - (a) in the case of section 748(1)(ba), one or both of the following—
 - (i) a failure to satisfy the requirement of paragraph 12E of Schedule 25 (requirement as to company's UK connection) in circumstances where the requirement would be satisfied if the reference in subparagraph (3)(a) of that paragraph to 10% were a reference to 50%, and
 - (ii) a failure to satisfy the requirement of paragraph 12F of that Schedule (finance income and relevant IP income) in circumstances where the relevant IP income of the controlled foreign company for the

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- accounting period does not exceed 5% of the company's gross income for that period, and
- (b) in the case of section 748(1)(bb), a failure to satisfy the requirement of paragraph 12M of that Schedule (finance income).
- (3) The UK resident company may make an application to the Commissioners for Her Majesty's Revenue and Customs for the chargeable profits of the controlled foreign company for the relevant accounting period (“the chargeable profits”) to be reduced to an amount specified in the application (“the specified amount”).
- The specified amount may be nil.
- (4) If the Commissioners grant the application—
- (a) the chargeable profits are treated as reduced to the specified amount, and
- (b) the controlled foreign company's creditable tax (if any) for that period is treated as reduced by so much of that tax as, on a just and reasonable basis, relates to the reduction in the chargeable profits,
- for the purpose of applying section 747(3) to (5) for determining the sum (if any) chargeable on the UK resident company under section 747(4)(a) (but for no other purpose).
- (5) The Commissioners may grant the application only if—
- (a) they are satisfied that the specified amount is not less than the relevant amount, and
- (b) they have not previously granted an application made by the UK resident company in respect of the relevant accounting period under section 751A or 751AC.
- (6) “The relevant amount” means—
- (a) if the relevant failure is within subsection (2)(a), the sum of—
- (i) the excess finance and IP income (if any) for the relevant accounting period, and
- (ii) in a case where there is a failure specified in subsection (2)(a)(i), so much (if any) of the net chargeable profits for that period as are not excluded by subsection (8), and
- (b) if the relevant failure is within subsection (2)(b)—
- (i) the amount (if any) by which the controlled foreign company's finance income for the relevant accounting period exceeds 5% of its gross income for that period, or
- (ii) if that amount is a negligible amount, nil.
- (7) “The excess finance and IP income” for the relevant accounting period means—
- (a) the amount (if any) by which the total of the controlled foreign company's finance income and relevant IP income for that period exceeds 5% of its gross income for that period, or
- (b) if that amount is a negligible amount, nil.
- (8) Net chargeable profits are excluded by this subsection if, and to the extent that, they can reasonably be regarded—
- (a) as representing the net economic value which—
- (i) arises to the appropriate body of persons (taken as a whole), and
- (ii) is created directly by qualifying work, or

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- (b) as not being wholly or partly attributable, directly or indirectly, to transactions with persons within the charge to United Kingdom tax.
- (9) In subsection (8)(a) “qualifying work” means work which—
- (a) is done in the territory in which the controlled foreign company is resident, and
 - (b) is done in that territory by individuals working for the controlled foreign company there.
- (10) A transaction with a company which is within the charge to United Kingdom tax only because it carries on a trade in the United Kingdom through a permanent establishment there is within subsection (8)(b) only if the transaction is attributable to activities carried on through that establishment.
- (11) For the purposes of subsections (8) and (9)—
- (a) section 751A(5), (6) and (9) applies as it applies for the purposes of the equivalent provisions of section 751A, and
 - (b) paragraph 5(2) to (5) of Schedule 25 (residence of controlled foreign company) applies as it applies in relation to Part 2 of that Schedule.
- (12) In this section—
- “finance income” has the meaning given by paragraph 12F(3) of Schedule 25 (with references to C read as references to the controlled foreign company);
 - “relevant IP income” has the meaning given by paragraph 12F(4) of that Schedule;
 - “net chargeable profits” means chargeable profits excluding so much of those profits as is directly attributable to the finance income or relevant IP income of the controlled foreign company;
 - “UK-connected gross income” has the same meaning as in paragraph 12E of Schedule 25;
 - “United Kingdom tax” means corporation tax or income tax;
- and paragraph 12G of that Schedule (gross income) applies for the purposes of this section as it applies for the purposes of Part 2A of that Schedule (with references to C read as references to the controlled foreign company).]

Textual Amendments

F2924S. 751AB inserted (with effect in accordance with [Sch. 12 para. 14\(2\)](#) of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 12 para. 2](#)

VALID FROM 19/07/2011

[^{F2925}751AC] Reduction in chargeable profits following an exempt period

- (1) This section applies if—
- (a) an exempt period in relation to a controlled foreign company ends in accordance with paragraph 15F(2) of Schedule 25 (time exempt period ends

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- if there is an early termination event), other than by reason of an early termination event within paragraph 15F(3)(b),
- (b) an accounting period (“the relevant accounting period”) of the company ends after that exempt period but before the time the exempt period would have ended had paragraph 15F(2) of that Schedule not applied,
 - (c) an apportionment under section 747(3) would fall to be made as regards the relevant accounting period, and
 - (d) a company resident in the United Kingdom (“the UK resident company”) has a relevant interest in the controlled foreign company in that period.
- (2) The UK resident company may make an application to the Commissioners for Her Majesty's Revenue and Customs for the chargeable profits of the controlled foreign company for that accounting period (“the chargeable profits”) to be reduced to an amount (“the specified amount”) specified in the application (which may be nil).
- (3) If the Commissioners grant the application—
- (a) the chargeable profits are treated as reduced to the specified amount, and
 - (b) the controlled foreign company's creditable tax (if any) for that period is treated as reduced by so much of that tax as, on a just and reasonable basis, relates to the reduction in the chargeable profits,
- for the purpose of applying section 747(3) to (5) for determining the sum (if any) chargeable on the UK resident company under section 747(4)(a) (but for no other purpose).
- (4) The Commissioners may grant the application only if—
- (a) they are satisfied that the specified amount is not less than the relevant amount, and
 - (b) they have not previously granted an application made by the UK resident company in respect of the relevant accounting period under section 751A or 751AB.
- (5) “The relevant amount” means the amount (if any) equal to so much of the chargeable profits as it is just and reasonable to regard as referable to—
- (a) the relevant transaction which triggered the end of the exempt period, or
 - (b) any later relevant transaction occurring before the time the exempt period would have ended had paragraph 15F(2) of Schedule 25 not applied.
- (6) “Relevant transaction” has the meaning given by paragraph 15E of Schedule 25 (and it does not matter if the transaction occurs pursuant to an agreement entered into by the controlled foreign company before the relevant time (within the meaning of paragraph 15G of that Schedule)).]

Textual Amendments

F2925S. 751AC inserted (with effect in accordance with Sch. 12 para. 14(2) of the amending Act) by Finance Act 2011 (c. 11), Sch. 12 para. 7

751B [F2926] Sections 751A and 751AA]: supplementary

- (1) An application by a company under section 751A [F2927] or 751AA]—
 - (a) must be made in such form as the HMRC Commissioners may determine,

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- (b) must be accompanied by such documents (or copies of documents) in the company's possession or power as those Commissioners may reasonably require for the purpose of determining whether to grant the application, and
 - (c) must contain such information as those Commissioners may reasonably require for that purpose.
- (2) An application by a company under section 751A [^{F2927}or 751AA]—
 - (a) may be made at any time on or before the filing date (within the meaning of Schedule 18 to the Finance Act 1998) for the relevant company tax return of the company, and
 - (b) may be amended or withdrawn at any time before the application is determined by those Commissioners.
- (3) If an application by a company under section 751A [^{F2927}or 751AA] is granted after the company has delivered its relevant company tax return, it has 30 days beginning with the day on which the application is granted in which to amend that return to give effect to section 751A [^{F2927}or 751AA].
- (4) The time limits otherwise applicable to an amendment of a company tax return do not prevent an amendment being made under subsection (3).
- (5) If the HMRC Commissioners refuse an application by a company under section 751A [^{F2927}or 751AA], the company may appeal ^{F2928} . . . against the refusal.
- (6) Notice of an appeal must be given in writing to the HMRC Commissioners within 30 days after the application is refused.
- (7) On an appeal—
 - (a) if [^{F2929}the tribunal is] satisfied that the relevant amount is a different amount from the amount specified in the application, [^{F2929}it] must direct the HMRC Commissioners to grant the application as if the amount specified in it were that different amount,
 - (b) if [^{F2929}the tribunal is] satisfied that the relevant amount is the amount specified in the application, [^{F2929}it] must direct the HMRC Commissioners to grant the application, and
 - (c) in any other case, the [^{F2930}tribunal] must confirm the refusal.
- (8) For the purposes of subsection (7) “the relevant amount” [^{F2931}—
 - (a) in the case of an appeal in respect of the refusal of an application under section 751A,] means the amount (if any) equal to so much of the chargeable profits mentioned in subsection (4) of section 751A as can reasonably be regarded as representing the value mentioned in that subsection [^{F2932}, and
 - (b) in the case of an appeal in respect of the refusal of an application under section 751AA, has the meaning given by subsection (5) of that section.]
- (9) Part 5 of the Management Act [^{F2933}(appeals)], apart from section 50, applies in relation to an appeal under this section as it applies in relation to an appeal against an assessment to tax.
- (10) In this section “relevant company tax return”, in relation to a company, means the return for the accounting period for which—
 - (a) any sum is chargeable on the company under section 747(4)(a), or
 - (b) any sum would be so chargeable but for section 751A [^{F2934}or 751AA],

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in respect of the chargeable profits of the controlled foreign company for the accounting period mentioned in section 751A(1) [^{F2935}or 751AA(1)].

- (11) In this section “the HMRC Commissioners” means the Commissioners for Her Majesty's Revenue and Customs.

Textual Amendments

- F2926** Words in s. 751B heading substituted (with effect in accordance with Sch. 16 para. 25 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 16 para. 24(2)**
- F2927** Words in s. 751B(1)(2)(3)(5) inserted (with effect in accordance with Sch. 16 para. 25 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 16 para. 24(3)**
- F2928** Words in s. 751B(5) omitted (1.4.2009) by virtue of The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 154(2)**
- F2929** Words in s. 751B(7)(a)(b) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 154(3)(a)**
- F2930** Word in s. 751B(7)(c) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 154(3)(b)**
- F2931** Words in s. 751B(8) inserted (with effect in accordance with Sch. 16 para. 25 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 16 para. 24(4)(a)**
- F2932** S. 751B(8)(b) and preceding word inserted (with effect in accordance with Sch. 16 para. 25 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 16 para. 24(4)(b)**
- F2933** Word in s. 751B(9) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 154(4)**
- F2934** Words in s. 751B(10)(b) inserted (with effect in accordance with Sch. 16 para. 25 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 16 para. 24(5)(a)**
- F2935** Words in s. 751B(10) inserted (with effect in accordance with Sch. 16 para. 25 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 16 para. 24(5)(b)**

^{F2936}752 Apportionment of chargeable profits and creditable tax

- (1) This section applies in any case where an apportionment under section 747(3) falls to be made as regards an accounting period of a controlled foreign company.
- (2) Where—
- (a) the persons who have relevant interests in the controlled foreign company at any time in the relevant accounting period have those interests by virtue only of directly or indirectly holding ordinary shares of the company,
 - (b) each of those persons satisfies the condition that he is either—
 - (i) resident in the United Kingdom throughout that accounting period, or
 - (ii) resident in the United Kingdom at no time in that accounting period,
 and
 - (c) no company which has an intermediate interest in the controlled foreign company at any time in the relevant accounting period has that interest otherwise than by virtue of directly or indirectly holding ordinary shares of the controlled foreign company,
- subsection (3) below shall apply.
- (3) Where this subsection applies, the apportionment of the controlled foreign company's chargeable profits and creditable tax (if any) for the relevant accounting period shall be made among the persons who have relevant interests in the company at any time in

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that period in direct proportion to the percentage of the issued ordinary shares of the controlled foreign company which, in accordance with section 752B, each of those relevant interests represents.

- (4) Where subsection (3) above does not apply, the apportionment of the controlled foreign company's chargeable profits and creditable tax (if any) for the relevant accounting period shall be made on a just and reasonable basis among the persons who have relevant interests in the company at any time in that period.]

Textual Amendments

F2936 Ss. 752-752C substituted for s. 752 (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 7; S.I. 1998/3173, art. 2

[^{F2937}752] **Relevant interests.**

- (1) This section has effect for the purpose of determining for the purposes of this Chapter who has a relevant interest in a controlled foreign company at any time; and references in this Chapter to relevant interests shall be construed accordingly.
- (2) A UK resident company which has a direct or indirect interest in a controlled foreign company has a relevant interest in the company by virtue of that interest unless subsection (3) below otherwise provides.
- (3) A UK resident company which has an indirect interest in a controlled foreign company does not have a relevant interest in the company by virtue of that interest if it has the interest by virtue of having a direct or indirect interest in another UK resident company.
- (4) A related person who has a direct or indirect interest in a controlled foreign company has a relevant interest in the company by virtue of that interest unless subsection (5) or (6) below otherwise provides.
- (5) A related person who has an indirect interest in a controlled foreign company does not have a relevant interest in the company by virtue of that interest if he has the interest by virtue of having a direct or indirect interest in—
 - (a) a UK resident company; or
 - (b) another related person.
- (6) A related person who has a direct or indirect interest in a controlled foreign company does not have a relevant interest in the company by virtue of that interest to the extent that a UK resident company—
 - (a) has the whole or any part of the same interest indirectly, by virtue of having a direct or indirect interest in the related person, and
 - (b) by virtue of that indirect interest in the controlled foreign company, has a relevant interest in the company by virtue of subsection (2) above.
- (7) A person who—
 - (a) has a direct interest in a controlled foreign company, but
 - (b) does not by virtue of subsections (2) to (6) above have a relevant interest in the company by virtue of that interest,has a relevant interest in the company by virtue of that interest unless subsection (8) below otherwise provides.

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- (8) A person does not by virtue of subsection (7) above have a relevant interest in a controlled foreign company by virtue of having a direct interest in the company to the extent that another person—
- (a) has the whole or any part of the same interest indirectly, and
 - (b) by virtue of that indirect interest, has a relevant interest in the company by virtue of subsections (2) to (6) above.
- (9) No person has a relevant interest in a controlled foreign company otherwise than as provided by subsections (2) to (8) above.
- (10) In this section—
- “related person” means a person who—
- (a) is not a UK resident company, but
 - (b) is connected or associated with a UK resident company which has by virtue of subsection (2) above a relevant interest in the controlled foreign company in question;
- “UK resident company” means a company resident in the United Kingdom.]

Textual Amendments

F2937Ss. 752-752C substituted for s. 752 (with effect in accordance with [Sch. 17 para. 37](#) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 17 para. 7](#); S.I. 1998/3173, [art. 2](#)

[^{F2937}752] **Section 752(3): the percentage of shares which a relevant interest represents.**

- (1) For the purposes of section 752(3) above, where a person has a relevant interest in a controlled foreign company by virtue of indirectly holding issued ordinary shares of the company, the percentage of the issued ordinary shares of the company which the relevant interest represents is equal to—

$$P \times S$$

where—

P is the product of the appropriate fractions of that person and each of the share-linked companies through which he indirectly holds the shares in question, other than the lowest share-linked company; and

S is the percentage of issued ordinary shares of the controlled foreign company which is held directly by the lowest share-linked company.

- (2) In subsection (1) above and this subsection—
- “the appropriate fraction”, in the case of a person who directly holds ordinary shares of a share-linked company, means that fraction of the issued ordinary shares of that company which his holding represents;
- “the lowest share-linked company”, in relation to a person who indirectly holds ordinary shares of a controlled foreign company, means the share-linked company which directly holds the shares in question;
- “share-linked company” means a company which is share-linked to the controlled foreign company in question.

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- (3) Where a person has different indirect holdings of shares of the controlled foreign company (as in a case where different shares are held through different companies which are share-linked to the controlled foreign company)—
- (a) subsection (1) above shall apply separately in relation to the different holdings with any necessary modifications; and
 - (b) for the purposes of section 752(3) above the percentage of the issued ordinary shares of the company which the relevant interest represents is the aggregate of the percentages resulting from those separate applications.
- (4) Where, for the purposes of subsection (3) of section 752, the percentage of the issued ordinary shares of the controlled foreign company which a person directly or indirectly holds varies during the relevant accounting period, he shall be treated for the purposes of that subsection as holding throughout that period that percentage of the issued ordinary shares of the company which is equal to the sum of the relevant percentages for each holding period in the relevant accounting period.
- (5) For the purposes of subsection (4) above—
- “holding period”, in the case of any person, means a part of the relevant accounting period during which the percentage of the issued ordinary shares of the controlled foreign company which the person holds (whether directly or indirectly) remains the same;
 - “the relevant percentage”, in the case of a holding period, means the percentage equal to—

$$\frac{P \times H}{A}$$

where—

- P is the percentage of the issued ordinary shares of the controlled foreign company which the person in question directly or indirectly holds in the holding period, as calculated in accordance with subsections (1) to (3) above so far as applicable;
- H is the number of days in the holding period; and
- A is the number of days in the relevant accounting period.]

Textual Amendments

F2937 Ss. 752-752C substituted for s. 752 (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 7; S.I. 1998/3173, art. 2

[^{F2937} 752C Interpretation of apportionment provisions.

- (1) In this section “the relevant provisions” means sections 752 to 752B and this section.
- (2) For the purposes of the relevant provisions—
- (a) a person has a direct interest in a company if (and only if) he has an interest in the company otherwise than by virtue of having an interest in another company;

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- (b) a person has an indirect interest in a company if (and only if) he has an interest in the company by virtue of having an interest in another company;
 - (c) a person indirectly holds shares of a controlled foreign company if (and only if) he directly holds ordinary shares of a company which is share-linked to the controlled foreign company.
- (3) For the purposes of the relevant provisions, a company is “share-linked” to a controlled foreign company if it has an interest in the controlled foreign company only by virtue of directly holding ordinary shares—
- (a) of the controlled foreign company, or
 - (b) of the controlled foreign company or of one or more companies which are share-linked to the controlled foreign company by virtue of paragraph (a) above, or
 - (c) of the controlled foreign company or of one or more companies which are share-linked to the controlled foreign company by virtue of paragraph (a) or (b) above,
- and so on.
- (4) For the purposes of the relevant provisions, a company (“company A”) has an intermediate interest in a controlled foreign company if (and only if)—
- (a) it has a direct or indirect interest in the controlled foreign company; and
 - (b) one or more other persons have relevant interests in the controlled foreign company by virtue of having a direct or indirect interest in company A.
- (5) Any interest or shares held by a nominee or bare trustee shall be treated for the purposes of the relevant provisions as held by the person or persons for whom the nominee or bare trustee holds the interest or shares.
- (6) Where—
- (a) an interest in a controlled foreign company is held in a fiduciary or representative capacity, and
 - (b) subsection (5) above does not apply, but
 - (c) there are one or more identifiable beneficiaries,
- the interest shall be treated for the purposes of the relevant provisions as held by that beneficiary or, as the case may be, as apportioned on a just and reasonable basis among those beneficiaries.
- (7) In the relevant provisions—
- “bare trustee” means a person acting as trustee—
 - (a) for a person absolutely entitled as against the trustee; or
 - (b) for any person who would be so entitled but for being a minor or otherwise under a disability; or
 - (c) for two or more persons who are or would, but for all or any of them being a minor or otherwise under a disability, be jointly so entitled;
 - “ordinary shares”, in the case of any company, means shares of a single class, however described, which is the only class of shares issued by the company;
 - “the relevant accounting period” means the accounting period mentioned in section 752(1);
 - “share” includes a reference to a fraction of a share.]

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Textual Amendments

F2937Ss. 752-752C substituted for s. 752 (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 7; S.I. 1998/3173, art. 2

753 Notices and appeals.

F2938

Textual Amendments

F2938S. 753 repealed (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 8, Sch. 27 Pt. 3(27), Note; S.I. 1998/3173, art. 2

754 Assessment, recovery and postponement of tax.

^{M149}(1) Subject to the following provisions of this section, the provisions of section 747(4) (a) relating to [^{F2939}the charging] of a sum as if it were an amount of corporation tax shall be taken as applying, subject to the provisions of the Taxes Acts, and to any necessary modifications, all enactments applying generally to corporation tax, including [^{F2940}those relating to company tax returns,] those relating to the assessing, collecting and receiving of corporation tax, those conferring or regulating a right of appeal and those concerning administration, penalties, interest on unpaid tax and priority of tax in cases of insolvency under the law of any part of the United Kingdom.

[^{F2941}(1A) Accordingly (but without prejudice to subsection (1) above) the Management Act shall have effect as if—

- (a) any reference to corporation tax included a reference to a sum chargeable under section 747(4)(a) as if it were an amount of corporation tax; and
- (b) any reference to profits of a company included a reference to an amount of chargeable profits of a controlled foreign company which falls to be apportioned to a company under section 747(3).]

[^{F2942}(2) For the purposes of the Taxes Acts, any sum chargeable on a company under section 747(4)(a) is chargeable for the accounting period of the company in which ends that one of the controlled foreign company's accounting periods the chargeable profits of which give rise to that sum.]

[^{F2943}(2A) Where—

- (a) an apportionment under section 747(3) falls to be made as regards an accounting period of a controlled foreign company, and
- (b) the apportionment falls to be made in accordance with section 752(4) on a just and reasonable basis, and
- (c) a company tax return is made or amended using for the apportionment a particular basis adopted by the company making the return,

the Board may determine that another basis is to be used for the apportionment.

(2B) ^{F2944}

(2C) ^{F2944}

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(2D) Once the Board have determined under subsection (2A) above the basis to be used for the apportionment, matters shall proceed as if that were the only basis allowed by the Tax Acts.

(2E) A determination under subsection (2A) above may be questioned on an appeal against an amendment, made under paragraph 30 or ^{F2945}34] of Schedule 18 to the Finance Act 1998, of the company's company tax return, but only on the ground that the basis of apportionment determined by the Board is not just and reasonable.]

^{F2946}(3) ^{F2947}Subsection (3B) shall apply where] any appeal—

- (a) under paragraph 34(3) of Schedule 18 to the Finance Act 1998 against an amendment of a company tax return, or
- (b) under paragraph 48 of that Schedule against a discovery assessment or discovery determination under paragraph 41 of that Schedule (including an assessment by virtue of paragraph 52 of that Schedule),

involves any question concerning the application of this Chapter in relation to any particular person, ^{F2948}and the question is one whose resolution is likely to affect the liability of more than one person under this Chapter in respect of the controlled foreign company concerned].

(3A) ^{F2949}

(3B) Where this subsection applies—

- (a) each of the persons whose liability under this Chapter in respect of the controlled foreign company concerned is likely to be affected by the resolution of the question shall be entitled ^{F2950}to be a party to any proceedings];
- (b) the ^{F2951}tribunal] shall determine that question separately from any other questions in those proceedings; and
- (c) ^{F2952}the tribunal's] determination on that question shall have effect as if made in an appeal to which each of those persons was a party.]

(4) ^{F2953}

(5) Schedule 26 shall have effect with respect to the reliefs which may be claimed by a company resident in the United Kingdom which has a liability for tax in respect of an amount of chargeable profits; and no reliefs other than those provided for by that Schedule shall be allowed against any such liability.

(6) In any case where—

- (a) the whole or any part of the tax ^{F2954}chargeable] on a company (“the ^{F2954}chargeable] company”) by virtue of section ^{F2955}747(4)(a)] is not paid before the date on which it is due and payable in accordance with this Act or, as the case may be, the Management Act; and
- (b) the Board serve a notice of liability to tax under this subsection on another company (“the responsible company”) which is resident in the United Kingdom and holds or has held (whether directly or indirectly) ^{F2956}the whole or any part of] the same interest in the controlled foreign company as is or was held by the ^{F2954}chargeable] company,

^{F2957}the whole or, as the case may be, the corresponding part of] the tax ^{F2954}chargeable] on the ^{F2954}chargeable] company or, as the case may be, so much of it as remains unpaid shall be payable by the responsible company upon service of the notice.

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- (7) Where a notice of liability is served under subsection (6) above—
- (a) [^{F2958}the whole, or (as the case may be) the corresponding part, of] any interest due on the tax [^{F2959}chargeable] on the [^{F2959}chargeable] company and not paid; and
 - (b) any interest accruing due on that tax after the date of service,
- shall be payable by the responsible company [^{F2960}(so far as referable to tax payable by the responsible company by virtue of the notice)].
- (8) In any case where—
- (a) a notice of liability is served on the responsible company under subsection (6) above, and
 - (b) the relevant tax and any interest payable by the responsible company under subsection (7) above is not paid by that company before the expiry of the period of three months beginning on the date of service of the notice,
- that tax and interest may, without prejudice to the right of recovery from the responsible company, be recovered from the [^{F2961}chargeable] company.
- (9) In this section “the Taxes Acts” has the same meaning as in the Management Act.

Textual Amendments

- F2939** Words in s. 754(1) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 9(2)(a); S.I. 1998/3173, art. 2
- F2940** Words in s. 754(1) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 9(2)(b); S.I. 1998/3173, art. 2
- F2941** S. 754(1A) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 9(3); S.I. 1998/3173, art. 2
- F2942** S. 754(2) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 9(4); S.I. 1998/3173, art. 2
- F2943** S. 754(2A)-(2E) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 9(5); S.I. 1998/3173, art. 2
- F2944** S. 754(2B)(2C) omitted (13.8.2009) by virtue of The Finance Act 2009, Schedule 47 (Consequential Amendments) Order 2009 (S.I. 2009/2035), art. 1, Sch. para. 21
- F2945** Word in s. 754(2E) substituted (1.4.2010) by Finance Act 2008 (c. 9), s. 119(12)(b); S.I. 2009/405, art. 2
- F2946** S. 754(3)-(3B) substituted for s. 754(3) (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 9(6); S.I. 1998/3173, art. 2
- F2947** Words in s. 754(3) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 1 para. 155(2)(a)
- F2948** Words in s. 754(3) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 1 para. 155(2)(b)
- F2949** S. 754(3A) omitted (1.4.2009) by virtue of The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 1 para. 155(3)
- F2950** Words in s. 754(3B)(a) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 1 para. 155(4)(a)
- F2951** Word in s. 754(3B)(b) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 1 para. 155(4)(b)
- F2952** Words in s. 754(3B)(c) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 1 para. 155(4)(c)
- F2953** S. 754(4) repealed (with effect in accordance with Sch. 17 para. 37 of the repealing Act) by Finance Act 1998 (c. 36), Sch. 17 para. 9(7), Sch. 27 Pt. 3(27), Note; S.I. 1998/3173, art. 2

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<p>F2954 Words in s. 754(6) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 9(8)(a); S.I. 1998/3173, art. 2</p> <p>F2955 Words in s. 754(6)(a) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 9(8)(b); S.I. 1998/3173, art. 2</p> <p>F2956 Words in s. 754(6)(b) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 9(8)(c); S.I. 1998/3173, art. 2</p> <p>F2957 Words in s. 754(6) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 9(8)(d); S.I. 1998/3173, art. 2</p> <p>F2958 Words in s. 754(7)(a) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 9(9)(a); S.I. 1998/3173, art. 2</p> <p>F2959 Words in s. 754(7)(a) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 9(9)(b); S.I. 1998/3173, art. 2</p> <p>F2960 Words in s. 754(7)(b) added (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 9(9)(c); S.I. 1998/3173, art. 2</p> <p>F2961 Word in s. 754(8) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 9(10); S.I. 1998/3173, art. 2</p> <hr/> <p>Modifications etc. (not altering text)</p> <p>C182 See 1970(M) s.55(1)(g) and (6A).</p> <hr/> <p>Marginal Citations</p> <p>M149 Source—1984 s.89(1)-(4), (7)-(11)</p>

[^{F2962}**754** **Returns where it is not established whether acceptable distribution policy applies.**
^{F2963}]

<p>Textual Amendments</p> <p>F2962 S. 754A inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 10; S.I. 1998/3173, art. 2</p> <p>F2963 S. 754A omitted (with effect in accordance with Sch. 16 para. 6 of the repealing Act) by virtue of Finance Act 2009 (c. 10), Sch. 16 para. 2(2) (with Sch. 16 paras. 7, 8)</p>

[^{F2964}**754** **Determinations requiring the sanction of the Board.**

- (1) This section has effect where a determination requiring the Board’s sanction is made for any of the following purposes, that is to say—
 - (a) the giving of a closure notice; or
 - (b) the making of a discovery assessment.
- (2) If the closure notice or, as the case may be, notice of the discovery assessment is given to any person without—
 - (a) the determination, so far as it is taken into account in the closure notice or the discovery assessment, having been approved by the Board, or
 - (b) notification of the Board’s approval having been served on that person at or before the time of the giving of the notice,
 the closure notice or, as the case may be, the discovery assessment shall be deemed to have been given or made (and in the case of an assessment notified) in the terms

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(if any) in which it would have been given or made had that determination not been taken into account.

- (3) A notification under subsection (2)(b) above—
 - (a) must be in writing;
 - (b) must state that the Board have given their approval on the basis that—
 - (i) an amount of chargeable profits, and
 - (ii) an amount of creditable tax (which may be nil),for the accounting period of the controlled foreign company in question fall to be apportioned under section 747(3) to the person in question;
 - (c) must state the amounts mentioned in sub-paragraphs (i) and (ii) of paragraph (b) above; and
 - (d) subject to paragraphs (a) to (c) above, may be in such form as the Board may determine.
- (4) For the purposes of this section, the Board’s approval of a determination requiring their sanction—
 - (a) must be given specifically in relation to the case in question and must apply to the amount determined; but
 - (b) subject to that, may be given by the Board (either before or after the making of the determination) in any such form or manner as they may determine.
- (5) In this section references to a determination requiring the Board’s sanction are references (subject to subsection (6) below) to any determination of the amount of chargeable profits or creditable tax for an accounting period of a controlled foreign company which falls to be apportioned to a particular person under section 747(3).
- (6) For the purposes of this section, a determination shall be taken, in relation to a closure notice or a discovery assessment, not to be a determination requiring the Board’s sanction if—
 - (a) an agreement about the relevant amounts has been made between an officer of the Board and the person in whose case it is made;
 - (b) that agreement is in force at the time of the giving of the closure notice or, as the case may be, notice of the assessment; and
 - (c) the matters to which the agreement relates include the amount determined.
- (7) In paragraph (a) of subsection (6) above, “the relevant amounts” means—
 - (a) the amount of chargeable profits, and
 - (b) the amount of creditable tax (which may be nil),for the accounting period of the controlled foreign company in question which fall to be apportioned under section 747(3) to the person mentioned in that paragraph.
- (8) For the purposes of subsection (6) above an agreement made between an officer of the Board and any person (“the taxpayer”) in relation to any matter shall be taken to be in force at any time if, and only if—
 - (a) the agreement is one which has been made or confirmed in writing;
 - (b) that time is after the end of the period of thirty days beginning—
 - (i) in the case of an agreement made in writing, with the day of the making of the agreement, and
 - (ii) in any other case, with the day of the agreement’s confirmation in writing; and

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- (c) the taxpayer has not, before the end of that period of thirty days, served a notice on an officer of the Board stating that he is repudiating or resiling from the agreement.
- (9) The references in subsection (8) above to the confirmation in writing of an agreement are references to the service on the taxpayer by an officer of the Board of a notice—
- (a) stating that the agreement has been made; and
 - (b) setting out the terms of the agreement.
- (10) The matters that may be questioned on so much of any appeal by virtue of any provision of the Management Act or Schedule 18 to the Finance Act 1998 (company tax returns, assessments and related matters) as relates to a determination the making of which has been approved by the Board for the purposes of this section shall not include the Board’s approval, except to the extent that the grounds for questioning the approval are the same as the grounds for questioning the determination itself.
- (11) In this section—
- “closure notice” means a notice under paragraph 32 of Schedule 18 to the Finance Act 1998 (completion of enquiry and statement of conclusions);
- “discovery assessment” means a discovery assessment or discovery determination under paragraph 41 of that Schedule (including an assessment by virtue of paragraph 52 of that Schedule).]

Textual Amendments

F2964S. 754B inserted (with effect in accordance with [Sch. 17 para. 37](#) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 17 para. 11](#); [S.I. 1998/3173](#), [art. 2](#)

755 Information relating to controlled foreign companies

F2965

Textual Amendments

F2965S. 755 repealed (with effect in accordance with [Sch. 17 para. 37](#) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 17 para. 12](#), [Sch. 27 Pt. 3\(27\)](#), Note; [S.I. 1998/3173](#), [art. 2](#)

^{F2966}755A Treatment of chargeable profits and creditable tax apportioned to company carrying on life assurance business.

- (1) This section applies in any case where—
- (a) an amount (“the apportioned profit”) of a controlled foreign company’s chargeable profits for an accounting period falls to be apportioned under [section 747\(3\)](#) to a company resident in the United Kingdom (“the UK company”);
 - (b) the UK company carries on life assurance business in that one of its accounting periods (“the relevant accounting period”) in which ends the accounting period of the controlled foreign company; and

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- (c) the property or rights which represent the UK company's relevant interest in the controlled foreign company constitute to any extent assets of the UK company's [F2967]long-term insurance fund].
- (2) Subsections (3) and (4) below apply if, in the case of the relevant accounting period, the UK company is [F2968]charged to tax under the I minus E basis in respect of] life assurance business.
- (3) Where this subsection applies, the “appropriate rate” for the purposes of section 747(4) (a) and paragraph 1 of Schedule 26 in relation to the policy holders' part of any BLAGAB apportioned profit shall be—
- (a) if a single rate of tax under section [F2969]88(1) of the ^{M150}Finance Act 1989 (lower corporation tax rate on certain insurance company profits) is applicable in relation to the relevant accounting period, that rate; or
- (b) if more than one such rate of tax is applicable in relation to the relevant accounting period, the average of those rates over the whole of that period.
- (4) Where this subsection applies, the “appropriate rate” for the purposes of section 747(4) (a) and paragraph 1 of Schedule 26 shall be nil in relation to so much of the apportioned profit as is referable to [F2970]gross roll-up business carried on by the UK company.]
- [In any case where—
- ^{F2971}(4A) (a) paragraph 4 of Schedule 26 to this Act applies to a dividend received by the UK company, and
- (b) but for this subsection, [F2972]subsection (5) of section 97 of TIOPA 2010] would apply to that dividend,
- the amount of credit for foreign tax in respect of that dividend shall be treated, for the purposes of that section, as wholly attributable to basic life assurance and general annuity business.]
- (5) If, in the case of the relevant accounting period, the UK company is charged to tax under [F2973]section 35 of CTA 2009 (charge on trade profits)] in respect of its profits from life assurance business, the “appropriate rate” for the purposes of—
- (a) section 747(4)(a), and
- (b) paragraph 1 of Schedule 26,
- shall be nil in relation to so much of the apportioned profit as is referable to the UK company's relevant interest so far as represented by assets of its [F2967]long-term insurance fund].
- (6) If, in the case of the relevant accounting period,—
- (a) the UK company is [F2968]charged to tax under the I minus E basis in respect of] life assurance business,
- (b) any creditable tax of the controlled foreign company falls to be apportioned to the UK company, and
- (c) the apportioned profit is to any extent referable to [F2974]gross roll-up business], so much of the creditable tax so apportioned as is attributable to the apportioned profit so far as so referable shall be left out of account for the purposes of this Chapter, other than section 747(3) and this section, and shall be treated as extinguished.
- (7) If, in the case of the relevant accounting period,—
- (a) the UK company is charged to tax under [F2975]section 35 of CTA 2009] in respect of its profits from life assurance business, and

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- (b) any creditable tax of the controlled foreign company falls to be apportioned to the UK company,
- so much of the creditable tax so apportioned as is attributable to so much of the apportioned profit as is referable to the UK company's relevant interest so far as represented by assets of the UK company's [^{F2967}long-term insurance fund] shall be left out of account for the purposes of this Chapter, other than section 747(3) and this section, and shall be treated as extinguished.
- (8) Any set off under paragraph 1 ^{F2976} . . . of Schedule 26 against the UK company's liability to tax under section 747(4)(a) in respect of the apportioned profit shall be made against only so much of that liability as is attributable to the eligible part of the apportioned profit.
- (9) ^{F2977}
- (10) For the purposes of this section, the "eligible part" of the apportioned profit is any BLAGAB apportioned profit, other than the policy holders' part.
- ^{F2978}(11) For the purposes of this section the policy holders' part of any BLAGAB apportioned profit is—
- (a) where subsection (11A) below applies, the whole of that profit, and
 - (b) in any other case, the relevant fraction (within the meaning of subsection (11B) below) of that profit.
- (11A) This subsection applies if—
- (a) the UK company's life assurance business is mutual business,
 - (b) the policy holders' share of the UK company's relevant profits for the relevant accounting period is equal to all those profits, or
 - (c) the policy holders' share of the UK company's relevant profits for the relevant accounting period is more than its BLAGAB profits for that period.
- (11B) The relevant fraction for the purposes of subsection (11)(b) above is the fraction arrived at by dividing—
- (a) the policy holders' share of the UK company's relevant profits for the relevant accounting period, by
 - (b) the UK company's BLAGAB profits for that period.
- ^{F2979}(11BA) But where the BLAGAB profits for the relevant accounting period are nil, the relevant fraction—
- (a) if there are [^{F2980}section 35 profits] of the accounting period in respect of its life assurance business, is nil, and
 - (b) otherwise, is such fraction as is just and reasonable;
- and for this purpose there are [^{F2980}section 35 profits] if there are profits computed in accordance with the [^{F2981}life assurance trade profits provisions] after making adjustments in respect of losses in accordance with section 85A(4) of the Finance Act 1989.]
- (11C) In subsections (11A) and (11B) above—
- (a) references to the policy holders' share of the UK company's share of the relevant profits are to be construed in accordance with sections 88(3) and 89 of the Finance Act 1989, ^{F2982} . . .
 - (b) ^{F2982}]

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(12) In this section—

“BLAGAB apportioned profit” means so much of the apportioned profit as is referable to basic life assurance and general annuity business carried on by the UK company;

F2983

(13) For the purposes of this section, the part of the apportioned profit which is referable to—

[^{F2984}(a) basic life assurance and general annuity business, or

(ba) gross roll-up business,]

carried on by the UK company is the part which would have been so referable under section 432A had the apportioned profit been a dividend paid to the UK company at the end of the accounting period mentioned in subsection (1)(a) above in respect of the property or rights which represent the UK company’s relevant interest in the controlled foreign company.

(14) For the purposes of this section, any attribution of creditable tax to a particular part of the apportioned profit shall be made in the proportion which that part of the apportioned profit bears to the whole of the apportioned profit.]

Textual Amendments

F2966S. 755A inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 13**; S.I. 1998/3173, **art. 2**

F2967Words in s. 755A(1)(c)(5)(7)(12) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 52(1)(j)**

F2968Words in s. 755A(2)(6)(a) substituted (with effect in accordance with s. 39(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 8 para. 10** (with Sch. 8 Pt. 2)

F2969Words in s. 755A(3) substituted (with effect in accordance with Sch. 33 para. 13(11) of the amending Act) by Finance Act 2003 (c. 14), **Sch. 33 para. 13(8)**

F2970Words in s. 755A(4) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 47(2)** (with Sch. 7 Pt. 2)

F2971S. 755A(4A) inserted (31.12.2006 with effect in accordance with art. 1(2) of the amending S.I.) by The Insurance Companies (Corporation Tax Acts) (Miscellaneous Amendments) Order 2006 (S.I. 2006/3270), **arts. 1(1), 8(a)**

F2972Words in s. 755A(4A)(b) substituted (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), **Sch. 8 para. 12** (with Sch. 9)

F2973Words in s. 755A(5) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 219(2)** (with Sch. 2 Pts. 1, 2)

F2974Words in s. 755A(6)(c) substituted (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 47(3)** (with Sch. 7 Pt. 2)

F2975Words in s. 755A(7)(a) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 219(3)** (with Sch. 2 Pts. 1, 2)

F2976Words in s. 755A(8) omitted (31.12.2006 with effect in accordance with art. 1(2) of the repealing S.I.) by virtue of The Insurance Companies (Corporation Tax Acts) (Miscellaneous Amendments) Order 2006 (S.I. 2006/3270), **arts. 1(1), 8(b)**

F2977S. 755A(9) omitted (31.12.2006 with effect in accordance with art. 1(2) of the repealing S.I.) by virtue of The Insurance Companies (Corporation Tax Acts) (Miscellaneous Amendments) Order 2006 (S.I. 2006/3270), **arts. 1(1), 8(c)**

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- F2978**S. 755A(11)-(11C) substituted for s. 755A(11) (with effect in accordance with Sch. 33 para. 13(11) of the amending Act) by Finance Act 2003 (c. 14), **Sch. 33 para. 13(9)**
- F2979**S. 755A(11BA) inserted (with effect in accordance with Sch. 17 para. 15 of the amending Act) by Finance Act 2008 (c. 9), **Sch. 17 para. 14**
- F2980**Words in s. 755A(11BA) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 219(4)(a)** (with Sch. 2 Pts. 1, 2)
- F2981**Words in s. 755A(11BA) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 219(4)(b)** (with Sch. 2 Pts. 1, 2)
- F2982**S. 755A(11C)(b) and preceding word omitted (with effect in accordance with Sch. 17 para. 18(6) of the repealing Act) by virtue of Finance Act 2008 (c. 9), **Sch. 17 para. 18(2)**
- F2983**S. 755A(12): definition of "long-term insurance fund" repealed (with effect in accordance with Sch. 10 para. 17(2) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 10 para. 14(2)(d), **Sch. 27 Pt. 2(10)**, Note
- F2984**S. 755A(13)(a)(ba) substituted for s. 755A(13)(a)-(d) (with effect in accordance with s. 38(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 7 para. 47(4)** (with Sch. 7 Pt. 2)

Modifications etc. (not altering text)

- C183** S. 755A modified (6.4.1999) by The Individual Savings Account (Insurance Companies) Regulations 1998 (S.I. 1998/1871), **regs. 1, 5, 18**
- C184** S. 755A modified by the Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. 1997/473), **reg. 30B** (as inserted (13.10.1999) by The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 1999 (S.I. 1999/2636), **regs. 1, 4**; and as that reg. 30B is amended by S.I. 2004/822, **regs. 1, 24**)
- C185** S. 755A modified (6.4.2005) by The Child Trust Funds (Insurance Companies) Regulations 2004 (S.I. 2004/2680), **regs. 1, 4, 16**; S.I. 2004/3369, **art. 2(1)**
- C186** S. 755A modified (12.8.2005 with effect in accordance with reg. 1(2) of the modifying S.I.) by The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005 (S.I. 2005/2014), **regs. 1(1), 22** (as amended by S.I. 2007/2134, **regs. 1(1)(2), 21**)

Marginal Citations

- M150** 1989 c. 26.

[^{F2985}755A] **Amendment of return where general insurance business of foreign company accounted for on non-annual basis.**

- (1) This section applies where—
- (a) a controlled foreign company carries on general insurance business in an accounting period;
 - (b) an amount of the company's chargeable profits, and an amount of its creditable tax (if any), for that accounting period falls to be apportioned under section 747(3) to a company resident in the United Kingdom ("the UK company");
 - (c) the UK company delivers a company tax return for that one of its accounting periods in which the controlled foreign company's accounting period ends; and
 - (d) in making or amending the return, the UK company has regard to accounts of the controlled foreign company drawn up using a method falling within subsection (2) below.
- (2) The methods which fall within this subsection are—

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- (a) the method described in [^{F2986}paragraph 58 in Section E of Part 2 of Schedule 3 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008] (which provides for a technical provision to be made in the accounts which is later replaced by a provision for estimated claims outstanding); and
 - (b) any method which would have fallen within paragraph (a) above, had final replacement of the technical provision, as described in sub-paragraph (4) of paragraph [^{F2987}58] of that Schedule, taken place, and been required to take place, no later than the end of the year referred to in that sub-paragraph as the third year following the underwriting year.
- (3) Where this section applies—
- (a) the UK company may make any amendments of its company tax return arising from the replacement of the technical provision in the controlled foreign company's accounts at any time within twelve months from the date on which the provision was replaced; and
 - (b) notice of intention to enquire into the return under paragraph 24 of Schedule 18 to the Finance Act 1998 may be given at any time up to two years from that date (or at any later time in accordance with the general rule in sub-paragraph (3) of that paragraph).
- (4) If, in a case where this section applies, the accounts of the controlled foreign company are drawn up using a method falling within paragraph (b) of subsection (2) above—
- (a) the controlled foreign company, and
 - (b) any person with an interest in the controlled foreign company,
- shall be treated for the purposes of this section as if final replacement of the technical provision, as described in sub-paragraph (4) of paragraph [^{F2988}58 of Schedule 3 to those Regulations], had taken place at, and been required to take place no later than, the end of the year referred to in that sub-paragraph as the third year following the underwriting year.
- (5) Regulations under section 755C may make provision with respect to the determination of the amount of the provision by which the technical provision is to be treated as replaced in cases falling within subsection (4) above.
- [^{F2989}(6) In this section “general insurance business” means business which consists of the effecting or carrying out of contracts which fall within Part I of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.]]

Textual Amendments

F2985S. 755B inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 14; S.I. 1998/3173, art. 2

F2986Words in s. 755B(2)(a) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2009 (S.I. 2009/1890), arts. 1(1), 5(2)(a)

F2987Word in s. 755B(2)(b) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2009 (S.I. 2009/1890), arts. 1(1), 5(3)

F2988Words in s. 755B(4) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2009 (S.I. 2009/1890), arts. 1(1), 5(4)

F2989S. 755B(6) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), art. 44

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[^{F2990}755C Application of Chapter where general insurance business of foreign company accounted for on non-annual basis.

- (1) The Treasury may by regulations provide for the provisions of this Chapter to have effect with prescribed modifications in any case where a non-resident company—
 - (a) carries on general insurance business; and
 - (b) draws up accounts relating to that business using a method falling within subsection (2) of section 755B.
- (2) Regulations under subsection (1) above may—
 - (a) make different provision for different cases;
 - (b) make provision having effect in relation to accounting periods of non-resident companies ending not more than one year before the date on which the regulations are made; and
 - (c) contain such supplementary, incidental, consequential and transitional provision as the Treasury may think fit.
- (3) In this section—
 - “general insurance business” has the same meaning as in section 755B;
 - “non-resident company” means a company resident outside the United Kingdom;
 - “prescribed” means prescribed in regulations under this section.]

Textual Amendments

F2990S. 755C inserted (with effect in accordance with [Sch. 17 para. 37](#) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 17 para. 15](#); S.I. 1998/3173, [art. 2](#)

[^{F2991}755B“Control” and the two “40 per cent” tests.

- (1) For the purposes of this Chapter “control”, in relation to a company, means the power of a person to secure—
 - (a) by means of the holding of shares or the possession of voting power in or in relation to the company or any other company, or
 - (b) by virtue of any powers conferred by the articles of association or other document regulating the company or any other company,
 that the affairs of the company are conducted in accordance with his wishes.
- [For the purposes of this Chapter a person also controls a company if the person ^{F2992}(1A) possesses, or is entitled to acquire, such rights as would—
 - (a) if the whole of the income of the company were distributed, entitle the person to receive the greater part of the amount so distributed,
 - (b) if the whole of the company's share capital were disposed of, entitle the person to receive the greater part of the proceeds of the disposal, or
 - (c) in the event of the winding-up of the company or in any other circumstances, entitle the person to receive the greater part of the assets of the company which would then be available for distribution.]
- (2) Where two or more persons, taken together, have the power mentioned in subsection (1) above [^{F2993}or satisfy subsection (1A) above], they shall be taken for the purposes of this Chapter to control the company.

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- (3) The 40 per cent test in this subsection is satisfied in the case of one of two persons who, taken together, control a company if that one of them has interests, rights and powers representing at least 40 per cent of the holdings, rights and powers in respect of which the pair of them fall to be taken as controlling the company.
- (4) The 40 per cent test in this subsection is satisfied in the case of one of two persons who, taken together, control a company if that one of them has interests, rights and powers representing—
 - (a) at least 40 per cent, but
 - (b) not more than 55 per cent,of the holdings, rights and powers in respect of which the pair of them fall to be taken as controlling the company.
- (5) For the purposes of this Chapter any question—
 - (a) whether a company is controlled by a person, or by two or more persons taken together, or
 - (b) whether, in the case of any company, the applicable 40 per cent test is satisfied in the case of each of two persons who, taken together, control the company,shall be determined after attributing to each of the persons all the rights and powers mentioned in subsection (6) below that are not already attributed to that person for the purposes of subsections (1) to (4) above.
- (6) The rights and powers referred to in subsection (5) above are—
 - (a) rights and powers which the person is entitled to acquire at a future date or which he will, at a future date, become entitled to acquire;
 - (b) rights and powers of other persons, to the extent that they are rights or powers falling within subsection (7) below;
 - (c) if the person is resident in the United Kingdom, rights and powers of any person who is resident in the United Kingdom and connected with the person; and
 - (d) if the person is resident in the United Kingdom, rights and powers which for the purposes of subsection (5) above would be attributed to a person who is resident in the United Kingdom and connected with the person (a “UK connected person”) if the UK connected person were himself the person.
- (7) Rights and powers fall within this subsection to the extent that they—
 - (a) are required, or may be required, to be exercised in any one or more of the following ways, that is to say—
 - (i) on behalf of the person;
 - (ii) under the direction of the person; or
 - (iii) for the benefit of the person; and
 - (b) are not confined, in a case where a loan has been made by one person to another, to rights and powers conferred in relation to property of the borrower by the terms of any security relating to the loan.
- (8) In subsections (6)(b) to (d) and (7) above, the references to a person’s rights and powers include references to any rights or powers which he either—
 - (a) is entitled to acquire at a future date, or
 - (b) will, at a future date, become entitled to acquire.

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- (9) In paragraph (d) of subsection (6) above, the reference to rights and powers which would be attributed to a UK connected person if he were the person includes a reference to rights and powers which, by applying that paragraph wherever one person resident in the United Kingdom is connected with another person, would be so attributed to him through a number of persons each of whom is resident in the United Kingdom and connected with at least one of the others.
- (10) In determining for the purposes of this section whether one person is connected with another in relation to a company, [^{F2994}section 1122(4) of CTA 2010] shall be disregarded.
- (11) References in this section—
- (a) to rights and powers of a person, or
 - (b) to rights and powers which a person is or will become entitled to acquire,
- include references to rights or powers which are exercisable by that person, or (when acquired by that person) will be exercisable, only jointly with one or more other persons.]

Textual Amendments

F2991 S. 755D inserted (with effect in accordance with Sch. 31 para. 9(3) of the amending Act) by Finance Act 2000 (c. 17), Sch. 31 para. 4(1)

F2992 S. 755D(1A) inserted (with effect in accordance with s. 64(7)(9)-(11) of the amending Act) by Finance Act 2008 (c. 9), s. 64(3)(a)

F2993 Words in s. 755D(2) inserted (with effect in accordance with s. 64(7)(9)-(11) of the amending Act) by Finance Act 2008 (c. 9), s. 64(3)(b)

F2994 Words in s. 755D(10) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 100 (with Sch. 2)

Modifications etc. (not altering text)

C187 S. 755D applied (with modifications) by Corporation Tax Act 2009 (c. 4), s. 931E(4)(5) (as inserted (with effect in accordance with Sch. 14 para. 31 of the amending Act) by Finance Act 2009 (c. 10), Sch. 14 para. 1)

C188 S. 755D applied (with modifications) by Corporation Tax Act 2009 (c. 4), s. 486E(10) (as inserted (with effect in accordance with Sch. 24 paras. 11, 13-16 of the amending Act) by Finance Act 2009 (c. 10), Sch. 24 para. 3)

756 Interpretation and construction of Chapter IV.

^{M151}(1) In this Chapter—

[^{F2995}“company tax return” means a return required to be made under Schedule 18 to the Finance Act 1998;]

“trading company” means a company whose business consists wholly or mainly of the carrying on of a trade or trades.

[^{F2996}(1A) In this Chapter “EEA territory”, in relation to any time, means a territory which is an EEA state at that time other than the United Kingdom.

(1B) But a territory is not to be regarded for the purposes of subsection (1A) above as an EEA state at any time if—

- (a) it is not a member State at that time, and

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- (b) there are no arrangements made in relation to the territory having effect by virtue of section 173 of the Finance Act 2006 (international tax enforcement arrangements) at that time.]
- (2) For the purposes of this Chapter—
- (a) [^{F2997}section 1122 of CTA 2010] applies; and
- [^{F2998}(b) subsections (2) to (7) of section 882 of CTA 2010 (meaning of associates) apply.]

[^{F2999}(3) In this Chapter “loan creditor” has the meaning given by section 453 of CTA 2010.]

Textual Amendments

F2995S. 756(1): definition of “company tax return” inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 16; S.I. 1998/3173, art. 2

F2996S. 756(1A)(1B) inserted (with effect in accordance with Sch. 15 para. 10 of the amending Act) by Finance Act 2007 (c. 11), Sch. 15 para. 6

F2997Words in s. 756(2)(a) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 101(2)(a) (with Sch. 2)

F2998S. 756(2)(b) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 101(2)(b) (with Sch. 2)

F2999S. 756(3) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 101(3) (with Sch. 2)

Marginal Citations

M151 Source—1984 s.91

[^{F3000}CHAPTER V

OFFSHORE FUNDS]

Textual Amendments

F3000Pt. 17 Ch. 5 (ss. 756A-763) repealed (1.12.2009 with effect in accordance with reg. 1(2) of the repealing S.I.) by The Offshore Funds (Tax) Regulations 2009 (S.I. 2009/3001), regs. 1(1), 13(2)(3), Sch. 2 (with Sch. 1)

[^{F3001}Meaning of offshore fund

Textual Amendments

F3001Ss. 756A-756C and preceding cross-headings inserted (with effect in accordance with s. 145(2) of the amending Act) by Finance Act 2004 (c. 12), Sch. 26 para. 3 (with Sch. 26 para. 17)

756A General definition of offshore fund

F3002

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Textual Amendments

F3002 Pt. 17 Ch. 5 (ss. 756A-763) repealed (1.12.2009 with effect in accordance with reg. 1(2) of the repealing S.I.) by [The Offshore Funds \(Tax\) Regulations 2009 \(S.I. 2009/3001\)](#), regs. 1(1), 13(2)(3), [Sch. 2](#) (with [Sch. 1](#))

Treatment of umbrella funds

756B Treatment of umbrella funds

F3003

Textual Amendments

F3003 Pt. 17 Ch. 5 (ss. 756A-763) repealed (1.12.2009 with effect in accordance with reg. 1(2) of the repealing S.I.) by [The Offshore Funds \(Tax\) Regulations 2009 \(S.I. 2009/3001\)](#), regs. 1(1), 13(2)(3), [Sch. 2](#) (with [Sch. 1](#))

Treatment of funds comprising more than one class of interest

756C Treatment of funds comprising more than one class of interest

F3004]

Textual Amendments

F3004 Pt. 17 Ch. 5 (ss. 756A-763) repealed (1.12.2009 with effect in accordance with reg. 1(2) of the repealing S.I.) by [The Offshore Funds \(Tax\) Regulations 2009 \(S.I. 2009/3001\)](#), regs. 1(1), 13(2)(3), [Sch. 2](#) (with [Sch. 1](#))

Material interests in non-qualifying offshore funds

757 Disposal of material interests in non-qualifying offshore funds

F3005

Textual Amendments

F3005 Pt. 17 Ch. 5 (ss. 756A-763) repealed (1.12.2009 with effect in accordance with reg. 1(2) of the repealing S.I.) by [The Offshore Funds \(Tax\) Regulations 2009 \(S.I. 2009/3001\)](#), regs. 1(1), 13(2)(3), [Sch. 2](#) (with [Sch. 1](#))

758 Offshore funds operating equalisation arrangements

F3006

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Textual Amendments

F3006Pt. 17 Ch. 5 (ss. 756A-763) repealed (1.12.2009 with effect in accordance with reg. 1(2) of the repealing S.I.) by [The Offshore Funds \(Tax\) Regulations 2009 \(S.I. 2009/3001\)](#), regs. 1(1), 13(2)(3), [Sch. 2](#) (with [Sch. 1](#))

759 Material interests in offshore funds

F3007
.....

Textual Amendments

F3007Pt. 17 Ch. 5 (ss. 756A-763) repealed (1.12.2009 with effect in accordance with reg. 1(2) of the repealing S.I.) by [The Offshore Funds \(Tax\) Regulations 2009 \(S.I. 2009/3001\)](#), regs. 1(1), 13(2)(3), [Sch. 2](#) (with [Sch. 1](#))

760 Non-qualifying offshore funds

F3008
.....

Textual Amendments

F3008Pt. 17 Ch. 5 (ss. 756A-763) repealed (1.12.2009 with effect in accordance with reg. 1(2) of the repealing S.I.) by [The Offshore Funds \(Tax\) Regulations 2009 \(S.I. 2009/3001\)](#), regs. 1(1), 13(2)(3), [Sch. 2](#) (with [Sch. 1](#))

*Charge to tax of offshore income gains***761 Charge to income tax or corporation tax of offshore income gain.**

F3009
.....

Textual Amendments

F3009Pt. 17 Ch. 5 (ss. 756A-763) repealed (1.12.2009 with effect in accordance with reg. 1(2) of the repealing S.I.) by [The Offshore Funds \(Tax\) Regulations 2009 \(S.I. 2009/3001\)](#), regs. 1(1), 13(2)(3), [Sch. 2](#) (with [Sch. 1](#))

762 Offshore income gains accruing to persons resident or domiciled abroad.

F3010
.....

Textual Amendments

F3010Pt. 17 Ch. 5 (ss. 756A-763) repealed (1.12.2009 with effect in accordance with reg. 1(2) of the repealing S.I.) by [The Offshore Funds \(Tax\) Regulations 2009 \(S.I. 2009/3001\)](#), regs. 1(1), 13(2)(3), [Sch. 2](#) (with [Sch. 1](#))

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[^{F3011}762ZA Offshore income gains: application of transfer of assets abroad provisions

F3012

Textual Amendments

F3011 Ss. 762ZA, 762ZB inserted (with effect in accordance with Sch. 7 para. 98 of the amending Act) by Finance Act 2008 (c. 9), Sch. 7 para. 94

F3012 Pt. 17 Ch. 5 (ss. 756A-763) repealed (1.12.2009 with effect in accordance with reg. 1(2) of the repealing S.I.) by The Offshore Funds (Tax) Regulations 2009 (S.I. 2009/3001), regs. 1(1), 13(2)(3), Sch. 2 (with Sch. 1)

762ZB Income treated as arising under section 761(1): remittance basis

F3013]

Textual Amendments

F3011 Ss. 762ZA, 762ZB inserted (with effect in accordance with Sch. 7 para. 98 of the amending Act) by Finance Act 2008 (c. 9), Sch. 7 para. 94

F3013 Pt. 17 Ch. 5 (ss. 756A-763) repealed (1.12.2009 with effect in accordance with reg. 1(2) of the repealing S.I.) by The Offshore Funds (Tax) Regulations 2009 (S.I. 2009/3001), regs. 1(1), 13(2)(3), Sch. 2 (with Sch. 1)

[^{F3014}762A Exchange of interests of different classes

F3015]

Textual Amendments

F3014 S. 762A inserted (with effect in accordance with s. 145(2) of the amending Act) by Finance Act 2004 (c. 12), Sch. 26 para. 15(1) (with Sch. 26 para. 17)

F3015 Pt. 17 Ch. 5 (ss. 756A-763) repealed (1.12.2009 with effect in accordance with reg. 1(2) of the repealing S.I.) by The Offshore Funds (Tax) Regulations 2009 (S.I. 2009/3001), regs. 1(1), 13(2)(3), Sch. 2 (with Sch. 1)

763 Deduction of offshore income gain in determining capital gain.

F3016

Textual Amendments

F3016 Pt. 17 Ch. 5 (ss. 756A-763) repealed (1.12.2009 with effect in accordance with reg. 1(2) of the repealing S.I.) by The Offshore Funds (Tax) Regulations 2009 (S.I. 2009/3001), regs. 1(1), 13(2)(3), Sch. 2 (with Sch. 1)

764 Offshore income gains of trustees.

F3017

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Textual Amendments

F3017S. 764 repealed (6.4.2006) by Finance Act 2006 (c. 25), Sch. 13 paras. 23, 27(1), Sch. 26 Pt. 3(15), Note

CHAPTER VI

MISCELLANEOUS

Migration etc. of company

765 Migration etc. of companies.

F3018

Textual Amendments

F3018S. 765 omitted (with effect in accordance with Sch. 17 para. 13 of the repealing Act) by virtue of Finance Act 2009 (c. 10), Sch. 17 para. 1(a)

[^{F3019}**765**Movements of capital between residents of member States.

F3020]

Textual Amendments

F3019S. 765A inserted (with effect in accordance with s. 68(4) of the amending Act) by Finance Act 1990 (c. 29), s. 68(2)

F3020S. 765A omitted (with effect in accordance with Sch. 17 para. 13 of the repealing Act) by virtue of Finance Act 2009 (c. 10), Sch. 17 para. 1(b)

766 Offences under section 765.

F3021

Textual Amendments

F3021S. 766 omitted (with effect in accordance with Sch. 17 para. 13 of the repealing Act) by virtue of Finance Act 2009 (c. 10), Sch. 17 para. 1(c)

767 Interpretation and commencement of sections 765 and 766.

F3022

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Textual Amendments
F3022S. 767 omitted (with effect in accordance with Sch. 17 para. 13 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 17 para. 1(d)**

Change in ownership of company

[^{F3023}**767** **Change in company ownership: corporation tax.**

^{F3024}]

Textual Amendments
F3023Ss. 767A, 767B inserted (with effect in accordance with s. 135(6) of the amending Act) by Finance Act 1994 (c. 9), s. 135(1)
F3024Ss. 767A-769 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 102, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F3025}**767AA** **Change in company ownership: postponed corporation tax.**

^{F3026}]

Textual Amendments
F3023Ss. 767A, 767B inserted (with effect in accordance with s. 135(6) of the amending Act) by Finance Act 1994 (c. 9), s. 135(1)
F3025S. 767AA inserted (with effect in accordance with s. 114(2) of the amending Act) by Finance Act 1998 (c. 36), s. 114(1)
F3026Ss. 767A-769 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 102, **Sch. 3 Pt. 1** (with Sch. 2)

767B Change of company ownership: supplementary.

^{F3027}]

Textual Amendments
F3023Ss. 767A, 767B inserted (with effect in accordance with s. 135(6) of the amending Act) by Finance Act 1994 (c. 9), s. 135(1)
F3027Ss. 767A-769 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 102, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F3028}**767C** **Change in company ownership: information.**

^{F3029}]

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Textual Amendments

F3028S. 767C inserted (with effect in accordance with s. 115(3) of the amending Act) by Finance Act 1998 (c. 36), s. 115(1)

F3029S. 767C omitted (1.4.2009) by virtue of Finance Act 2008 (c. 9), s. 113(2), Sch. 36 para. 81 (with Sch. 36 para. 38); S.I. 2009/404, art. 2 (with art. 6)

768 Change in ownership of company: disallowance of trading losses.

F3030
.....

Textual Amendments

F3030Ss. 767A-769 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 102, Sch. 3 Pt. 1 (with Sch. 2) (subject to the omission of s. 768(9), so far as it continues to have effect, by virtue of Finance Act 2011 (c. 11), Sch. 23 paras. 55(d), 65)

[^{F3031}**768C** Change in ownership: disallowance of carry back of trading losses.

F3032
.....]

Textual Amendments

F3031S. 768A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 73(3)(4)(5), Sch. 15 para. 20(1)

F3032Ss. 767A-769 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 102, Sch. 3 Pt. 1 (with Sch. 2)

[^{F3033}**768B**^{F3034} Change in ownership of company with investment business: deductions generally]

F3035
.....

Textual Amendments

F3033Ss. 768B, 768C inserted (with application in accordance with Sch. 26 para. 5 of the amending Act) by Finance Act 1995 (c. 4), Sch. 26 para. 2

F3034S. 768B sidenote substituted (with effect in accordance with ss. 42-44 of the amending Act) by virtue of Finance Act 2004 (c. 12), Sch. 6 para. 3(7)

F3035Ss. 767A-769 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 102, Sch. 3 Pt. 1 (with Sch. 2)

768C Deductions: asset transferred within group.

F3036
.....]

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Textual Amendments

F3033Ss. 768B, 768C inserted (with application in accordance with [Sch. 26 para. 5](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 26 para. 2](#)

F3036Ss. 767A-769 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 102](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F3037}**768D** **Change in ownership of company carrying on property business.**

F3038]

Textual Amendments

F3037S. 768D inserted (with effect in accordance with s. 38(2)(3) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 5 para. 31](#) (with [Sch. 5 para. 73](#))

F3038Ss. 767A-769 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 102](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F3039}**768E** **Change in ownership of company with unused non-trading loss on intangible fixed assets**

F3040]

Textual Amendments

F3039S. 768E inserted (24.7.2002) by [Finance Act 2002 \(c. 23\)](#), [Sch. 30 para. 4\(3\)](#)

F3040Ss. 767A-769 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 102](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

769 Rules for ascertaining change in ownership of company.

F3041

Textual Amendments

F3041Ss. 767A-769 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 102](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Transactions between associated persons

[^{F3042}**770** **Provision not at arm's length.**

F3043]

Textual Amendments

F3042S. 770A substituted for ss. 770-773 (with effect in accordance with s. 108(5) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 108\(1\)](#); S.I. 1998/3173, [art. 2](#)

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F3043S. 770A repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 110, **Sch. 10 Pt. 2** (with Sch. 9)

F3042770 Sales etc. at an undervalue or overvalue.

.....

Textual Amendments

F3042S. 770A substituted for ss. 770-773 (with effect in accordance with s. 108(5) of the amending Act) by Finance Act 1998 (c. 36), s. 108(1); S.I. 1998/3173, art. 2

F3042771 Transactions by petroleum companies.

.....

Textual Amendments

F3042S. 770A substituted for ss. 770-773 (with effect in accordance with s. 108(5) of the amending Act) by Finance Act 1998 (c. 36), s. 108(1); S.I. 1998/3173, art. 2

F3042772 Information for purposes of section 770, and appeals.

.....

Textual Amendments

F3042S. 770A substituted for ss. 770-773 (with effect in accordance with s. 108(5) of the amending Act) by Finance Act 1998 (c. 36), s. 108(1); S.I. 1998/3173, art. 2

F3042773 Interpretation of sections 770 and 771.

.....

Textual Amendments

F3042S. 770A substituted for ss. 770-773 (with effect in accordance with s. 108(5) of the amending Act) by Finance Act 1998 (c. 36), s. 108(1); S.I. 1998/3173, art. 2

774 Transactions between dealing company and associated company.

^{M152}(1) Subject to the provisions of this section, where—

- (a) a dealing company becomes entitled to a deduction, in computing the profits or gains of the company for tax purposes for any period, in respect of the depreciation in the value of any right subsisting against an associated company, being a non-dealing company; or

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- (b) a dealing company makes any payment to such an associated company, being a payment in respect of which the dealing company is entitled to a deduction in computing its profits or gains for tax purposes for any period;
and the depreciation or payment is not brought into account in computing the profits or gains of the non-dealing company, that company shall be deemed to have received on the last day of the period income of an amount equal to the amount of the deduction and shall be chargeable [^{F3044}to tax] in respect thereof [^{F3045}(in the case of corporation tax, under [^{F3046}the charge to corporation tax on income])].
- (2) Where the non-dealing company is carrying on a trade, the income referred to in subsection (1) above shall, if the company so elects, not be so chargeable but shall be deemed to have been a receipt of the trade, or, if the company is carrying on more than one trade, to have been a receipt of such one of the trades as the company may choose.
- (3) Where the non-dealing company is carrying on, or was formed to carry on a trade, then if—
- (a) either—
- (i) the right subsisting against it was a right to the repayment of moneys lent for meeting expenditure which has proved (in whole or in part) abortive, or
- (ii) the payment to the company was made for meeting such expenditure, and
- (b) that expenditure is such that the company is not entitled in respect of it to any allowance or deduction in computing losses or gains,
- subsection (1) above shall not apply in so far as the expenditure proved abortive.
- (4) For the purposes of this section—
- (a) “company” includes any body corporate;
- (b) “dealing company” means a company dealing in securities, land or buildings and includes any company whose profits on the sale of securities, land or buildings are part of its trading profits;
- (c) “non-dealing company” means any company which is not a dealing company;
- (d) two or more companies shall be treated as associated companies if one has control of the other or others, or any person has control of both or all of them;
- (e) references to a company (“the first company”) having control of another company (“the second company”) shall be construed as references to the first company having control of the second company either by itself or in conjunction with any person having control over the first company, and “control” has the meaning given by [^{F3047}section 1124 of CTA 2010];
- (f) “securities” includes shares and stock.
- (5) ^{F3048}

Textual Amendments

F3044 Words in s. 774(1) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 310(a) (with Sch. 2)

F3045 Words in s. 774(1) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 310(b) (with Sch. 2)

F3046 Words in s. 774(1) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 225 (with Sch. 2 Pts. 1, 2)

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F3047 Words in s. 774(4)(e) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 103 (with Sch. 2)

F3048 S. 774(5) omitted (13.8.2009) by virtue of The Finance Act 2009, Schedule 47 (Consequential Amendments) Order 2009 (S.I. 2009/2035), art. 1, Sch. para. 22

Marginal Citations

M152 Source—1970 s.486

[^{F3049} Factoring of income receipts etc

Textual Amendments

F3049 Ss. 774A-774G and preceding cross-heading inserted (with effect in accordance with Sch. 6 para. 6(2)-(7) of the amending Act) by Finance Act 2006 (c. 25), Sch. 6 para. 6(1)

774A Meaning of “structured finance arrangement” for purposes of s.774B

F3050

Textual Amendments

F3050 Ss. 774A-774G repealed for specified purposes (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 104, Sch. 3 Pt. 2 (with Sch. 2); and ss. 774A-774G repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 265, Sch. 10 Pt. 10 (with Sch. 9)

774B Disregard of intended effects of arrangement involving disposals of assets

F3051

Textual Amendments

F3051 Ss. 774A-774G repealed for specified purposes (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 104, Sch. 3 Pt. 2 (with Sch. 2); and ss. 774A-774G repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 265, Sch. 10 Pt. 10 (with Sch. 9)

774C Meaning of “structured finance arrangement” for purposes of s.774D

F3052

Textual Amendments

F3052 Ss. 774A-774G repealed for specified purposes (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 104, Sch. 3 Pt. 2 (with Sch. 2); and ss. 774A-774G repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of

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the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 8 para. 265, Sch. 10 Pt. 10](#) (with Sch. 9)

774D Disregard of intended effects of arrangement involving change in relation to a partnership

F3053
.....

Textual Amendments

F3053 *Ss. 774A-774G* repealed for specified purposes (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 104, Sch. 3 Pt. 2](#) (with Sch. 2); and ss. 774A-774G repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 8 para. 265, Sch. 10 Pt. 10](#) (with Sch. 9)

774E Sections 774B and 774D: exceptions

F3054
.....

Textual Amendments

F3054 *Ss. 774A-774G* repealed for specified purposes (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 104, Sch. 3 Pt. 2](#) (with Sch. 2); and ss. 774A-774G repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 8 para. 265, Sch. 10 Pt. 10](#) (with Sch. 9)

774F Sections 774B and 774D: power to provide further exceptions

F3055
.....

Textual Amendments

F3055 *Ss. 774A-774G* repealed for specified purposes (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 104, Sch. 3 Pt. 2](#) (with Sch. 2); and ss. 774A-774G repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 8 para. 265, Sch. 10 Pt. 10](#) (with Sch. 9)

774G Sections 774A to 774D: minor definitions etc

F3056
.....]

Textual Amendments

F3056 *Ss. 774A-774G* repealed for specified purposes (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 104, Sch. 3 Pt. 2](#) (with Sch. 2); and ss. 774A-774G repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of

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the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 265, Sch. 10 Pt. 10 (with Sch. 9)

Other provisions

775 Sale by individual of income derived from his personal activities.

F3057

Textual Amendments

F3057S. 775 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 182, Sch. 3 Pt. 1 (with Sch. 2)

[^{F3058}775A Transfers of rights to receive annual payments

F3059]

Textual Amendments

F3058S. 775A inserted (with effect in accordance with Sch. 7 para. 4(2) of the amending Act) by Finance (No. 2) Act 2005 (c. 22), Sch. 7 para. 4(1)

F3059S. 775A omitted (with effect in accordance with Sch. 25 para. 10 of the repealing Act) by virtue of Finance Act 2009 (c. 10), Sch. 25 para. 9(1)(b)

776 Transactions in land: taxation of capital gains.

F3060

Textual Amendments

F3060Ss. 776-778 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 105, Sch. 3 Pt. 1 (with Sch. 2)

777 Provisions supplementary to [^{F3061}section 776].

F3062

Textual Amendments

F3061 Words in s. 777 sidenote substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 185(13) (with Sch. 2)

F3062Ss. 776-778 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 105, Sch. 3 Pt. 1 (with Sch. 2)

778 Power to obtain information.

F3063

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Textual Amendments

F3063 Ss. 776-778 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 105, **Sch. 3 Pt. 1** (with Sch. 2)

779 Sale and leaseback: limitation on tax reliefs.

F3064

Textual Amendments

F3064 Ss. 779-785 repealed for specified purposes (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 106, **Sch. 3 Pt. 2** (with Sch. 2); and ss. 779-785 repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 242, **Sch. 10 Pt. 9** (with Sch. 9)

780 Sale and leaseback: taxation of consideration received.

F3065

Textual Amendments

F3065 Ss. 779-785 repealed for specified purposes (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 106, **Sch. 3 Pt. 2** (with Sch. 2); and ss. 779-785 repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 242, **Sch. 10 Pt. 9** (with Sch. 9)

781 Assets leased to traders and others.

F3066

Textual Amendments

F3066 Ss. 779-785 repealed for specified purposes (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 106, **Sch. 3 Pt. 2** (with Sch. 2); and ss. 779-785 repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 242, **Sch. 10 Pt. 9** (with Sch. 9)

782 Leased assets: special cases.

F3067

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Textual Amendments

F3067Ss. 779-785 repealed for specified purposes (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 106, Sch. 3 Pt. 2](#) (with [Sch. 2](#)); and ss. 779-785 repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 8 para. 242, Sch. 10 Pt. 9](#) (with [Sch. 9](#))

783 Leased assets: supplemental.

F3068

Textual Amendments

F3068Ss. 779-785 repealed for specified purposes (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 106, Sch. 3 Pt. 2](#) (with [Sch. 2](#)); and ss. 779-785 repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 8 para. 242, Sch. 10 Pt. 9](#) (with [Sch. 9](#))

784 Leased assets subject to hire-purchase agreements.

F3069

Textual Amendments

F3069Ss. 779-785 repealed for specified purposes (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 106, Sch. 3 Pt. 2](#) (with [Sch. 2](#)); and ss. 779-785 repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 8 para. 242, Sch. 10 Pt. 9](#) (with [Sch. 9](#))

785 Meaning of “asset”, “capital sum” and “lease” for purposes of sections 781 to 784.

F3070

Textual Amendments

F3070Ss. 779-785 repealed for specified purposes (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 106, Sch. 3 Pt. 2](#) (with [Sch. 2](#)); and ss. 779-785 repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 8 para. 242, Sch. 10 Pt. 9](#) (with [Sch. 9](#))

[^{F3071}785] Restrictions on use of losses: leasing partnerships

F3072

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Textual Amendments
F3071 Ss. 785ZA, 785ZB inserted (with effect in accordance with s. 83(4)-(6) of the amending Act) by Finance Act 2006 (c. 25), s. 83(2)
F3072 S. 785ZA repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 107, Sch. 3 Pt. 1 (with Sch. 2)

785ZB Section 785ZA: definitions

F3073]

Textual Amendments
F3071 Ss. 785ZA, 785ZB inserted (with effect in accordance with s. 83(4)-(6) of the amending Act) by Finance Act 2006 (c. 25), s. 83(2)
F3073 S. 785ZB repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 108, Sch. 3 Pt. 1 (with Sch. 2)

[^{F3074}**785A Rent factoring of leases of plant or machinery**

F3075]

Textual Amendments
F3074 S. 785A inserted (with effect in accordance with s. 135(2) of the amending Act) by Finance Act 2004 (c. 12), s. 135(1)
F3075 S. 785A omitted (with effect in accordance with Sch. 25 para. 10 of the repealing Act) by virtue of Finance Act 2009 (c. 10), Sch. 25 para. 9(1)(c)

[^{F3076}**785B Plant and machinery leases: capital receipts to be treated as income**

F3077

Textual Amendments
F3076 Ss. 785B-785E inserted (with effect in accordance with Sch. 20 para. 1(2) of the amending Act) by Finance Act 2008 (c. 9), Sch. 20 para. 1(1) (with transitional modifications in Sch. 20 para. 1(3))
F3077 S. 785B repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 109, Sch. 3 Pt. 1 (with Sch. 2)

785C Section 785B: interpretation

F3078

Textual Amendments
F3076 Ss. 785B-785E inserted (with effect in accordance with Sch. 20 para. 1(2) of the amending Act) by Finance Act 2008 (c. 9), Sch. 20 para. 1(1) (with transitional modifications in Sch. 20 para. 1(3))

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F3078S. 785C repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 110, **Sch. 3 Pt. 1** (with Sch. 2)

785D Section 785B: lease of plant and machinery and other property

F3079
.....

Textual Amendments

F3076Ss. 785B-785E inserted (with effect in accordance with Sch. 20 para. 1(2) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 20 para. 1(1)** (with transitional modifications in Sch. 20 para. 1(3))

F3079S. 785D repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 111, **Sch. 3 Pt. 1** (with Sch. 2)

785E Section 785B: expectation that relevant capital payment will not be paid

F3080
.....]

Textual Amendments

F3076Ss. 785B-785E inserted (with effect in accordance with Sch. 20 para. 1(2) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 20 para. 1(1)** (with transitional modifications in Sch. 20 para. 1(3))

F3080S. 785E repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 112, **Sch. 3 Pt. 1** (with Sch. 2)

786 Transactions associated with loans or credit.

F3081
.....

Textual Amendments

F3081S. 786 repealed for specified purposes (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 113, **Sch. 3 Pt. 2** (with Sch. 2); and s. 786 repealed for remaining purposes (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 266, **Sch. 10 Pt. 10** (with Sch. 9)

787 Restriction of relief for payments of interest.

F3082
.....

Textual Amendments

F3082S. 787 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 7 para. 49, **Sch. 10 Pt. 12** (with Sch. 9)

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PART XVIII

DOUBLE TAXATION RELIEF

Modifications etc. (not altering text)

- C189** Pt. 18 modified (3.5.1994) by [Finance Act 1994 \(c. 9\)](#), [Sch. 20 para. 10](#) (as amended by [Finance Act 1995 \(c. 4\)](#), [s. 122\(4\)\(5\)](#)) (with [Sch. 20 para. 12\(2\)\(a\)](#))
- C190** Pt. 18 applied (with effect in accordance with [Sch. 29 Pt. 14](#) of the affecting Act) by [Finance Act 2002 \(c. 23\)](#), [Sch. 29 para. 87](#)
- C191** Pt. 18 modified (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), [s. 107\(5\)](#)
- C192** Pt. 18 applied by [Finance Act 1996 \(c. 8\)](#), [Sch. 9 para. 12E\(5\)](#) (as inserted (29.11.2007 with effect in accordance with regs. 1(2), 3(1) of the amending S.I. (as amended by [S.I. 2008/1579](#), [reg. 4\(1\)](#))) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), [Sch. 1 para. 16](#))
- C193** Pt. 18 applied by [Finance Act 2002 \(c. 23\)](#), [Sch. 26 para. 30E\(5\)](#) (as inserted (29.11.2007 with effect in accordance with regs. 1(2), 3(1) of the amending S.I. (as amended by [S.I. 2008/1579](#), [reg. 4\(1\)](#))) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), [Sch. 1 para. 19](#))
- C194** Pt. 18 applied by [Finance Act 1996 \(c. 8\)](#), [Sch. 9 para. 12C\(3\)](#) (as substituted (29.11.2007 with effect in accordance with regs. 1(2), 3(2) of the amending S.I.) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), [Sch. 2 para. 8](#))
- C195** Pt. 18 applied by [Finance Act 2002 \(c. 23\)](#), [Sch. 26 para. 30C\(3\)](#) (as substituted (29.11.2007 with effect in accordance with regs. 1(2), 3(2) of the amending S.I.) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), [Sch. 2 para. 10](#))
- C196** Pt. 18 applied by [Finance Act 2002 \(c. 23\)](#), [Sch. 29 para. 87A\(3\)](#) (as substituted (29.11.2007 with effect in accordance with regs. 1(2), 3(2) of the amending S.I.) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), [Sch. 2 para. 12](#))
- C197** Pt. 18 applied by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), [ss. 140H\(3\)](#), [140I\(3\)](#), [140J\(3\)](#) (as inserted (29.11.2007 with effect in accordance with regs. 1(2), 3(3) of the amending S.I. (as amended by [S.I. 2008/1579](#), [reg. 4\(2\)](#))) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), [Sch. 3 para. 1](#))
- C198** Pt. 18 applied by [Finance Act 1996 \(c. 8\)](#), [Sch. 9 paras. 12H\(3\)](#), [12I\(3\)](#) (as inserted (29.11.2007 with effect in accordance with regs. 1(2), 3(3) of the amending S.I. (as amended by [S.I. 2008/1579](#), [reg. 4\(2\)](#))) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), [Sch. 3 para. 2](#))
- C199** Pt. 18 applied by [Finance Act 2002 \(c. 23\)](#), [Sch. 26 paras. 30G\(3\)](#), [30H\(3\)](#) (as inserted (29.11.2007 with effect in accordance with regs. 1(2), 3(3) of the amending S.I. (as amended by [S.I. 2008/1579](#), [reg. 4\(2\)](#))) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), [Sch. 3 para. 4](#))
- C200** Pt. 18 applied by [Finance Act 2002 \(c. 23\)](#), [Sch. 29 paras. 85B\(3\)](#), [85C\(3\)](#) (as inserted (29.11.2007 with effect in accordance with regs. 1(2), 3(3) of the amending S.I. (as amended by [S.I. 2008/1579](#), [reg. 4\(2\)](#))) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), [Sch. 3 para. 5](#))
- C201** Pt. 18: power to amend conferred (1.4.2009 with effect in accordance with s. 1329(1) of the affecting Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [s. 533\(2\)\(3\)](#) (with [Sch. 2 Pts. 1, 2](#))
- C202** Pt. 18 modified (with effect in accordance with s. 56(3) of the modifying Act) by [Finance Act 2009 \(c. 10\)](#), [s. 56\(1\)](#))

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F3083 **CHAPTER I**

THE PRINCIPAL RELIEFS

Textual Amendments

F3083 Pt. 18 Chs. 1, 2 modified (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 277(1), 289 (with ss. 60, 101(1), 171, 201(3))

788 Relief by agreement with other [F3084 territories].

F3085

Textual Amendments

F3084 Word in s. 788 sidenote substituted (with effect in accordance with s. 88(3) of the amending Act) by Finance Act 2002 (c. 23), s. 88(2)(b)
F3085 S. 788 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 13, Sch. 10 Pt. 1 (with Sch. 9)

789 Arrangements made under old law.

F3086

Textual Amendments

F3086 S. 789 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 14, Sch. 10 Pt. 1 (with Sch. 9)

790 Unilateral relief.

F3087

Textual Amendments

F3087 S. 790 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 15, Sch. 10 Pt. 1 (with Sch. 9)

791 Power to make regulations for carrying out section 788.

F3088

Textual Amendments

F3088 S. 791 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 16, Sch. 10 Pt. 1 (with Sch. 9)

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CHAPTER II

RULES GOVERNING RELIEF BY WAY OF CREDIT

Modifications etc. (not altering text)

C203 Pt. 18 Chs. 1, 2 modified (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), **ss. 277(1), 289** (with ss. 60, 101(1), 171, 201(3))

General

792 Interpretation of credit code.

F3089

Textual Amendments

F3089Ss. 792-798C repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 17, **Sch. 10 Pt. 1** (with Sch. 9)

793 Reduction of United Kingdom taxes by amount of credit due.

F3090

Textual Amendments

F3090Ss. 792-798C repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 17, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3091}**793A No double relief etc.**

F3092]

Textual Amendments

F3091S. 793A inserted (with effect in accordance with Sch. 30 para. 5(2)(3) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 30 para. 5(1)**
F3092Ss. 792-798C repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 17, **Sch. 10 Pt. 1** (with Sch. 9)

794 Requirement as to residence.

F3093

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Textual Amendments

F3093Ss. 792-798C repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 8 para. 17, Sch. 10 Pt. 1](#) (with Sch. 9)

795 Computation of income subject to foreign tax.

F3094

Textual Amendments

F3094Ss. 792-798C repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 8 para. 17, Sch. 10 Pt. 1](#) (with Sch. 9)

[^{F3095}**795A Limits on credit: minimisation of the foreign tax.**

F3096]

Textual Amendments

F3095S. 795A inserted (with effect in accordance with [Sch. 30 para. 6\(2\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\), Sch. 30 para. 6\(1\)](#)
F3096Ss. 792-798C repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 8 para. 17, Sch. 10 Pt. 1](#) (with Sch. 9)

796 Limits on credit: income tax.

F3097

Textual Amendments

F3097Ss. 792-798C repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 8 para. 17, Sch. 10 Pt. 1](#) (with Sch. 9)

797 Limits on credit: corporation tax.

F3098

Textual Amendments

F3098Ss. 792-798C repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 8 para. 17, Sch. 10 Pt. 1](#) (with Sch. 9)

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[^{F3099}~~797~~ Foreign tax on [^{F3100} items giving rise to] a non-trading credit [^{F3101}: loan relationships].

F3102]

Textual Amendments

F3099S. 797A inserted (with effect in accordance with s. 105(1) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 14 para. 43** (with Sch. 15)

F3100 Word in s. 797A sidenote substituted (with effect in accordance with Sch. 30 para. 7(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 30 para. 7(3)**

F3101 Words in s. 797A sidenote added (24.7.2002) by Finance Act 2002 (c. 23), **Sch. 30 para. 5(3)**

F3102 Ss. 792-798C repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 17, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3103}~~797B~~ Foreign tax on items giving rise to a non-trading credit: intangible fixed assets

F3104]

Textual Amendments

F3103S. 797B inserted (24.7.2002) by Finance Act 2002 (c. 23), **Sch. 30 para. 5(4)**

F3104 Ss. 792-798C repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 17, **Sch. 10 Pt. 1** (with Sch. 9)

798 Section 796: trade income

F3105]

Textual Amendments

F3105 Ss. 792-798C repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 17, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3106}~~798~~ Section 797: trade income

F3107]

Textual Amendments

F3106S. 798A inserted (with effect in accordance with s. 103(2)(3) of the amending Act) by Finance Act 1998 (c. 36), **s. 104**

F3107 Ss. 792-798C repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 17, **Sch. 10 Pt. 1** (with Sch. 9)

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[^{F3108}**798B Section 798A: special cases**

F3109]

Textual Amendments

F3108S. 798B inserted (with effect in accordance with s. 103(2)(3) of the amending Act) by Finance Act 1998 (c. 36), s. 105

F3109Ss. 792-798C repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 17, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3110}**798C Disallowed credit: use as deduction**

F3111]

Textual Amendments

F3110Ss. 798-798C substituted for ss. 798-798B (with effect in accordance with s. 86(3)-(5) of the amending Act) by Finance Act 2005 (c. 7), s. 86(1)

F3111Ss. 792-798C repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 17, **Sch. 10 Pt. 1** (with Sch. 9)

Tax underlying dividends

799 Computation of underlying tax.

F3112

Textual Amendments

F3112S. 799 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 18, **Sch. 10 Pt. 1** (with Sch. 9)

800 Dividends paid between related companies but not covered by arrangements.

F3113

Textual Amendments

F3113S. 800 repealed (with effect in accordance with Sch. 30 para. 10(2) of the repealing Act) by Finance Act 2000 (c. 17), Sch. 30 para. 10(1), **Sch. 40 Pt. 2(13)**, Note

801 Dividends paid between related companies: relief for U.K. and third country taxes.

F3114

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Textual Amendments
F3114 Ss. 801-801B repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 18, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3115} **801A** Restriction of relief for underlying tax.

F3116]

Textual Amendments
F3115 S. 801A inserted (with effect in accordance with s. 90(2) of the amending Act) by Finance Act 1997 (c. 16), **s. 90(1)**
F3116 Ss. 801-801B repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 18, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3117} **801B** Dividends paid out of transferred profits.

F3118]

Textual Amendments
F3117 S. 801B inserted (with effect in accordance with Sch. 30 para. 12(2) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 30 para. 12(1)**
F3118 Ss. 801-801B repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 18, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3119} **801C** Separate streaming of dividend so far as representing an ADP dividend of a CFC.

F3120]

Textual Amendments
F3119 S. 801C inserted (with effect in accordance with Sch. 30 para. 13(2)(3) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 30 para. 13(1)**
F3120 S. 801C omitted (with effect in accordance with Sch. 16 para. 6 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 2(4)** (with Sch. 16 paras. 7, 8)

802 U.K. insurance companies trading overseas.

F3121

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Textual Amendments

F3121S. 802 repealed (with effect in accordance with Sch. 30 para. 14(2) of the repealing Act) by [Finance Act 2000 \(c. 17\)](#), Sch. 30 para. 14(1), **Sch. 40 Pt. 2(13)**, Note

803 Underlying tax reflecting interest on loans.

F3122

Textual Amendments

F3122Ss. 803-804E repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), Sch. 8 para. 19, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3123}**803A Foreign taxation of group as a single entity.**

F3124]

Textual Amendments

F3123S. 803A inserted (with effect in accordance with Sch. 30 para. 15(2) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), **Sch. 30 para. 15(1)**
F3124Ss. 803-804E repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), Sch. 8 para. 19, **Sch. 10 Pt. 1** (with Sch. 9)

Miscellaneous rules

804 Relief against income tax in respect of income arising in years of commencement.

F3125

Textual Amendments

F3125Ss. 803-804E, 804G-806 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), Sch. 8 para. 19, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3126}**804ZA Schemes and arrangements designed to increase relief**

F3127

Textual Amendments

F3126Ss. 804ZA-804ZC inserted (with effect in accordance with s. 87(3)-(5) of the amending Act) by [Finance Act 2005 \(c. 7\)](#), **s. 87(1)**

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F3127 Ss. 803-804E, 804G-806 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 19, **Sch. 10 Pt. 1** (with Sch. 9)

804ZB Effect of notice under section 804ZA

F3128

Textual Amendments
F3126 Ss. 804ZA-804ZC inserted (with effect in accordance with s. 87(3)-(5) of the amending Act) by Finance Act 2005 (c. 7), **s. 87(1)**
F3128 Ss. 803-804E, 804G-806 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 19, **Sch. 10 Pt. 1** (with Sch. 9)

804ZC Notices under section 804ZA: further provision

F3129]

Textual Amendments
F3126 Ss. 804ZA-804ZC inserted (with effect in accordance with s. 87(3)-(5) of the amending Act) by Finance Act 2005 (c. 7), **s. 87(1)**
F3129 Ss. 803-804E, 804G-806 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 19, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3131} **804A** ^{F3130} **Life assurance companies with overseas branches etc: restriction of credit.**]

F3132]

Textual Amendments
F3130 S. 804A sidenote substituted (with effect in accordance with Sch. 30 para. 16(6) of the amending Act) by virtue of Finance Act 2000 (c. 17), **Sch. 30 para. 16(5)**
F3131 S. 804A inserted (with effect in accordance with Sch. 7 para. 10 of the amending Act) by Finance Act 1990 (c. 29), **Sch. 7 para. 5**
F3132 Ss. 803-804E, 804G-806 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 19, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3133} **804B** **Insurance companies carrying on more than one category of business: restriction of credit.**]

F3134]

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Textual Amendments

- F3133**S. 804B inserted (with effect in accordance with Sch. 30 para. 17(2) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 30 para. 17(1)**
- F3134**Ss. 803-804E, 804G-806 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 19, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3135}**804C Insurance companies: allocation of expenses etc in computations under**
[^{F3136}**section 35 of CTA 2009**].

^{F3137}

Textual Amendments

- F3135**Ss. 804C-804E inserted (with effect in accordance with Sch. 30 para. 18(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 30 para. 18(1)**
- F3136**Words in s. 804C heading substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 251(3)** (with Sch. 2 Pts. 1, 2)
- F3137**Ss. 803-804E, 804G-806 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 19, **Sch. 10 Pt. 1** (with Sch. 9)

804D Interpretation of section 804C in relation to life assurance business etc.

^{F3138}

Textual Amendments

- F3135**Ss. 804C-804E inserted (with effect in accordance with Sch. 30 para. 18(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 30 para. 18(1)**
- F3138**Ss. 803-804E, 804G-806 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 19, **Sch. 10 Pt. 1** (with Sch. 9)

804E Interpretation of section 804C in relation to other insurance business.

^{F3139}]

Textual Amendments

- F3135**Ss. 804C-804E inserted (with effect in accordance with Sch. 30 para. 18(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 30 para. 18(1)**
- F3139**Ss. 803-804E, 804G-806 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 19, **Sch. 10 Pt. 1** (with Sch. 9)

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[^{F3140}**804 Interpretation of sections 804A to 804E.**

F3141]

Textual Amendments

F3140S. 804F inserted (with effect in accordance with [Sch. 30 para. 19\(2\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), **Sch. 30 para. 19(1)**

F3141S. 804F repealed (with effect in accordance with [Sch. 10 para. 17\(2\)](#) of the repealing Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 10 para. 14\(2\)\(e\)](#), **Sch. 27 Pt. 2(10)**, Note

[^{F3142}**804 Reduction in credit: payment by reference to foreign tax**

F3143]

Textual Amendments

F3142S. 804G inserted (with effect in accordance with [s. 59\(13\)](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), **s. 59(2)**

F3143Ss. 803-804E, 804G-806 repealed (1.4.2010 with effect in accordance with [s. 381\(1\)](#) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), [Sch. 8 para. 19](#), **Sch. 10 Pt. 1** (with [Sch. 9](#))

805 Elections against credit.

F3144]

Textual Amendments

F3144Ss. 803-804E, 804G-806 repealed (1.4.2010 with effect in accordance with [s. 381\(1\)](#) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), [Sch. 8 para. 19](#), **Sch. 10 Pt. 1** (with [Sch. 9](#))

806 Time limit for claims etc.

F3145]

Textual Amendments

F3145Ss. 803-804E, 804G-806 repealed (1.4.2010 with effect in accordance with [s. 381\(1\)](#) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), [Sch. 8 para. 19](#), **Sch. 10 Pt. 1** (with [Sch. 9](#)) (subject to amendment to [s. 806](#) by [Finance Act 2008 \(c. 9\)](#), [s. 118\(2\)](#), **Sch. 39 para. 24**; [S.I. 2009/403](#), **arts. 2(2), 10**)

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F³¹⁴⁶ Foreign dividends: onshore pooling and utilisation of eligible unrelieved foreign tax

Textual Amendments

F3146Ss. 806A-806H, 806J and cross-heading inserted (with effect in accordance with Sch. 30 para. 21(2) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 30 para. 21(1)**

806A Eligible unrelieved foreign tax on dividends: introductory.

F3147
.....

Textual Amendments

F3147Ss. 806A-806K omitted (with effect in accordance with Sch. 14 para. 31 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 14 para. 9** (subject to amendment to s. 806A by: Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 1 para. 114 (with **Sch. 2**); Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), Sch. 8 para. 20 (with **Sch. 9**))

806B The amounts that are eligible unrelieved foreign tax.

F3148
.....

Textual Amendments

F3148Ss. 806A-806K omitted (with effect in accordance with Sch. 14 para. 31 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 14 para. 9** (subject to amendment to s. 806B by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), Sch. 8 para. 21 (with **Sch. 9**))

806C Onshore pooling.

F3149
.....

Textual Amendments

F3149Ss. 806A-806K omitted (with effect in accordance with Sch. 14 para. 31 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 14 para. 9** (subject to amendment to s. 806C by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), Sch. 8 para. 22 (with **Sch. 9**))

806D Utilisation of eligible unrelieved foreign tax.

F3150
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Textual Amendments

F3150Ss. 806A-806K omitted (with effect in accordance with Sch. 14 para. 31 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 14 para. 9** (subject to amendment to s. 806D by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), Sch. 8 para. 23 (with **Sch. 9**))

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806E Rules for carry back of relievable tax under section 806D.

F3151

Textual Amendments
F3151 Ss. 806A-806K omitted (with effect in accordance with Sch. 14 para. 31 of the repealing Act) by virtue of Finance Act 2009 (c. 10), Sch. 14 para. 9

806F Credit to be given for underlying tax before other foreign tax etc.

F3152

Textual Amendments
F3152 Ss. 806A-806K omitted (with effect in accordance with Sch. 14 para. 31 of the repealing Act) by virtue of Finance Act 2009 (c. 10), Sch. 14 para. 9 (subject to amendment to s. 806F by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), Sch. 8 para. 24 (with Sch. 9))

806G Claims for the purposes of section 806D(4) or (5).

F3153

Textual Amendments
F3153 Ss. 806A-806K omitted (with effect in accordance with Sch. 14 para. 31 of the repealing Act) by virtue of Finance Act 2009 (c. 10), Sch. 14 para. 9 (subject to amendment to s. 806G by Finance Act 2008 (c. 9), s. 118(2), Sch. 39 para. 25; S.I. 2009/403, arts. 2(2), 10)

806H Surrender of relievable tax by one company in a group to another.

F3154

Textual Amendments
F3154 Ss. 806A-806K omitted (with effect in accordance with Sch. 14 para. 31 of the repealing Act) by virtue of Finance Act 2009 (c. 10), Sch. 14 para. 9

806J Interpretation of foreign dividend provisions of this Chapter.

F3155]

Textual Amendments
F3155 Ss. 806A-806K omitted (with effect in accordance with Sch. 14 para. 31 of the repealing Act) by virtue of Finance Act 2009 (c. 10), Sch. 14 para. 9 (subject to amendment to s. 806J by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), Sch. 8 para. 25 (with Sch. 9))

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[^{F3156} Application of foreign dividend provisions to branches or agencies in the UK of persons resident elsewhere

Textual Amendments

F3156S. 806K and cross-heading inserted (with effect in accordance with Sch. 30 para. 22(2) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 30 para. 22(1)**

806K Application of foreign dividend provisions to branches or agencies in the UK of persons resident elsewhere.

F3157]

Textual Amendments

F3157Ss. 806A-806K omitted (with effect in accordance with Sch. 14 para. 31 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 14 para. 9**

[^{F3158} Unrelieved foreign tax: profits of overseas branch or agency

Textual Amendments

F3158Ss. 806L, 806M and cross-heading inserted (with effect in accordance with Sch. 30 para. 23(2)(3) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 30 para. 23(1)**

806L Carry forward or carry back of unrelieved foreign tax.

F3159]

Textual Amendments

F3159Ss. 806L, 806M repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 26, **Sch. 10 Pt. 1**

806M Provisions supplemental to section 806L.

F3160]

Textual Amendments

F3160Ss. 806L, 806M repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 26, **Sch. 10 Pt. 1** (subject to amendment to s. 806M by Finance Act 2008 (c. 9), s. 118(2), **Sch. 39 para. 26**; S.I. 2009/403, **arts. 2(2), 10**)

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CHAPTER III

MISCELLANEOUS PROVISIONS

807 Sale of securities with or without accrued interest.

F3161

Textual Amendments
F3161 Ss. 807, 807A repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 27, Sch. 10 Pt. 1 (with Sch. 9)

[^{F3162}**807 Disposals and acquisitions of company loan relationships with or without interest.**

F3163]

Textual Amendments
F3162 S. 807A inserted (with effect in accordance with s. 105(1) of the amending Act) by Finance Act 1996 (c. 8), Sch. 14 para. 46 (with Sch. 15)
F3163 Ss. 807, 807A repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 27, Sch. 10 Pt. 1 (with Sch. 9)

[^{F3164}European cross-border transfers of business

Textual Amendments
F3164 S. 807B and preceding cross-heading inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 257 (with Sch. 2 Pts. 1, 2)

807B Introduction to section 807C

F3165

Textual Amendments
F3165 Ss. 807B-807G repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 28, Sch. 10 Pt. 1 (with Sch. 9)

[^{F3166}**807C Tax treated as chargeable in respect of transfer of loan relationship, derivative contract or intangible fixed assets**

F3167]]

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Textual Amendments

- F3166S.** 807C inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 258** (with Sch. 2 Pts. 1, 2)
- F3167Ss.** 807B-807G repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 28, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3168}European cross-border mergers

Textual Amendments

- F3168S.** 807D and preceding cross-heading inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 259** (with Sch. 2 Pts. 1, 2)

807D Introduction to section 807E

F3169

Textual Amendments

- F3169Ss.** 807B-807G repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 28, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3170}807E Tax treated as chargeable in respect of transfer of loan relationship, derivative contract or intangible fixed assets

F3171]]

Textual Amendments

- F3170S.** 807E inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 260** (with Sch. 2 Pts. 1, 2)
- F3171Ss.** 807B-807G repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 28, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3172}Transparent entities involved in cross-border transfers and mergers

Textual Amendments

- F3172S.** 807F and preceding cross-heading inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 261** (with Sch. 2 Pts. 1, 2)

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807F Introduction to section 807G

F3173

Textual Amendments
F3173Ss. 807B-807G repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 28, **Sch. 10 Pt. 1** (with Sch. 9)

[F3174 807G Tax treated as chargeable in respect of relevant transactions

F3175]]

Textual Amendments
F3174S. 807G inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 262** (with Sch. 2 Pts. 1, 2)
F3175Ss. 807B-807G repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 28, **Sch. 10 Pt. 1** (with Sch. 9)

808 Restriction on deduction of interest or dividends from trading income.

F3176

Textual Amendments
F3176S. 808 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 115, **Sch. 3 Pt. 1** (with Sch. 2)

[F3177 808A Interest: special relationship.

F3178]

Textual Amendments
F3177S. 808A inserted (16.7.1992 with application in relation to interest paid after 14.5.1992) by Finance (No. 2) Act 1992 (c. 48), **s.52**
F3178Ss. 808A-809 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 29, **Sch. 10 Pt. 1** (with Sch. 9)

[F3179 808B Royalties: special relationship.

F3180]

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Textual Amendments

F3179S. 808B inserted (with effect in accordance with Sch. 30 para. 25(2) of the amending Act) by Finance Act 2000 (c. 17), Sch. 30 para. 25(1)

F3180Ss. 808A-809 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 29, Sch. 10 Pt. 1 (with Sch. 9)

809 Relief in respect of discretionary trusts.

F3181

Textual Amendments

F3181Ss. 808A-809 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 29, Sch. 10 Pt. 1 (with Sch. 9)

810 Postponement of capital allowances to secure double taxation relief.

F3182

Textual Amendments

F3182S. 810 repealed (with effect in accordance with Sch. 30 para. 26(2) of the repealing Act) by Finance Act 2000 (c. 17), Sch. 30 para. 26(1), Sch. 40 Pt. 2(13), Note

811 Deduction for foreign tax where no credit allowable.

F3183

Textual Amendments

F3183S. 811 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 29, Sch. 10 Pt. 1 (with Sch. 9)

812 Withdrawal of right to tax credit of certain non-resident companies connected with unitary states.

^{M153}(1) In any case where—

- (a) a company has, or is an associated company of a company which has, a qualifying presence in a unitary state, and
- (b) at any time when it or its associated company has such a qualifying presence, the company is entitled by virtue of arrangements having effect under [^{F3184}section 2(1) of TIOPA 2010] to a tax credit in respect of qualifying distributions made to it by companies which are resident in the United Kingdom which is equal to one half of the tax credit to which an individual

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resident in the United Kingdom would be entitled in respect of such distributions,

then, notwithstanding anything to the contrary in the arrangements, the company shall not be entitled to claim under [F3185 section 397(2)(a) of ITTOIA 2005] to have that tax credit set against the income tax chargeable on its income for the year of assessment in which the distribution is made [F3186 nor, by virtue of section 30(9) of the Finance (No. 2) Act 1997, where] the credit exceeds that income tax, to have the excess paid to it.

- (2) M154 In this section and sections 813 and 814, “unitary state” means a province, state or other part of a territory outside the United Kingdom [F3187 in relation to] which the arrangements referred to in subsection (1) above have been made which, in taxing the income or profits of companies from sources within that province, state or other part, takes into account, or is entitled to take into account, income, receipts, deductions, outgoings or assets of such companies, or associated companies of such companies, arising, expended or situated, as the case may be, outside that territory and which has been prescribed under subsection (6) below as a unitary state for the purposes of this subsection.
- (3) M155 A company shall be treated as having a qualifying presence in a unitary state if it is a member of a group and, in any period for which members of the group make up their accounts ending after the relevant date, 7½ per cent. or more in value of the property, payroll or sales of such members situated in, attributable to or derived from the territory outside the United Kingdom, of which that state is a province, state or other part, are situated in, attributable to or derived from that state.
- (4) For the purposes of subsection (3) above—
- (a) [F3188 7½ per cent. or more in value of such property, payroll or sales as are referred to in that subsection shall be treated as being situated in, attributable to or derived from the state there referred to, unless, on making any claim under section 231(3), the claimant proves otherwise to the satisfaction of the Board; and]
 - (b) the value of the property, payroll or sales of a company shall be taken to be the value as shown in its accounts for the period in question and for this purpose the value of any property consisting of an interest in another member of the group or of any sales made to another such member shall be disregarded.
- (5) M156 Except where the context otherwise requires, in this section and sections 813 to 815—
- (a) “arrangements” means the arrangements referred to in subsection (1) above;
 - (b) “group” and “member of a group” shall be construed in accordance with section 272(1) of the 1970 Act with the omission of the restriction in paragraph (a) of that subsection and the substitution of the words “ 51 per cent. ” for the words “75 per cent. ” wherever they occur;
 - [F3189] (c) whether a person is connected with another is determined in accordance with [F3190 section 1122 of CTA 2010];]
 - [F3191] (d) sections 449 to 451 of CTA 2010 apply but with the substitution in section 449 of “6 years” for “12 months”.]
 - (e) “the relevant date” means the earliest of the following dates—
 - (i) the date on which this section comes into force;

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- (ii) the earliest date on which a distribution could have been made in relation to which the provisions of this section and sections 813 and 814 are applied by an order under this section;
 - (iii) the earliest date on which a distribution could have been made in relation to which the provisions of section 54 of the Finance Act 1985 were applied by an order under that section.
- (6) ^{M157}The Treasury may by order prescribe those provinces, states or other parts of a territory outside the United Kingdom which are to be treated as unitary states for the purposes of subsection (2) above, but no province, state or other part of such a territory shall be so prescribed which only takes into account such income, receipts, deductions, outgoings or assets as are mentioned in that subsection—
- (a) if the associated company was incorporated under the law of the territory; or
 - (b) for the purposes of granting relief in taxing dividends received by companies.
- (7) The Treasury may by order prescribe that for subsections (3) and (4) above (or for those subsections as they have effect at any time) there shall be substituted [^{F3192}either the following subsection—
- “(3) A company shall be treated as having a qualifying presence in a unitary state if it is liable in such a state to a tax charged on its income or profits by whatever name called for any period ending after the relevant date for which that state charges tax.”;
- or the following subsections—
- “(3) A company shall be treated as having a qualifying presence in a unitary state if it has its principal place of business in such a state at any time after the relevant date.
- (4) For the purposes of subsection (3) above the principal place of business of a company shall include both the place where central management and control of the company is exercised and the place where the immediate day-to-day management of the company as a whole is exercised.”].
- (8) ^{M158}The provisions of this section and sections 813 to 815 shall come into force on such date as the Treasury may by order appoint and the Treasury may in the order prescribe that those provisions shall apply in relation to distributions made, in accounting periods ending after 5th April 1988, before the date on which the order is made.
- (9) ^{M159}No order shall be made under this section unless a draft of it has been laid before and approved by a resolution of the House of Commons.

Textual Amendments

- F3184** Words in s. 812(1)(b) substituted (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), [Sch. 8 para. 30](#) (with [Sch. 9](#))
- F3185** Words in s. 812(1) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 326\(a\)](#) (with [Sch. 2](#))
- F3186** Words in s. 812(1) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 326\(b\)](#) (with [Sch. 2](#))
- F3187** Words in s. 812(2) substituted (with effect in accordance with s. 88(3) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [s. 88\(2\)\(a\)](#)

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F3188S. 812(4)(a) repealed (with effect in accordance with s. 134(2) of the repealing Act) by [Finance Act 1996 \(c. 8\), Sch. 20 para. 38\(2\), Sch. 41 Pt. 5\(10\)](#), Note

F3189S. 812(5)(c) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 201](#) (with Sch. 2)

F3190 Words in s. 812(5)(c) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 116\(a\)](#) (with Sch. 2)

F3191S. 812(5)(d) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 116\(b\)](#) (with Sch. 2)

F3192 Words in s. 812(7) substituted (with effect in accordance with s. 134(2) of the amending Act) by [Finance Act 1996 \(c. 8\), Sch. 20 para. 38\(3\)](#)

Marginal Citations

M153 Source—1985 s.54(1),(3)

M154 Source—1985 s.54(6) Sch.13 5

M155 Source—1985 s.54(4),(5)

M156 Source—1985 s.54(6) Sch.13 5.

M157 Source—1985 s.54(7)(b), Sch.13 5(1)

M158 Source—1985 s.54(7)(a)

M159 Source—1985 s.54(8)

813 Recovery of tax credits incorrectly paid.

^{M160}(1) Where—

- (a) section 812 applies so as to withdraw the entitlement of a company to claim to have a tax credit in respect of a qualifying distribution set against the income tax chargeable on its income and to have the excess of the credit over that income tax paid to it; and
- (b) the company (“the recipient company”) has either had that excess paid to it, or has received an additional amount in accordance with arrangements made under Regulation 2(1) of the ^{M161}Double Taxation Relief (Taxes on Income) (General) (Dividend) Regulations 1973;

the recipient company shall be liable to a fine for the violation of the provisions of section 812 equal to twice the amount of the excess or the additional amount, as the case may be.

(2) Any fine payable under subsection (1) above—

- (a) shall be payable to the Board;
 - (b) shall be treated as having become payable at the date when the excess or additional amount was paid to the recipient company; and
 - (c) may be recovered in accordance with subsections (3) to (7) below;
- and any such fine is referred to below as “the recoverable amount”.

(3) The recoverable amount may be assessed and recovered as if it were unpaid tax and section 30 of the Management Act (recovery of overpayment of tax etc.) shall apply accordingly.

(4) Any amount which may be assessed and recovered as if it were unpaid tax by virtue of this section shall carry interest at the rate of 9 per cent. per annum from the date when it was payable in accordance with subsection (1) above until the date it is paid.

(5) It is hereby declared that this section applies to a recoverable amount which is paid without the making of an assessment (but is paid after it is due) and that, where the

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recoverable amount is charged by any assessment (whether or not any part of it has been paid when the assessment is made), this section applies in relation to interest running before, as well as after, the making of the assessment.

(6) Where the recoverable amount is not paid by the recipient company within six months from the date on which it became payable—

(a) the recoverable amount may at any time within six years from the date on which it became payable be assessed and recovered as if it were unpaid tax due from any person who—

(i) is or was at any time prior to the expiration of that six year period connected with the recipient company, or

(ii) would have been connected on the assumption that all the facts and circumstances relating to the recipient company at the time the excess or additional amount, as the case may be, was paid continued to apply for six years thereafter,

and section 30 of the Management Act shall apply accordingly; and

(b)

^{F3193}(7) Where a recoverable amount is assessed and recovered from a person connected with the recipient company in accordance with subsection (6)(a) above, that person shall be liable for the interest payable in accordance with subsection (4) above, and until the interest is so paid, subsection (6)(b) above shall apply as if the words “ the interest due in accordance with subsection (4) above is paid ” were substituted for the words “the recoverable amount is paid in accordance with the provisions of this section”.

(8) Interest payable under this section shall be paid without any deduction of income tax and shall not be allowed as a deduction in computing any income, profits or losses for any tax purposes.

(9) Where under the law in force in a territory outside the United Kingdom interest is payable subject to a deduction in respect of taxation and such deduction applies to an amount of interest paid in accordance with subsection (4) above, the reference to the rate of 9 per cent. per annum in that subsection shall be deemed to be a reference to such rate of interest as after such deduction shall be equal to the rate of 9 per cent. per annum.

Textual Amendments

F3193S. 813(6)(b) repealed (with effect in accordance with Sch. 3 para. 37(3) of the repealing Act) by Finance Act 1998 (c. 36), Sch. 3 para. 37(2), **Sch. 27 Pt. 3(2)**, Note

Modifications etc. (not altering text)

C204 Reproduced in Part III Vol.5.

Marginal Citations

M160 Source—1985 Sch.13 1

M161 S.I. 1973/317.

814 Arrangements to avoid section 812.

^{M162}(1) In any case where arrangements are made, whether before or after the coming into force of this section, as a result of which interest is paid or a discount is allowed by or

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through a person who is resident in the United Kingdom, or carries on business in the United Kingdom through a branch or agency, and it is reasonable to suppose that, if such payment or allowance had not been made, a qualifying distribution would have been made by that person, or by another company resident in the United Kingdom to a company which has, or is an associated company of a company which has, a qualifying presence in a unitary state at the time when the payment or allowance is made, then—

- (a) no person who receives that payment or allowance shall be entitled to relief from income tax or corporation tax thereon by virtue of arrangements having effect under [^{F3194}section 2(1) of TIOPA 2010]; and
 - (b) the payment or allowance shall not be allowed as a deduction in computing any income, profits or losses for any tax purposes.
- (2) Without prejudice to the generality of subsection (1) above, where a payment or allowance is not of itself a payment or allowance to which that subsection applies, but is made in conjunction with other payments of whatever nature and taken together with those payments has substantially similar effect to a distribution, then, for the purposes of subsection (1) above it shall be treated as a payment or allowance within that subsection.
- (3) Any company which has received such a payment of interest as is referred to in subsection (1) above, from which income tax has not been deducted by the person making the payment, and has a qualifying presence in a unitary state at the time of the payment, shall be treated for the purposes of section 813 as a company—
- (a) from which the entitlement to claim payment of the excess of a tax credit over the income tax chargeable on its income has been withdrawn by section 812(1), and
 - (b) which has had paid to it such an excess in an amount equal to the income tax which should have been deducted from the payment of interest.

Textual Amendments

F3194 Words in s. 814(1)(a) substituted (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), **Sch. 8 para. 31** (with [Sch. 9](#))

Modifications etc. (not altering text)

C205 [S. 814\(1\)](#) modified (with effect in accordance with s. 153(4) of the modifying Act) by [Finance Act 2003 \(c. 14\)](#), **s. 153(2)(a)**

Marginal Citations

M162 Source-1985 Sch. 13 3

815 Power to inspect documents.

^{F3195}

Textual Amendments

F3195 [S. 815](#) omitted (13.8.2009) by virtue of [The Finance Act 2009, Schedule 47 \(Consequential Amendments\) Order 2009 \(S.I. 2009/2035\)](#), art. 1, Sch. para. 23

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[^{F3196}**815A**Transfer of a non-UK trade.

F3197]

Textual Amendments

F3196S. 815A inserted (16.7.1992) by Finance (No. 2) Act 1992 (c. 48), s. 50

F3197Ss. 815A-815B repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 32, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3198}**815AZA**Residents and foreign enterprises

F3199]

Textual Amendments

F3198S. 815AZA inserted (with effect in accordance with s. 59(2) of the amending Act) by Finance Act 2008 (c. 9), s. 59(1)

F3199Ss. 815A-815B repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 32, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3200}**815AA**Mutual agreement procedure and presentation of cases under arrangements.

F3201]

Textual Amendments

F3200S. 815AA inserted (with effect in accordance with Sch. 30 para. 28(2)(3) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 30 para. 28(1)**

F3201Ss. 815A-815B repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 32, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3202}**815B**The Arbitration Convention.

F3203]

Textual Amendments

F3202S. 815B inserted (16.7.1992) by Finance (No. 2) Act 1992 (c. 48), s. 51(1)

F3203Ss. 815A-815B repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 32, **Sch. 10 Pt. 1** (with Sch. 9)

[^{F3204}**815C**Exchange of information with other [^{F3205}territories].

F3206]

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Textual Amendments
F3204S. 815C inserted (28.7.2000) by Finance Act 2000 (c. 17), s. 146(1)
F3205Word in s. 815C sidenote substituted (with effect in accordance with s. 88(3) of the amending Act) by Finance Act 2002 (c. 23), s. 88(2)(b)
F3206S. 815C repealed (19.7.2006) by Finance Act 2006 (c. 25), Sch. 26 Pt. 8(2)

816 Disclosure of information.

F3207

Textual Amendments
F3207S. 816 repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 32, Sch. 10 Pt. 1 (with Sch. 9) (subject to the omission of s. 816(3), so far as it continues to have effect, by virtue of Finance Act 2011 (c. 11), Sch. 23 paras. 55(e), 65)

PART XIX
SUPPLEMENTAL
Miscellaneous

817 Deductions not to be allowed in computing profits or gains.

F3208

Textual Amendments
F3208S. 817 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 265, Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

818 Arrangements for payments of interest less tax or of fixed net amount.

F3209

Textual Amendments
F3209S. 818 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 203, Sch. 3 Pt. 1 (with Sch. 2)

819 Old references to standard rate tax.

F3210

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Textual Amendments

F3210 S. 819 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 204, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

820 Application of Income Tax Acts from year to year.

^{M163} In order to ensure the collection in due time of income tax which may be granted for any year commencing on 6th April, all such provisions contained in the Income Tax Acts as were in force on the preceding day shall have full force and effect with respect to tax which may be so granted, in the same manner as if that tax had been actually granted by Act of Parliament and those provisions had been applied thereto by the Act.

Modifications etc. (not altering text)

C206 S. 820 applied (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\)\(2\), Sch. 2 para. 160](#)

Marginal Citations

M163 Source—1970 s.520

821 Under-deductions from payments made before passing of annual Act.

^{M164}(1) Where, in any year of assessment [^{F3211}or accounting period], any half-yearly or quarterly payments [^{F3212}(or half-periodic or quarterly payments)] have been made on account of any interest, dividends or other annual profits or gains, previously to the passing of the Act imposing income [^{F3213}or corporation] tax for that year [^{F3214}or period], and tax has not been charged thereon or deducted therefrom or has not been charged thereon or deducted therefrom at the rate ultimately imposed for that year [^{F3214}or period]—

- (a) the amount not so charged or deducted shall be charged [^{F3215}in respect of those payments to income tax under Chapter 2 of Part 4 of ITTOIA 2005 (interest) or shall be charged to corporation tax][^{F3216}^{F3217} . . . ^{F3218} . . . ; and]
- (b) the agents entrusted with the payment of the interest, dividends or other annual profits or gains shall furnish to the Board a list containing the names and addresses of the persons to whom payments have been made and the amount of those payments, upon a requisition made by the Board in that behalf.

(2) Any person liable to pay any rent, interest or annuity, or to make any other annual payment—

- (a) shall be authorised—
 - (i) to make any deduction on account of income tax for any year of assessment which he has failed to make previously to the passing of the Act imposing the tax for that year, or
 - (ii) to make up any deficiency in any such deduction which has been so made,

on the occasion of the next payment of the rent, interest or annuity or making of the other annual payment after the passing of the Act so imposing the tax, in

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addition to any other deduction which he may be by law authorised to make;
 and

- (b) shall also be entitled, if there is no future payment from which the deduction may be made, to recover the sum which might have been deducted as if it were a debt due from the person as against whom the deduction could originally have been made if the Act imposing the tax for the year had been in force.

(3) Subsection (2) above shall apply with respect to—

- [^{F3219}(a) any payment to which section 906 of ITA 2007 applies (certain royalties etc where usual place of abode of owner is abroad), and]
 [^{F3220}(aa) ^{F3221}]
 (b) any royalty or other sum paid in respect of the user of a patent; ^{F3222} . . .
^{F3222}(c)
 as it applies with respect to any rent, interest, annuity or other annual payment.

(4) In this section “interest” and “dividends” do not include any interest or dividend which is a distribution.

Textual Amendments

- F3211** Words in s. 821(1) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), **Sch. 1 para. 330(a)** (with Sch. 2)
- F3212** Words in s. 821(1) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), **Sch. 1 para. 330(b)** (with Sch. 2)
- F3213** Words in s. 821(1) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), **Sch. 1 para. 330(c)** (with Sch. 2)
- F3214** Words in s. 821(1) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), **Sch. 1 para. 330(d)** (with Sch. 2)
- F3215** Words in s. 821(1)(a) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), **Sch. 1 para. 330(e)** (with Sch. 2)
- F3216** Words in s. 821(1)(a) substituted (with effect in accordance with Sch. 6 para. 28 of the amending Act) by [Finance Act 1996 \(c. 8\)](#), **Sch. 6 para. 22**
- F3217** Words in s. 821(1)(a) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 266, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F3218** Words in s. 821(1)(a) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), Sch. 1 para. 330(f), **Sch. 3** (with Sch. 2)
- F3219** S. 821(3)(a) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), **Sch. 1 para. 205(a)** (with Sch. 2)
- F3220** S. 821(3)(aa) inserted (1.8.1989) by [Copyright, Designs and Patents Act 1988 \(c. 48\)](#), **Sch. 7 para. 36(7)**; S.I. 1989/816 art. 2
- F3221** S. 821(3)(aa) and word repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 205(b), **Sch. 3 Pt. 1** (with Sch. 2)
- F3222** S. 821(3)(c) and preceding word repealed (with effect in accordance with Sch. 18 Pt. 6(2) Note of the repealing Act) by [Finance Act 1997 \(c. 16\)](#), **Sch. 18 Pt. 6(2)**

Marginal Citations

M164 Source—1970 s.521; 1972 Sch.24 29; 1983 s.27.

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822 Over-deductions from interest on loan capital etc. made before passing of annual Act.

- ^{M165}(1) If in any year of assessment (“the year”) a resolution having statutory effect under the Provisional Collection of Taxes Act 1968 provides for the charging of income tax at a [^{F3223}lower rate less] than that charged for the previous year, the following provisions of this section shall have effect with respect to deductions in respect of income tax by any body corporate, from payments of interest (not being a distribution) on any of its securities.
- (2) Any deduction which was made before the expiration of one month from the passing of the resolution and which would, if the tax had been renewed at the rate imposed for the previous year, have been a legal deduction, shall be deemed to be a deduction rendered legal by section 2 of the Provisional Collection of Taxes Act 1968 and that section shall, subject to this section, apply accordingly.
- (3) Any over-deduction to be made good under that section may be made good by a reduction of the amount of tax deducted from the next payment of like nature made on the security in question after the passing of the Act imposing the tax for the year.
- (4) Any amount made good under section 2 of the Provisional Collection of Taxes Act 1968 shall—
- (a) in the case of an over-deduction which is made good under subsection (3) above, enure to the benefit of the person entitled to the payment on the occasion of which the over-deduction is made good; and
 - (b) in any other case, enure to the benefit of the person entitled to the security in question at the date when the amount is made good,
- irrespective, in either case, of whether or not he is the person who was entitled to the payment, or to the security at the date when the original deduction was made.
- (5) Subsection (3) above shall not authorise the retention of any part of the amount over-deducted for more than one year from the passing of the Act imposing the tax for the year.

Textual Amendments

F3223 Words in s. 822(1) substituted (with effect in accordance with Sch. 6 para. 28 of the amending Act) by Finance Act 1996 (c. 8), Sch. 6 para. 23

Marginal Citations

M165 Source—1970 s.522; 1971 Sch.6 76; 1972 Sch.24 30

823 Adjustments of reliefs where given at different times.

^{F3224}

Textual Amendments

F3224 S. 823 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 206, Sch. 3 Pt. 1 (with Sch. 2)

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824 Repayment supplements: individuals and others.

^{F3225}(1) Subject to the following provisions of this section, a repayment made by the Board or an officer of the Board of any of the following, namely—

- (a) an amount paid on account of income tax under section 59A of the Management Act;
- (b) any income tax paid by or on behalf of an individual for a year of assessment;
- (c) a surcharge imposed under section 59C of that Act; and
- (d) a penalty incurred by an individual under any of the provisions of that Act,

shall be increased under this section by an amount (a “repayment supplement”) equal to interest on the amount repaid at the rate applicable under section 178 of the Finance Act 1989 for the period (if any) between the relevant time and the date on which the order for the repayment is issued.]

^{F3226F3227}(1A)]

(2) [^{F3228M166}Subsections (1) ^{F3229}. . .] above shall with the necessary modifications apply to a payment of the whole or part of a tax credit as [^{F3230}they apply to a repayment falling within subsection (1)] of income tax paid in the year of assessment to which the tax credit relates.

^{F3231F3232}(2A) Subsection (1) above shall apply to a repayment made in consequence of a claim under section 228 of the Income Tax Act 1952 (relief in respect of income accumulated under trusts) as if the repayment were of income tax paid by the claimant for the year of assessment in which the contingency mentioned in that section happened.]

^{F3233}(2B) Subsection (1) above shall apply to a payment made by the Board under section 375(8) (payment of amount which borrower would have been able to deduct from interest payment under section 369(1)) as if the payment were a repayment falling within that subsection.]

^{F3231}(2C) Subsection (1) above shall apply to a repayment made by the Board as a result of a claim for relief under—

- (a) paragraph 2 of Schedule 1B to the Management Act (carry back of loss relief),
 - (b) paragraph 3 of that Schedule (relief for fluctuating profits of farming etc.), or
 - (c) Schedule 4A to this Act (relief for fluctuating profits of creative artists etc.),
- as if it were a repayment falling within that subsection.]

^{F3234}(3) For the purposes of subsection (1) above—

^{F3235}(aa) if the repayment is a payment made by the Board under section 375(8), the relevant time is—

- (i) if the interest payment was made in the year 1996-97 or a subsequent year of assessment, the 31st January next following that year;
- (ii) if the interest payment was made in an earlier year of assessment, the 5th April next following that year;]

^{F3236}(ab) if the repayment is a repayment as a result of a claim for relief under any of the provisions mentioned in subsection (2C) above, the relevant time is the 31st January next following the year that is the later year in relation to the claim;]

^{F3237}(ac) if the repayment is a repayment as a result of a claim under section 496B of ITA 2007 (relief for payments by discretionary trust taxable as employment income), the relevant time is the 31 January next following the end of the tax year to which the claim relates;]

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- [^{F3238}(a) if the repayment is—
- (i) the repayment of an amount paid in accordance with the requirements of section 59A of the Management Act on account of income tax for a year of assessment, or
 - (ii) the repayment of income tax for such a year which is not income tax deducted at source [^{F3239}(other than a repayment within paragraph (ac))],
- the relevant time is the date of the payment that is being repaid;
- (b) if the repayment is of income tax deducted at source for a year of assessment, the relevant time is the 31st January next following that year; and]
 - (c) if the repayment is of a penalty or surcharge, [^{F3240}the relevant time is the date on which the penalty or surcharge was paid].]
- [^{F3241}(4) For the purposes of subsection (3) above, where a repayment in respect of income tax for a year of assessment is made to any person, that repayment—
- (a) shall be attributed first to so much of any payment made by him under section 59B of the Management Act as is a payment in respect of income tax for that year;
 - (b) in so far as it exceeds the amount (if any) to which it is attributable under paragraph (a) above, shall be attributed in two equal parts to each of the payments made by him under section 59A of the Management Act on account of income tax for that year;
 - (c) in so far as it exceeds the amounts (if any) to which it is attributable under paragraphs (a) and (b) above, shall be attributed to income tax deducted at source for that year; and
 - (d) in so far as it is attributable to a payment made in instalments shall be attributed to a later instalment before being attributed to an earlier one.
- (4A) In this section any reference to income tax deducted at source for a year of assessment is a reference to—
- (a) income tax deducted or treated as deducted from any income, or treated as paid on any income, in respect of that year, and
 - (b) amounts which, in respect of that year, are tax credits to which [^{F3242}section 397(1) [^{F3243}or [^{F3244}397A(1)]] of ITTOIA 2005] applies,
- but does not include a reference to amounts which, in that year, are deducted at source under [^{F3245}PAYE regulations] in respect of previous years.]
- (5) ^{F3246}
- (6) [^{F3247}^{F3248} . . .] The Treasury may by order from time to time increase or decrease the rate of interest by reference to which—
- (a) repayment supplements are calculated under subsection (1) above; and
 - (b) repayment supplements are calculated under section 47 of the Finance (No. 2) Act 1975.
- (7) A repayment supplement shall not be payable under this section in respect of a repayment or payment made in consequence of an order or judgment of a court having power to allow interest on the repayment or payment, or in respect of a repayment of a post-war credit within the meaning of the Income Tax (Repayment of Post-War Credits) Act 1959.
- (8) ^{F3249}

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- (9) ^{M167}Subsections (1) [^{F3250}to (7)] above shall apply in relation to ^{F3251}. . . [^{F3252}the trustees of a settlement]^{F3253}, scheme administrators of registered pension schemes sub-scheme administrators of sub-schemes which form part of a split scheme pursuant to the Registered Pensions (Splitting of Schemes) Regulations 2006]^{F3254} or personal representatives ^{F3251}. . .] as they apply in relation to an individual.
- (10) ^{F3255}

Textual Amendments

- F3225S.** 824(1) substituted (with effect in accordance with s. 199(2)(3), Sch. 19 para. 41(4) of the amending Act) by Finance Act 1994 (c. 9), **Sch. 19 para. 41(1)**; S.I. 1998/3173, **art. 2**
- F3226S.** 824(1A) inserted (retrospectively) by Finance Act 1988 (c. 39), s. 146, Sch. 13 paras. 1, **7(b)**
- F3227S.** 824(1A) repealed (from 18.8.1989) by Finance Act 1989 (c. 26), ss. 178(7), 187, **Sch. 17 Pt. 10**, Note; S.I. 1989/1298
- F3228**Words in s. 824(2) substituted (retrospectively) by Finance Act 1988 (c. 39) s. 146, Sch.13 para.7(c)
- F3229**Words in s. 824(2) repealed (on and after 18.8.1989) by Finance Act 1989 (c. 26), ss. 178(7), 187, **Sch.17 Part 10**; S.I. 1989/1298
- F3230**Words in s. 824(2) substituted (retrospectively) by Finance Act 1988 (c. 39), s. 146, **Sch.13 para.7(c)**
- F3231S.** 824(2C) inserted (with effect in accordance with s. 90(4) of the amending Act) by Finance Act 2001 (c. 9), **s. 90(2)**
- F3232S.** 824(2A) inserted (retrospectively) by Finance Act 1988 (c. 39), s. 146, Sch. 13 paras. 1, **7(d)**
- F3233S.** 824(2B) inserted (retrospectively, with effect in accordance with s. 41(4)-(6) of the amending Act) by Finance Act 1999 (c. 16), **s. 41(2)**
- F3234S.** 824(3) substituted (with effect in accordance with s. 199(2)(3), Sch. 19 para. 41(4) of the amending Act) by Finance Act 1994 (c. 9), **Sch. 19 para. 41(2)**; S.I. 1998/3173, **art. 2**
- F3235S.** 824(3)(aa) inserted (retrospectively, with effect in accordance with s. 41(4)-(6) of the amending Act) by Finance Act 1999 (c. 16), **s. 41(3)**
- F3236S.** 824(3)(ab) inserted (with effect in accordance with s. 90(4) of the amending Act) by Finance Act 2001 (c. 9), **s. 90(3)**
- F3237S.** 824(3)(ac) inserted (1.4.2010 with effect in accordance with art. 4(3) of the amending S.I.) by The Enactment of Extra-Statutory Concessions Order 2010 (S.I. 2010/157), **arts. 1, 4(1)(a)**
- F3238S.** 824(3)(a)(b) substituted (with effect in accordance with s. 92(6) of the amending Act) by Finance Act 1997 (c. 16), **s. 92(2)**
- F3239**Words in s. 824(3)(a)(ii) inserted (1.4.2010 with effect in accordance with art. 4(3) of the amending S.I.) by The Enactment of Extra-Statutory Concessions Order 2010 (S.I. 2010/157), **arts. 1, 4(1)(b)**
- F3240**Words in s. 824(3)(c) substituted (with effect in accordance with s. 92(6) of the amending Act) by Finance Act 1997 (c. 16), **s. 92(3)**
- F3241S.** 824(4)(4A) substituted for s. 824(4) (with effect in accordance with s. 92(6) of the amending Act) by Finance Act 1997 (c. 16), **s. 92(4)**
- F3242**Words in s. 824(4A)(b) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 331(2)** (with Sch. 2)
- F3243**Words in s. 824(4A)(b) inserted (with effect in accordance with s. 34(2) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 12 para. 15**
- F3244**Words in s. 824(4A)(b) substituted (with effect in accordance with Sch. 19 para. 14 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 19 para. 10(a)**
- F3245**Words in s. 824(4A) substituted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), **Sch. 6 para. 104** (with Sch. 7)
- F3246S.** 824(5) repealed (with effect in accordance with s. 199(2)(3), Sch. 19 para. 41(4) of the repealing Act) by Finance Act 1994 (c. 9), Sch. 19 para. 41(3)(a), **Sch. 26 Pt. 5(23)**, Note 3; S.I. 1998/3173, **art. 2**
- F3247**Words in s. 824(6) inserted (retrospectively) by Finance Act 1988 (c. 39), s. 146, Sch. 13 paras. 1, **7(f)**

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- F3248** Words in s. 824(6) repealed (from 18.8.1989) by Finance Act 1989 (c. 26), ss. 178(7), 187, **Sch. 17 Pt. 10**, Note; S.I. 1989/1298
- F3249** S. 824(8) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 331(3), **Sch. 3** (with Sch. 2)
- F3250** Words in s. 824(9) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 331(4)** (with Sch. 2)
- F3251** Words in s. 824(9) repealed (with effect in accordance with s. 199(2)(3), Sch. 19 para. 41(4) of the repealing Act) by Finance Act 1994 (c. 9), Sch. 19 para. 41(3)(b), **Sch. 26 Pt. 5(23)**, Note 3; S.I. 1998/3173, **art. 2**
- F3252** Words in s. 824(9) substituted (1989-90 and subsequent years) by Finance Act 1989 (c. 26), **s. 110(5)(6)-(9)**
- F3253** Words in s. 824(9) inserted (6.4.2006) by Finance Act 2004 (c. 12), s. 284(1), **Sch. 35 para. 33** (as amended by The Registered Pension Schemes (Splitting of Schemes) Regulations 2006 (S.I. 2006/569), **regs. 1(1), 5(6)(7)**) (with Sch. 36)
- F3254** Words in s. 824(9) substituted (1989-90 and subsequent years) by Finance Act 1989 (c. 26), **s. 111(4)(5)-(8)**
- F3255** S. 824(10) repealed (with effect in accordance with s. 199(2)(3), Sch. 19 para. 41(4) of the repealing Act) by Finance Act 1994 (c. 9), Sch. 19 para. 41(3)(c), **Sch. 26 Pt. 5(23)**, Note 3; S.I. 1998/3173, **art. 2**

Modifications etc. (not altering text)

- C207** S. 824 excluded (27.7.1993 with effect for the year 1992-93 and subsequent years of assessment) by Finance Act 1993 (c. 34), ss. 173, 184(3), **Sch. 19 Pt. III para. 13(4)**
- C208** S. 824 excluded (2.1.1996) by The Lloyd's Underwriters (Gilt-edged Securities) (Periodic Accounting for Tax on Interest) Regulations 1995 (S.I. 1995/3225), **reg. 12(2)** (with reg. 13)
- C209** S. 824 excluded (27.12.2005 with effect in accordance with reg. 1(2) of the affecting S.I.) by The Lloyd's Underwriters (Tax) Regulations 2005 (S.I. 2005/3338), **regs. 1(1), 14(4)**
- C210** S. 824(3) modified (22.7.2004) by Finance Act 2004 (c. 12), **s. 108**
- C211** S. 824(3) modified (1.4.2010 with effect in accordance with s. 381(1) of the modifying Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), **s. 137** (with Sch. 9)

Marginal Citations

- M166** Source—1975 (No.2) s.47(3)(a)
M167 Source—1975 (No.2) s.47(11), (12).

825 Repayment supplements: companies.

- (1) ^{M168}This section applies to the following payments made to a company in connection with any accounting period for which the company was resident in the United Kingdom (“the relevant accounting period”), that is to say—
- (a) a repayment of corporation tax paid by the company for that accounting period (including advance corporation tax paid in respect of distributions made by the company in that accounting period and any sum paid in respect of that period on an assessment under section 430(7)(a)) ^{F3256}; or
 - (b) a repayment of income tax in respect of a payment received by the company in that accounting period on which the company bore income tax by deduction; or
 - (c) a payment of the whole or part of the tax credit comprised in any franked investment income received by the company in that accounting period.
- (2) Subject to the following provisions of this section, where a payment ^{F3257} . . . to which this section applies is made by the Board or an inspector after the end of the 12 months

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beginning with the material date, the payment shall be increased under this section by an amount (a “repayment supplement”) equal to interest on the amount paid at the [^{F3258}rate applicable under section 178 of the Finance Act 1989] for each complete tax month contained in the period (if any) beginning with the relevant date and ending at the end of the tax month in which the order for the payment is issued.

[^{F3259}(2A) *In relation to any complete tax month beginning before 6th April 1974 which is contained in the last-mentioned period, subsection (2) above shall have effect as if the rate of interest specified in it were 6 per cent. per annum (instead of the rate so specified or any other rate in force by virtue of subsection (5) below or section 48(6) of the Finance (No.2) Act 1975).* ^{F3260}]

(3) ^{M169}For the purposes of subsection (2) above—

- (a) if the payment is a repayment of corporation tax that was paid on or after the first anniversary of the material date, the relevant date is the anniversary of the material date that occurs next after the date on which that tax was paid;
- (b) in any other case, the relevant date is the first anniversary of the material date;

and where a payment to which this section applies is a repayment of corporation tax paid by a company on different dates, the payment shall as far as possible be treated for the purposes of this subsection as a repayment of tax paid on a later rather than an earlier date among those dates.

(4) For the purposes of this section—

- (a) a repayment of corporation tax made in consequence of a claim by a company under section 239(3) to have the whole or any part of an amount of surplus advance corporation tax arising in the case of any accounting period treated as if it were advance corporation tax paid in respect of distributions made by the company in any earlier accounting period shall be treated as a repayment of corporation tax paid for the accounting period in the case of which that amount of surplus advance corporation tax arose; and
- (b) a repayment of income tax or corporation tax made on a claim under subsection (4) of section 419 shall be treated as if it were a repayment of corporation tax paid for the accounting period in which the repayment of, or of the part in question of, the loan or advance mentioned in that subsection was made. [^{F3261}and
- (c) a repayment of corporation tax or income tax falling to be made as a result of a claim under section 393A(1) to have the whole or any part of a loss incurred in an accounting period set off against profits of an earlier accounting period (“the earlier period”)—

- (i) shall, in a case where the earlier period falls wholly within the period of twelve months immediately preceding the accounting period in which the loss was incurred, be treated as a repayment of tax paid for the earlier period; and

- (ii) in any other case, shall be treated as a repayment of tax paid for the accounting period in which the loss is incurred; and

^{F3262}(d)]

(5) [^{F3263}*Without prejudice to subsection (2A) above*] the Treasury may by order from time to time increase or decrease the rate of interest by reference to which repayment supplements are calculated under subsection (2) above.

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- (6) A repayment supplement shall not be payable under this section in respect of a payment made in consequence of an order or judgment of a court having power to allow interest on the payment.
- (7) A repayment supplement paid under this section shall be disregarded for all purposes of income tax and corporation tax.
- (8) In this section—
- “tax month” means the period beginning with the 6th day of any calendar month and ending with the 5th day of the following calendar month;
- “the material date” in relation to a payment to which this section applies, means the last date on which corporation tax on any of the profits of the company in question arising in the relevant accounting period could have been paid—
- (a) in a case where section 10(1) applies, within the nine months there mentioned;
- (b) in a case where section 478 applies, within the time limit imposed by subsection (2)(a) of that section, but subject to subsection (6) of that section.
- (9) This section has effect subject to section 826(8).

Textual Amendments

- F3256** Words in s. 825(1)(a) repealed (for accounting periods beginning after 31.3.1989) by [Finance Act 1989 \(c. 26\)](#), s. 187, [Sch. 17 Pt. V](#), Note 6
- F3257** Words in s. 825(2) repealed (with effect in relation to payments made on and after 6.4.1993) by [Finance Act 1989 \(c. 26\)](#), ss. 158(2), 187, [Sch. 17 Pt. 8](#), Note 5; S.I. 1993/753
- F3258** Words in s. 825(2) substituted (from 18.8.1989) by [Finance Act 1989 \(c. 26\)](#), s. 179(1)(a)(vii); S.I. 1989/1298
- F3259** S. 825(2A) inserted (retrospectively) by [Finance Act 1988 \(c. 39\)](#), s. 146, [Sch. 13 paras. 1, 8\(a\)](#)
- F3260** Repealed by 1989 s.178(7) and 187 and Sch.17 Part X from 18 August 1989 (see S.I. 1989 No.1298).
- F3261** Words in s. 825(4) added by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), s. 73(3)(4)(5), [Sch. 15 para.22](#)
- F3262** S. 825(4)(d) repealed (with effect in accordance with s. 20 of the repealing Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), [Sch. 8 Pt. 2\(4\)](#), Note
- F3263** Words in s. 825(2A) inserted (retrospectively) by [Finance Act 1988 \(c. 39\)](#), s. 146, [Sch. 13 paras. 1, 8\(b\)](#)

Modifications etc. (not altering text)

- C212** S. 825(4)(a) modified (27.7.1993) by [Finance Act 1993 \(c. 34\)](#), s. 120, [Sch. 14 para. 10\(6\)](#)
S. 825(4)(a) modified (1.5.1995) by [Finance Act 1995 \(c. 4\)](#), s. 120, [Sch. 24 para. 12\(5\)](#)
- C213** See Table I in Vol.1 and see 1989 s.178 for further regulation making powers and Part III Vol.5 for regulations.
- C214** And see [Sch.30 para.1\(9\)](#).

Marginal Citations

- M168** Source—1975 (No.2) s.48(1), (2)
- M169** Source—1975 (No.2) s.48(4)-(9)

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826 Interest on tax overpaid.

^{M170}(1) In any case where—

- (a) a repayment falls to be made of corporation tax paid by a company for an accounting period which ends after the appointed day; or
- ^{F3264}(aa) a repayment falls to be made under sections 246N and 246Q of advance corporation tax paid by a company in respect of distributions made by it in such an accounting period; or
- (b) a repayment of income tax falls to be made in respect of a payment received by a company in such an accounting period; or
- (c) a payment falls to be made to a company of the whole or part of the tax credit comprised in any franked investment income received by the company in such an accounting period ^{F3265}; or
- (d) a payment of R&D tax credit falls to be made to a company under ^{F3266}Chapter 2 or 7 of Part 13 of CTA 2009] in respect of an accounting period^{F3267}; or
- ^{F3269} [.....]
- ^{F3268}(da) (e) a payment of land remediation tax credit or life assurance company tax credit falls to be made to a company under ^{F3270}Part 14 of CTA 2009] in respect of an accounting period^{F3271}; or
- (f) a payment of film tax credit falls to be made to a company^{F3272}; or
- (g) a payment of first-year tax credit falls to be made to a company under Schedule A1 to the Capital Allowances Act,

then, from the material date until ^{F3273}the order for repayment or payment is issued], the repayment or payment shall carry interest at the rate which, under section 89 of the Management Act, is for the time being the prescribed rate for the purposes of this section.

- (2) ^{F3274}Subject to section 826A(2),] in relation to corporation tax paid by a company for an accounting period, the material date for the purposes of this section is the date on which corporation tax was paid or, if it is later, the date on which corporation tax for that accounting period became (or, as the case may be, would have become) due and payable in accordance with ^{F3275}section 59D of the Management Act (payment of corporation tax)].

^{F3276}(2A) ^{F3277} [.....]

- (3) In relation to a repayment of income tax falling within subsection (1)(b) above or a payment of the whole or part of a tax credit falling within subsection (1)(c) above, ^{F3278}the material date is the day after the end of the accounting period] in which the payment referred to in subsection (1)(b) above or, as the case may be, the franked investment income referred to in subsection (1)(c) above was received by the company.

^{F3279}(3A) In relation to a payment of R&D tax credit falling within subsection (1)(d) above the material date is whichever is the later of—

- (a) the filing date for the company’s company tax return for the accounting period for which the R&D tax credit is claimed, and
- (b) the date on which the company tax return or amended company tax return containing the claim for payment of the R&D tax credit is delivered to the Inland Revenue.

For this purpose “the filing date”, in relation to a company tax return, has the same meaning as in Schedule 18 to the ^{M171}Finance Act 1998.]

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[^{F3280}(3AA) ^{F3281}.....]

[^{F3282}(3B) In relation to a payment of land remediation tax credit or life assurance company tax credit falling within subsection (1)(e) above the material date is whichever is the later of—

- (a) the filing date for the company’s company tax return for the accounting period for which the land remediation tax credit or the life assurance company tax credit is claimed, and
- (b) the date on which the company tax return or amended company tax return containing the claim for payment of the land remediation tax credit or the life assurance company tax credit is delivered to the Inland Revenue.

For this purpose “the filing date”, in relation to a company tax return, has the same meaning as in Schedule 18 to the Finance Act 1998.]

[^{F3283}(3C) In relation to a payment of film tax credit the material date is whichever is the later of—

- (a) the filing date for the company's company tax return for the accounting period for which the tax credit is payable, and
- (b) the date on which the company tax return or amended company tax return containing the claim for payment is delivered to an officer of Revenue and Customs.

For this purpose “the filing date”, in relation to a company tax return, has the same meaning as in Schedule 18 to the Finance Act 1998.]

[^{F3284}(3D) In relation to a payment of first-year tax credit falling within subsection (1)(g) above the material date is whichever is the later of—

- (a) the filing date for the company's company tax return for the accounting period for which the tax credit is claimed, and
- (b) the date on which the company tax return or amended company tax return containing the claim for payment of the tax credit is delivered to the Commissioners for Her Majesty's Revenue and Customs.

For this purpose “the filing date”, in relation to a company tax return, has the same meaning as in Schedule 18 to the Finance Act 1998.]

(4) For the purposes of this section a repayment of tax made on a claim under [^{F3285}section 458 of CTA 2010] shall be treated as if it were a repayment of corporation tax for the accounting period in which [^{F3286}the event giving rise to entitlement to relief under [^{F3287}that section] occurred] but, in relation to such a repayment of tax, the material date for the purposes of this section is—

- [^{F3288}(a) the date when the entitlement to relief in respect of the repayment accrued, that is to say—
 - (i) where the repayment [^{F3289}, or the release or writing off,] of the loan or advance (or part thereof) occurred on or after the day mentioned in [^{F3290}section 458(4) of CTA 2010], the date nine months after the end of that accounting period; and
 - (ii) in any other case, the date nine months after the end of the accounting period in which the loan or advance was made;

or]

- (b) if it is later, the date on which the tax which is to be repaid was in fact paid.

(5) ^{F3291}.....

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[^{F3292}(5A) ^{F3291}

(6) Where a repayment of corporation tax is a repayment of tax paid by a company on different dates, the repayment shall so far as possible be treated for the purposes of this section as a repayment of tax paid on a later rather than an earlier date among those dates.

(7) ^{F3293}

[^{F3294}^{F3295}(7A) In any case where—

- (a) a company carrying on a trade incurs a loss in the trade in an accounting period (“the later period”),
- (b) as a result of a claim under [^{F3296}section 37 of CTA 2010], the whole or any part of that loss is [^{F3297}relieved][^{F3298}(whether under [^{F3299}section 37 or 42 of that Act])] for the purposes of corporation tax against profits (of whatever description) of an earlier accounting period (“the earlier period”) which does not fall wholly within the period of twelve months immediately preceding the later period, and
- (c) a repayment falls to be made of corporation tax paid for the earlier period or of income tax in respect of a payment received by the company in that accounting period,

then, in determining the amount of interest (if any) payable under this section on the repayment referred to in paragraph (c) above, no account shall be taken of [^{F3300}so much of the amount of that repayment as falls to be made] as a result of the claim under [^{F3301}section 37 of CTA 2010], except so far as concerns interest for any time after the date on which any corporation tax for the later period became (or, as the case may be, would have become) due and payable, [^{F3302}as mentioned in subsection (7D) below].

[^{F3294}(7AA) ^{F3303}

^{F3304}(7B)

[^{F3305}(7BB) Subject to subsection (7BC) below, in any case where—

- (a) within the meaning of section 806D, any relievable underlying tax or relievable withholding tax arises in an accounting period of a company (“the later period”),
- (b) pursuant to a claim under section 806G, the whole or any part of that tax is treated as mentioned in section 806D(4)(c) or (5)(c) in relation to the single related dividend or the single unrelated dividend arising in an earlier accounting period (“the earlier period”), and
- (c) a repayment falls to be made of corporation tax paid for the earlier period or of income tax in respect of a payment received by the company in that period,

then, in determining the amount of interest (if any) payable under this section on the repayment referred to in paragraph (c) above, no account shall be taken of so much of the amount of the repayment as falls to be made as a result of the claim under section 806G, except so far as concerns interest for any time after the date on which any corporation tax for the later period became due and payable (as mentioned in subsection (7D) below).

(7BC) ^{F3306}

[^{F3307}(7C) In a case where—

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- (a) there is for an accounting period of a company (“the later period”) [F3308] a non-trading deficit on the company’s loan relationships,
- (b) as a result of a claim under [F3309][F3310] section 389(1) or 459(1)(b) of CTA 2009] the whole or part of the deficit for the later period is set off against profits] of an earlier accounting period (“the earlier period”), and
- (c) a repayment falls to be made of corporation tax for the earlier period [F3311] or of income tax in respect of a payment received by the company in that accounting period],

then, in determining the amount of interest (if any) payable under this section on the [F3312] repayment referred to in paragraph (c) above, no account shall be taken of so much of the amount of the repayment as falls to be made as a result of] the claim under [F3313] section 389(1) or 459(1)(b) of CTA 2009] except so far as concerns interest for any time after the date on which any corporation tax for the later period became (or, as the case may be, would have become) due and payable, [F3302] as mentioned in subsection (7D) below].]

.....)]

[F3316] (7D) In subsections (7), (7A), (7B) [F3317], (7BB)] and (7C) above, any reference to the date on which corporation tax for an accounting period became, or would have become, due and payable shall be construed on the basis that corporation tax for an accounting period becomes due and payable on the day following the expiry of nine months from the end of the accounting period.]

[F3318] (7E) The power conferred by section 59E of the Management Act (alteration of date on which corporation tax becomes due and payable) does not include power to make provision in relation to subsection (7), (7A), (7B), [F3319] (7BB),] (7C) or (7D) above the effect of which would be to change the meaning of references in subsection (7), (7A), (7B) [F3319], (7BB)] or (7C) above to the date on which corporation tax for an accounting period became, or would have become, due and payable (as mentioned in subsection (7D) above).]

(8) In consequence of the preceding provisions of this section, no repayment supplement (within the meaning of section 825) shall be paid in respect of any repayment of tax or payment of tax credit where the relevant accounting period (within the meaning of that section) ends after the appointed day.

[F3320] (8A) Where—

(a) interest has been paid to a company under subsection (1)(a) [F3321][F3322], (d)] [F3323][F3324], (e) or (f)] above,

[F3325] (b) there is—

- (i) a change in the company’s assessed liability to corporation tax, or
- (ii) a change in the amount of the R&D tax credit [F3326][F3327] . . . [F3328], land remediation tax credit or life assurance company tax credit] [F3329] or film tax credit] [F3330] or first-year tax credit under Schedule A1 to the Capital Allowances Act] payable to the company (which does not result in a change falling within sub-paragraph (i)),

other than a change which in whole or in part corrects an error made by the Board or an officer of the Board, and]

(c) as a result only of that change (and, in particular, not as a result of any error in the calculation of the interest), it appears to an officer of the Board that the interest ought not to have been paid, either at all or to any extent,

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the interest that ought not to have been paid may be recovered from the company as if it were interest charged under Part IX of the Management Act (interest on overdue tax).

(8B) For the purposes of subsection (8A) above, the cases where there is a change in a company's assessed liability to corporation tax are those cases where—

- (a) an assessment, or an amendment of an assessment, of the amount of corporation tax payable by the company for the accounting period in question is made, or
- (b) a determination of that amount is made under paragraph 36 or 37 of Schedule 18 to the Finance Act 1998 (which until superseded by a self-assessment under that Schedule has effect as if it were one),

whether or not any previous assessment or determination has been made.

[For the purposes of subsection (8A)(b) above, the cases where there is a change in the amount of the R&D tax credit [^{F3332F3333} . . .] ^{F3334}, the land remediation tax credit or the life assurance company tax credit [^{F3335} or film tax credit] ^{F3336} or first-year tax credit under Schedule A1 to the Capital Allowances Act] payable to the company are those cases where an assessment, or an amendment to an assessment, is made to recover an amount of R&D tax credit [^{F3332F3333} . . .] ^{F3337}, land remediation tax credit or life assurance company tax credit [^{F3335} or film tax credit] ^{F3336} or first-year tax credit under Schedule A1 to the Capital Allowances Act] paid to the company for the accounting period in question.]

(8C) In subsection (8A)(b) above “error” includes—

- (a) any computational error; and
- (b) the allowance of a claim or election which ought not to have been allowed.]

(9) In this section “the appointed day” means such day or days, not being earlier than 31st March 1992, as the Treasury may by order appoint for the purposes of this section.

Subordinate Legislation Made

P3 S. 826(1)(8)(9) power exercised: 30.9.1993 appointed by S.I. 1992/3066, **art. 2(2)(b)**

Textual Amendments

F3264S. 826(1)(aa) inserted (3.5.1994) by Finance Act 1994 (c. 9), **Sch. 16 para. 20(2)**

F3265S. 826(1)(d) and preceding word inserted (with effect in accordance with s. 69(1) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 21 para. 1(2)**

F3266 Words in s. 826(1)(d) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 267(2)(a)** (with Sch. 2 Pts. 1, 2, para. 56)

F3267S. 826(1)(e) and preceding word inserted (with effect in accordance with s. 70(1) of the amending Act) by Finance Act 2001 (c. 9), **Sch. 23 para. 3(2)**

F3268S. 826(1)(da) inserted (with effect in accordance with Sch. 14 para. 5 of the amending Act) by Finance Act 2002 (c. 23), **Sch. 14 para. 1(2)**

F3269S. 826(1)(da) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 267(2)(b)**, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2, para. 56)

F3270 Words in s. 826(1)(e) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 267(2)(c)** (with Sch. 2 Pts. 1, 2, para. 56)

F3271S. 826(1)(f) and preceding word inserted (1.1.2007) by Finance Act 2006 (c. 25), s. 53(1), **Sch. 5 para. 26(2)**; S.I. 2006/3399, **art. 2**

F3272S. 826(1)(g) and preceding word inserted (with effect in accordance with Sch. 25 para. 9 of the amending Act) by Finance Act 2008 (c. 9), **Sch. 25 para. 7(2)**

F3273 Words in s. 826(1) substituted (retrospectively) by Finance Act 1989 (c. 26), **s. 180(6)(7)**

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- F3274** Words in s. 826(2) inserted (31.7.1998) by Finance Act 1998 (c. 36), **Sch. 4 para. 1(1)**
- F3275** Words in s. 826(2) substituted (with effect in accordance with s. 199(2) of the amending Act) by Finance Act 1994 (c. 9), **Sch. 19 para. 42**; S.I. 1998/3173, **art. 2**
- F3276** S. 826(2A) inserted (3.5.1994) by Finance Act 1994 (c. 9), **Sch. 16 para. 20(3)**
- F3277** S. 826(2A) repealed (with effect in accordance with Sch. 3 para. 38(5) of the repealing Act) by Finance Act 1998 (c. 36), Sch. 3 para. 38(2), **Sch. 27 Pt. 3(2)**, Note
- F3278** Words in s. 826(3) substituted (with effect in accordance with Sch. 4 para. 2(2) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 4 para. 2(1)**
- F3279** S. 826(3A) inserted (with effect in accordance with s. 69(1) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 21 para. 1(3)**
- F3280** S. 826(3AA) inserted (with effect in accordance with Sch. 14 para. 5 of the amending Act) by Finance Act 2002 (c. 23), **Sch. 14 para. 1(3)**
- F3281** S. 826(3AA) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 267(3), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F3282** S. 826(3B) inserted (with effect in accordance with s. 70(1) of the amending Act) by Finance Act 2001 (c. 9), **Sch. 23 para. 3(3)**
- F3283** S. 826(3C) inserted (1.1.2007) by Finance Act 2006 (c. 25), s. 53(1), **Sch. 5 para. 26(3)**; S.I. 2006/3399, **art. 2**
- F3284** S. 826(3D) inserted (with effect in accordance with Sch. 25 para. 9 of the amending Act) by Finance Act 2008 (c. 9), **Sch. 25 para. 7(3)**
- F3285** Words in s. 826(4) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 117(2)(a)** (with Sch. 2)
- F3286** Words in s. 826(4) substituted (with effect in accordance with s. 90(2) of the amending Act) by Finance Act 1999 (c. 16), **s. 90(1)(a)**
- F3287** Words in s. 826(4) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 117(2)(b)** (with Sch. 2)
- F3288** S. 826(4)(a) substituted (with effect in accordance with s. 173(6) of the amending Act) by Finance Act 1996 (c. 8), **s. 173(5)**
- F3289** Words in s. 826(4)(a)(i) inserted (with effect in accordance with s. 90(2) of the amending Act) by Finance Act 1999 (c. 16), **s. 90(1)(b)**
- F3290** Words in s. 826(4)(a)(i) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 117(2)(c)** (with Sch. 2)
- F3291** S. 826(5)(5A) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 267(4), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F3292** S. 826(5A) inserted (with effect in accordance with s. 34(5) of the amending Act) by Finance Act 1998 (c. 36), **s. 34(4)**
- F3293** S. 826(7) repealed (with effect in accordance with Sch. 3 para. 38(6) of the repealing Act) by Finance Act 1998 (c. 36), Sch. 3 para. 38(3), **Sch. 27 Pt. 3(2)**, Note
- F3294** S. 826(7AA) inserted (27.7.1993) by 1993 c. 34, s. 120, **Sch. 14 para. 10(3)(5)**
- F3295** S. 826(7A)(7B) inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 73(3)(4)(5), **Sch. 15 para. 23**
- F3296** Words in s. 826(7A)(b) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 117(3)(a)(i)** (with Sch. 2)
- F3297** Words in s. 826(7A)(b) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 117(3)(a)(ii)** (with Sch. 2)
- F3298** Words in s. 826(7A)(b) inserted (with effect in accordance with s. 111(3) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 35 para. 7**
- F3299** Words in s. 826(7A)(b) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 117(3)(a)(iii)** (with Sch. 2)
- F3300** Words in s. 826(7A) substituted (27.7.1993) by 1993 c. 34, s. 120, **Sch. 14 para. 10(2)**
- F3301** Words in s. 826(7A) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 117(3)(b)** (with Sch. 2)
- F3302** Words in s. 826(7)(7A)(7B)(7C) substituted (with effect in accordance with Sch. 4 para. 5(5)(6) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 4 para. 5(2)**

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- F3303**S. 826(7AA)(7CA) repealed (with effect in accordance with Sch. 3 para. 38(7) of the repealing Act) by Finance Act 1998 (c. 36), Sch. 3 para. 38(4), **Sch. 27 Pt. 3(2)**, Note
- F3304**S. 826(7B) repealed (with effect in accordance with s. 20 of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), **Sch. 8 Pt. 2(4)**, Note
- F3305**S. 826(7BB)(7BC) inserted (28.7.2000) by Finance Act 2000 (c. 17), **Sch. 30 para. 29(2)**
- F3306**S. 826(7BC) omitted (with effect in accordance with Sch. 14 para. 31 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 14 para. 10**
- F3307**S. 826(7C) inserted (27.7.1993) by 1993 c. 34, s. 170, **Sch. 18 para.5**
- F3308**Words in s. 826(7C)(a) substituted (with effect in accordance with s. 105(1) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 14 para. 48(1)(a)** (with Sch. 15)
- F3309**Words in s. 826(7C)(b) substituted (with effect in accordance with s. 105(1) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 14 para. 48(1)(b)** (with Sch. 15)
- F3310**Words in s. 826(7C)(b) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 267(5)(a)** (with Sch. 2 Pts. 1, 2)
- F3311**Words in s. 826(7C)(c) inserted (1.5.1995) by Finance Act 1995 (c. 4), **Sch. 24 para. 11(a)**
- F3312**Words in s. 826(7C) substituted (1.5.1995) by Finance Act 1995 (c. 4), **Sch. 24 para. 11(b)**
- F3313**Words in s. 826(7C) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 267(5)(b)** (with Sch. 2 Pts. 1, 2)
- F3314**S. 826(7CA) inserted (with effect in accordance with Sch. 24 para. 12(4)(5) of the amending Act) by Finance Act 1995 (c. 4), **Sch. 24 para. 12(2)**
- F3315**S. 826(7AA)(7CA) repealed (with effect in accordance with Sch. 3 para. 38(7) of the repealing Act) by Finance Act 1998 (c. 36), Sch. 3 para. 38(4), **Sch. 27 Pt. 3(2)**, Note
- F3316**S. 826(7D) inserted (with effect in accordance with Sch. 4 para. 5(5)(6) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 4 para. 5(3)**
- F3317**Words in s. 826(7D) inserted (28.7.2000) by Finance Act 2000 (c. 17), **Sch. 30 para. 29(3)**
- F3318**S. 826(7E) inserted (with effect in accordance with Sch. 4 para. 5(5)(6) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 4 para. 5(4)**
- F3319**Words in s. 826(7E) inserted (28.7.2000) by virtue of Finance Act 2000 (c. 17), **Sch. 30 para. 29(4)**
- F3320**S. 826(8A)-(8C) inserted (with effect in accordance with Sch. 4 para. 3(3) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 4 para. 3(1)**
- F3321**Words in s. 826(8A)(a) inserted (with effect in accordance with s. 69(1) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 21 para. 1(4)(a)**
- F3322**Word in s. 826(8A)(a) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 267(6)(a)** (with Sch. 2 Pts. 1, 2)
- F3323**Words in s. 826(8A)(a) inserted (with effect in accordance with s. 70(1) of the amending Act) by Finance Act 2001 (c. 9), **Sch. 23 para. 3(4)(a)**
- F3324**Words in s. 826(8A)(a) substituted (1.1.2007) by Finance Act 2006 (c. 25), s. 53(1), **Sch. 5 para. 26(4)(a)**; S.I. 2006/3399, **art. 2**
- F3325**S. 826(8A)(b) substituted (with effect in accordance with s. 69(1) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 21 para. 1(4)(b)**
- F3326**Words in s. 826(8A)(b)(ii) inserted (with effect in accordance with Sch. 14 para. 5 of the amending Act) by Finance Act 2002 (c. 23), **Sch. 14 para. 1(4)(b)**
- F3327**Words in s. 826(8A)(b)(ii) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 267(6)(b), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F3328**Words in s. 826(8A)(b)(ii) inserted (with effect in accordance with s. 70(1) of the amending Act) by Finance Act 2001 (c. 9), **Sch. 23 para. 3(4)(b)**
- F3329**Words in s. 826(8A)(b)(ii) inserted (1.1.2007) by Finance Act 2006 (c. 25), s. 53(1), **Sch. 5 para. 26(4)(b)**; S.I. 2006/3399, **art. 2**
- F3330**Words in s. 826(8A)(b)(ii) inserted (with effect in accordance with Sch. 25 para. 9 of the amending Act) by Finance Act 2008 (c. 9), **Sch. 25 para. 7(4)**
- F3331**S. 826(8BA) inserted (with effect in accordance with s. 69(1) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 21 para. 1(5)**

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- F3332** Words in s. 826(8BA) inserted (with effect in accordance with Sch. 14 para. 5 of the amending Act) by Finance Act 2002 (c. 23), **Sch. 14 para. 1(5)**
- F3333** Words in s. 826(8BA) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 267(7), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F3334** Words in s. 826(8BA) inserted (with effect in accordance with s. 70(1) of the amending Act) by Finance Act 2001 (c. 9), **Sch. 23 para. 3(5)(a)**
- F3335** Words in s. 826(8BA) inserted (1.1.2007) by virtue of Finance Act 2006 (c. 25), s. 53(1), **Sch. 5 para. 26(5)**; S.I. 2006/3399, **art. 2**
- F3336** Words in s. 826(8BA) inserted (with effect in accordance with Sch. 25 para. 9 of the amending Act) by Finance Act 2008 (c. 9), **Sch. 25 para. 7(5)**
- F3337** Words in s. 826(8BA) inserted (with effect in accordance with s. 70(1) of the amending Act) by Finance Act 2001 (c. 9), **Sch. 23 para. 3(5)(b)**

Modifications etc. (not altering text)

- C215** S. 826 excluded (2.1.1996) by The Lloyd's Underwriters (Gilt-edged Securities) (Periodic Accounting for Tax on Interest) Regulations 1995 (S.I. 1995/3225), **reg. 12(2)** (with reg. 13)
- C216** S. 826 applied (with modifications) (7.1.1999 in accordance with reg. 1(2) of the affecting S.I.) by The Corporation Tax (Instalment Payments) Regulations 1998 (S.I. 1998/3175), **reg. 8** (as amended by: S.I. 2005/889, **regs. 1(1)(3), 7**; S.I. 2011/1785, **regs. 1, 11**; S.I. 2017/1072, **regs. 1, 10**)
- C217** S. 826 excluded (27.12.2005 with effect in accordance with reg. 1(2) of the affecting S.I.) by The Lloyd's Underwriters (Tax) Regulations 2005 (S.I. 2005/3338), **regs. 1(1), 14(4)(6)(b)**

Marginal Citations

- M170** Source—1987 (No.2) s.87
- M171** 1998 c. 36.

[^{F3338}826] Interest on payments in respect of corporation tax and meaning of “the material date”.

- (1) The Treasury may by regulations make provision applying section 826, with such modifications as may be prescribed, for the purpose of conferring on companies of such descriptions as may be prescribed a right to interest—
 - (a) on such payments made by them in respect of corporation tax as may be prescribed,
 - (b) at the rate applicable under section 178 of the ^{M172}Finance Act 1989, and
 - (c) for such period as may be prescribed,and for treating any such interest for the purposes, or prescribed purposes, of the Tax Acts as interest under section 826(1)(a) on a repayment of corporation tax.
- (2) The Treasury may by regulations make provision modifying section 826(2) in relation to companies of such description as may be prescribed.
- (3) Subsections (1) and (2) above do not apply in relation to companies in relation to which section 826(2) is modified or otherwise affected by regulations under section 59E of the Management Act (alteration of date on which corporation tax becomes due and payable) in relation to the accounting period to which the corporation tax in question relates.
- (4) Where the Treasury make regulations under subsection (2) above in relation to companies of any description, they may also make regulations modifying section 59DA(2) of the Management Act in relation to those companies, or any

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description of such companies, by varying the date before which the claim there mentioned may not be made.

- (5) Regulations under this section—
- (a) may make different provision in relation to different cases or circumstances or in relation to companies or accounting periods of different descriptions;
 - (b) may make such supplementary, incidental, consequential or transitional provision as appears to the Treasury to be necessary or expedient.
- (6) Regulations under this section may not make provision in relation to accounting periods ending before the day appointed under section 199 of the ^{M173}Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (corporation tax self-assessment).
- (7) In this section “prescribed” means prescribed by regulations made under this section.]

Textual Amendments

F3338S. 826A inserted (31.7.1998) by [Finance Act 1998 \(c. 36\)](#), [Sch. 4 para. 1\(2\)](#)

Marginal Citations

M172 1989 c. 26.

M173 1994 c. 9.

827 VAT penalties etc.

F3339

Textual Amendments

F3339S. 827 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 268](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

[^{F3340}**827A Territorial scope of charges under certain provisions to which section 836B applies**

F3341

Textual Amendments

F3340S. 827A inserted (6.4.2005 with effect in accordance with [s. 883\(1\)](#) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 333](#) (with [Sch. 2](#))

F3341S. 827A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 207](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

828 Orders and regulations made by the Treasury or the Board.

- (1) ^{M174F3342} . . . Any power of the Treasury or the Board to make any order or regulations under this Act ^{F3343} . . . shall be exercisable by statutory instrument.
- (2) ^{F3344}

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- (3) ^{M175}Subject to [^{F3345}subsection (4)] below and to any other provision to the contrary, any statutory instrument containing any order or regulations made by the Treasury or the Board ^{F3346} . . . shall be subject to annulment in pursuance of a resolution of the House of Commons.
- (4) Subsection (3) above shall not apply in relation to an order or regulations made under section ^{F3347} . . . [^{F3348F3349} . . .] ^{F3350} . . . ^{F3351} . . . ^{F3352} . . . ^{F3353} . . . [^{F3354F3350} . . .] [^{F3355}590C(6)] . . . [^{F3356F3357} . . .] ^{F3358} . . .] or paragraph 7 of Schedule 14 [^{F3359F3360} . . .] or—
- (a) if any other Parliamentary procedure is expressly provided;
- (b) if the order in question is an order appointing a day for the purposes of any provision of the Tax Acts, being a day as from which the provision will have effect, with or without amendments, or will cease to have effect.

[^{F3361}(5) ^{F3362}]

[^{F3363}(6) ^{F3362}]

Textual Amendments

- F3342** Words in s. 828(1) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 118(2)(a), **Sch. 3 Pt. 1** (with Sch. 2)
- F3343** Words in s. 828(1) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 118(2)(b), **Sch. 3 Pt. 1** (with Sch. 2)
- F3344** S. 828(2) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 118(3), **Sch. 3 Pt. 1** (with Sch. 2)
- F3345** Words in s. 828(3) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 118(4)(a)** (with Sch. 2)
- F3346** Words in s. 828(3) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 118(4)(b), **Sch. 3 Pt. 1** (with Sch. 2)
- F3347** Words in s. 828(4) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 208(5)(a), **Sch. 3 Pt. 1** (with Sch. 2)
- F3348** Words in s. 828(4) inserted (10.7.2003) by Finance Act 2003 (c. 14), **s. 180(2)**
- F3349** Words in s. 828(4) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 269(2), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F3350** Words in s. 828(4) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 208(5)(b), **Sch. 3 Pt. 1** (with Sch. 2)
- F3351** Words in s. 828(4) repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 334(2), **Sch. 3** (with Sch. 2)
- F3352** Words in s. 828(4) repealed (3.5.1994) by Finance Act 1994 (c. 9), **Sch. 26 Pt. 5(19)**
- F3353** Words in s. 828(4) repealed (with effect in accordance with Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), **Sch. 20 Pt. 3(7)**
- F3354** Words in s. 828(4) inserted by Finance Act 1991 (c. 31, SIF 63:1), **s. 118(2)**
- F3355** Words in s. 828(4) inserted by Finance Act 1989 (c. 26), **Sch. 6 para. 16**
- F3356** Words in s. 828(4) substituted (29.4.1996) by Finance Act 1996 (c. 8), **Sch. 37 para. 1(2)**
- F3357** Words in s. 828(4) repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 33, **Sch. 10 Pt. 1** (with Sch. 9)
- F3358** Words in s. 828(4) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 118(5), **Sch. 3 Pt. 1** (with Sch. 2)
- F3359** Words in s. 828(4) inserted by Capital Allowances Act 1990 (c. 1), **Sch. 1 para. 8(34)**
- F3360** Words in s. 828(4) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 208(5)(c), **Sch. 3 Pt. 1** (with Sch. 2)

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- F3361** S. 828(5) added (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 105\(4\)](#) (with [Sch. 7](#))
- F3362** S. 828(5)(6) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 118\(6\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F3363** S. 828(6) inserted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), [Sch. 35 para. 34](#) (with [Sch. 36](#))

Modifications etc. (not altering text)

- C218** S. 828 excluded (18.3.2010) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), [ss. 372\(4\)](#), [381\(2\)\(a\)](#) (with [Sch. 9](#))
- C219** S. 828(3) excluded by [Finance Act 2000 \(c. 17\)](#), [Sch. 22 para. 22C\(3\)](#) (as inserted (1.7.2005) by [Finance Act 2005 \(c. 7\)](#), [Sch. 7 paras. 8, 18\(1\)](#) (with [Sch. 7 paras. 19-21](#)))
- C220** S. 828(3) excluded (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 22 para. 14\(2\)](#)
- C221** S. 828(4) modified (20.3.2007) by [Income Tax Act 2007 \(c. 3\)](#), [ss. 1030\(4\)](#), [1034\(4\)\(b\)](#)

Marginal Citations

- M174** Source—1970 ss.65(5), 204, 231(3), 343 (1A); 1970(F) s.29(6), [Sch.5 2\(3\)](#), 10; 1972 ss.91(3), 108(4); 1973 [Sch.16 17\(2\)](#); 1975 (No.2) ss.47(10), 48(6), 69(9), 70(8), 70A(3); 1976 ss.64(4), 64A, (4) [Sch.4 16\(2\)](#); 1980 s.24(9); [Sch.10 13\(3\)](#); 1982 ss.28(5), 29(1), (3), [Sch.7 14\(2\)](#); 1984 ss.26(1), 88(8), 126(1), [Sch.8 2\(1\)\(f\)](#), 3A; 1983 [Sch.5 5A\(9\)](#), 6(8); 1986 s.28, 61, [Sch.11 11](#), [Sch.12 3](#), [Sch.17 6\(7\)](#).
- M175** Source—1970 ss.65(5), 204, 343(1B); 1970(F) s.29(8), [Sch.5 2\(3\)](#), 10; 1973 [Sch.16 17\(2\)](#); 1975 (No.2) ss.47(10), 48(6), 69(9), 70(8), 70A(3); 1976 ss.64(4), 64A(4); 1982 s.29(5); 1983 [Sch.5 5A\(9\)](#), 6(9); 1984 ss.26(6), 88(8), [Sch.8 2\(1\)](#), 3A; 1986 ss.26, 27(7), 55, [Sch.11 11](#), [Sch.12 3](#), [Sch.17 6\(7\)](#)

829 Application of Income Tax Acts to public departments and avoidance of exempting provisions.

F3364

Textual Amendments

- F3364** S. 829 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 209](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

830 Territorial sea ^{F3365}

- (1) ^{F3366}
- (2) ^{F3367}
- (3) ^{F3367}
- (4) ^{F3367}
- (5) ^{F3368}

Textual Amendments

- F3365** Words in s. 830 title omitted (1.4.2009 with effect in accordance with art. 1(2) of the repealing S.I.) by virtue of [The Corporation Tax Act 2009 \(Amendment\) Order 2009 \(S.I. 2009/2860\)](#), [arts. 1, 3\(4\)\(b\)](#)
- F3366** S. 830(1) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 119](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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- F3367S.** 830(2)-(4) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 270, Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)
- F3368S.** 830(5) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 106, Sch. 8 Pt. 1 (with Sch. 7)

Interpretation

831 Interpretation of this Act.

- (1) ^{M176}In this Act, except so far as the context otherwise requires—
- (a) “the Corporation Tax Acts” means the enactments relating to the taxation of the income and chargeable gains of companies and of company distributions (including provisions relating also to income tax); and
 - (b) “the Income Tax Acts” means the enactments relating to income tax, including any provisions of the Corporation Tax Acts which relate to income tax.
- (2) In this Act “the Tax Acts”, except so far as the context otherwise requires, means this Act and all other provisions of the Income Tax Acts and the Corporation Tax Acts.
- (3) In this Act—
- [^{F3369}“CTA 2009” means the Corporation Tax Act 2009;]
 - [^{F3370}“CTA 2010” means the Corporation Tax Act 2010;]
 - [^{F3371}“ITEPA 2003” means the Income Tax (Earnings and Pensions) Act 2003;]
 - [^{F3372}“ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005;]
 - [^{F3373}“ITA 2007” means the Income Tax Act 2007;]
 - “the Management Act” means the Taxes Management Act 1970;
 - [^{F3374}“TIOPA 2010” means the Taxation (International and Other Provisions) Act 2010;]
 - “the 1968 Act” means the Capital Allowances Act 1968;
 - “the 1970 Act” means the Income and Corporation Taxes Act 1970; and
 - “the 1979 Act” means the Capital Gains Tax Act 1979.
 - [^{F3375}“the 1990 Act” means the Capital Allowances Act 1990.]
 - [^{F3376}“the 1992 Act” means the Taxation of Chargeable Gains Act 1992.]
- (4) Section 1 of the ^{M177}Family Law Reform Act 1987, the paragraph inserted in Schedule 1 to the ^{M178}Interpretation Act 1978 by paragraph 73 of Schedule 2 to that Act and section 1(3) of the ^{M179}Law Reform (Parent and Child) (Scotland) Act 1986 (legal equality of illegitimate children) shall be disregarded in construing references in this Act to a child or to children (however expressed).
- (5) ^{M180}This Act, so far as it relates to capital gains tax, shall be construed as one with the [^{F3377}1992] Act.
- (6) Any reference in this Act to a section, Part or Schedule is a reference to that section, Part or Schedule of or to this Act, unless the context otherwise requires.

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Textual Amendments

- F3369**S. 831(3): definition of "CTA 2009" inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 271** (with Sch. 2 Pts. 1, 2)
- F3370**S. 831(3): definition of "CTA 2010" inserted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), **Sch. 1 para. 120** (with Sch. 2)
- F3371**S. 831(3): definition of "ITEPA 2003" inserted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), **Sch. 6 para. 107** (with Sch. 7)
- F3372**S. 831(3): definition of "ITTOIA 2005" inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), **Sch. 1 para. 336** (with Sch. 2)
- F3373**S. 831(3): definition of "ITA 2007" inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), **Sch. 1 para. 211** (with Sch. 2)
- F3374**S. 831(3): definition of "TIOPA 2010" inserted (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), **Sch. 8 para. 316** (with Sch. 9)
- F3375**S. 831(3): definition of "the 1990 Act" inserted by [Capital Allowances Act 1990 \(c. 1\)](#), **Sch. 1 para. 8(35)**; and that amendment continued by [Capital Allowances Act 2001 \(c. 2\)](#), s. 579, **Sch. 2 para. 59**
- F3376**S. 831(3): definition of "the 1992 Act" inserted (with effect as mentioned in s. 289(1)(2) of the amending Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, **Sch. 10 para. 14(53)(a)** (with ss. 60, 101(1), 171, 201(3))
- F3377**Words in s. 831(5) substituted (with effect as mentioned in s. 289(1)(2) of the amending Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, **Sch. 10 para. 14(53)(b)** (with ss. 60, 101(1), 171, 201(3))

Modifications etc. (not altering text)

- C222** S. 831(4) applied (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), **Sch. 22 para. 144(2)**

Marginal Citations

- M176** Source—1970 s.526(1), (2); 1987 Sch.15 12
- M177** 1987 c. 42.
- M178** 1978 c. 30.
- M179** 1986 c. 9.
- M180** Source—1970 s.540(2)

832 Interpretation of the [^{F3378}Corporation Tax Acts etc].

F3379

Textual Amendments

- F3378**Words in s. 832 sidenote substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), **Sch. 1 para. 212(6)** (with Sch. 2)
- F3379**S. 832 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), **Sch. 1 para. 121**, **Sch. 3 Pt. 1** (with Sch. 2)

833 Interpretation of Income Tax Acts.

F3380

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Textual Amendments

F3380S. 833 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 213, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

834 Interpretation of the Corporation Tax Acts.

F3381

Textual Amendments

F3381S. 834 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 122, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F3382}**834A Miscellaneous charges (list for the purposes of certain provisions that formerly referred to Case VI of Schedule D)**

F3383

Textual Amendments

F3382S. 834A inserted (1.4.2009 with effect in accordance with [s. 1329\(1\)](#) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 274](#) (with [Sch. 2 Pts. 1, 2](#))
F3383S. 834A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 123, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F3384}**834B Meaning of “UK property business” and “overseas property business”**

F3385

Textual Amendments

F3384S. 834B inserted (1.4.2009 with effect in accordance with [s. 1329\(1\)](#) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 275](#) (with [Sch. 2 Pts. 1, 2](#))
F3385S. 834B repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 124, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F3386}**834C Total profits**

F3387

Textual Amendments

F3386S. 834C inserted (1.4.2009 with effect in accordance with [s. 1329\(1\)](#) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), Sch. 1 para. 276](#) (with [Sch. 2 Pts. 1, 2](#))
F3387S. 834C repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 125, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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835 “Total income” in the Income Tax Acts.

F3388

Textual Amendments

F3388S. 835 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 215](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

836 Returns of total income.

F3389

Textual Amendments

F3389S. 836 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 216](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F3390}836A] Generally accepted accounting practice

F3391

Textual Amendments

F3390S. 836A inserted (with effect in accordance with s. 103(6) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [s. 103\(2\)](#)

F3391S. 836A repealed (with effect in accordance with s. 80(4) of the repealing Act) by [Finance Act 2005 \(c. 7\)](#), [Sch. 4 para. 25](#), [Sch. 11 Pt. 2\(7\)](#), Note 2

[^{F3392}836B] Table of provisions to which this section applies

F3393

Textual Amendments

F3392S. 836B inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 340](#) (with [Sch. 2](#))

F3393S. 836B repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 217](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

837 “Annual value” of land.

F3394

Textual Amendments

F3394S. 837 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 218](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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[^{F3395}**837** Meaning of “research and development”.

F3396
.....]

Textual Amendments

F3395S. 837A inserted (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 19 para. 1](#)

F3396S. 837A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 126](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F3397}**837B** Meaning of “oil and gas exploration and appraisal”.

F3398
.....]

Textual Amendments

F3397S. 837B inserted (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 19 para. 2](#)

F3398S. 837B repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 127](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F3399}**837C** Meaning of “offshore installation”

F3400
.....]

Textual Amendments

F3399S. 837C inserted (with effect in accordance with [Sch. 27 para. 3](#) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 27 para. 1](#)

F3400S. 837C repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 128](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

838 Subsidiaries.

F3401
.....]

Textual Amendments

F3401S. 838 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 129](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

839 Connected persons.

F3402
.....]

Textual Amendments

F3402S. 839 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 130](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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840 Meaning of “control” in certain contexts.

F3403

Textual Amendments

F3403S. 840 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 131, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F3404}840ZA Meaning of “tax advantage”

F3405

Textual Amendments

F3404S. 840ZA inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 225** (with Sch. 2)

F3405S. 840ZA repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 132, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F3406}840B Banks.

F3407

Textual Amendments

F3406S. 840A inserted (29.4.1996) by Finance Act 1996 (c. 8), **Sch. 37 para. 1(1)**

F3407S. 840A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 133, **Sch. 3 Pt. 1** (with Sch. 2)

841 Meaning of “recognised stock exchange” etc

F3408

Textual Amendments

F3408S. 841 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 134, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F3409}841C Recognised clearing systems.

F3410

Textual Amendments

F3409S. 841A inserted (with effect in accordance with Sch. 7 para. 32 of the amending Act) by Finance Act 1996 (c. 8), **Sch. 7 para. 26** (with Sch. 7 paras. 33-35)

F3410S. 841A repealed (28.7.2000) by Finance Act 2000 (c. 17), **Sch. 40 Pt. 2(17)**

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842 Investment trusts.

F3411

Textual Amendments

F3411 S. 842 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 135, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F3412}842AA Venture capital trusts.

F3413]

Textual Amendments

F3412 S. 842AA inserted (1.5.1995) by Finance Act 1995 (c. 4), **s. 70(1)**
F3413 S. 842AA repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 229, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F3414}842A Local authorities.

F3415]

Textual Amendments

F3414 S. 842A inserted (1.4.1990) by Finance Act 1990 (c. 29), **s.127(1)(4)**
F3415 S. 842A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 136, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F3416}842B Meaning of ^{F3417} . . . “property investment LLP”

F3418]

Textual Amendments

F3416 S. 842B inserted (6.4.2001 with effect in accordance with s. 76(1) of the amending Act) by Finance Act 2001 (c. 9), s. 76(2), **Sch. 25 para. 1(1)**
F3417 Words in s. 842B sidenote repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 231(4), **Sch. 3 Pt. 1** (with Sch. 2)
F3418 S. 842B repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 137, **Sch. 3 Pt. 1** (with Sch. 2)

Commencement, savings, repeals etc.

843 Commencement.

(1) Except as otherwise provided by the following provisions of this section, this Act shall come into force in relation to tax for the year 1988-89 and subsequent years of assessment, and for companies’ accounting periods ending after 5th April 1988.

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- (2) Except as otherwise provided by the following provisions of this section, such of the provisions of this Act as relate to capital gains tax (including the provisions of Part XVIII as applied to capital gains tax by section ^{F3419}277 of ^{F3420}the 1992 Act]] shall come into force in relation to that tax for the year 1988-89 and subsequent years of assessment.
- (3) The following provisions of this Act, that is to say—
- (a) so much of any provision as authorises the making of any Order in Council or regulations or other instrument;
 - (b) so much of any provision as relates to the making of a return, the furnishing of a certificate or the giving of any other information, including any such provision which imposes a duty on the Board or an officer of the Board as well as any such provision which imposes a duty on any other person;
 - (c) so much of any provision as imposes any penalty;
 - (d) except where the tax concerned is all tax for years of assessment before the year 1988-89 or accounting periods ending before 6th April 1988, so much of any other provision as confers any power or imposes any duty the exercise or performance of which operates or may operate in relation to tax for more than one chargeable period,
- shall come into force for all purposes on 6th April 1988 to the exclusion of the corresponding enactments repealed by this Act.
- (4) This section has effect except as otherwise provided by any other provision of this Act, and in particular except as provided by sections 96, 380 to 384, 393, ^{F3421} . . . , 400, 703 and 812.

Textual Amendments

F3419 Words in s. 843(2) substituted (with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 10 para. 14(56)** (with ss. 60, 101(1), 171, 201(3))

F3420 Words in s. 843(2) substituted (retrospectively) by Finance Act 1994 (c. 9), **Sch. 17 para. 8**

F3421 Words in s. 843(4) repealed by Finance Act 1991 (c. 31, SIF 63:1), ss. 73(3)(4)(5), 123, Sch. 15 para. 24, **Sch. 19 Pt. V**, Note 4

844 Savings, transitional provisions, consequential amendments and repeals.

- (1) Schedule 29, which makes amendments to other enactments consequential on the passing of this Act, shall have effect.
- (2) Schedule 29, section 843 and this section are without prejudice to the provisions of the ^{M181}Interpretation Act 1978 as respects the effect of repeals.
- (3) Schedule 30 which contains savings and transitional provisions shall have effect.
- (4) The enactments mentioned in Schedule 31 are hereby repealed to the extent specified in the third column of that Schedule.
- (5) Subject to subsection (6) below, section 843(3), Schedule 30 and to any other provision of this Act by which any provision is brought into force to the exclusion of the corresponding enactments repealed by this Act, those repeals shall come into force in accordance with subsections (1) and (2) of section 843.

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(6) No provision mentioned in subsection (5) above shall be taken as bringing a repeal into force except to the extent that the repealed enactment is being superseded.

Marginal Citations
M181 1978 c. 30.

845 Short title.

This Act may be cited as the Income and Corporation Taxes Act 1988.

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SCHEDULES

F3422F3422 | F3423 SCHEDULE A1

Textual Amendments

F3422 Sch. A1 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 278, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F3423 Sch. A1 inserted (with effect in accordance with s. 149(6) of the amending Act) by Finance Act 2003 (c. 14), s. 149(3), **Sch. 25**

F3424F3424 | F3425 SCHEDULE A2

Textual Amendments

F3424 Sch. A2 repealed (with effect in accordance with s. 26(8)-(11) of the repealing Act) by Finance Act 2006 (c. 25), s. 26(2), **Sch. 26 Pt. 3(1)**, Note

F3425 Sch. A2 inserted (with effect in accordance with s. 28(4)(5) of the amending Act) by Finance Act 2004 (c. 12), s. 28(2)(6), **Sch. 3**

F3426F3426 SCHEDULE 1

Textual Amendments

F3426 Sch. 1 repealed (with effect in accordance with s. 38(2)(3) of the repealing Act) by Finance Act 1998 (c. 36), s. 165, **Sch. 27 Pt. 3(4)**, Note

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F3427F3427 SCHEDULE 2

Textual Amendments

F3427 Sch. 2 repealed (with effect in accordance with Sch. 14 Pt. IV Note 9 of the repealing Act) by Finance Act 1988 (c. 39) ss. 75, 148, Sch. 14 Part IV

F3427

F3428F3428 SCHEDULE 3

Textual Amendments

F3428 Sch. 3 repealed (with effect in accordance with Sch. 7 para. 32 of the repealing Act) by Finance Act 1996 (c. 8), ss. 79, 205, Sch. 7 para. 27, Sch. 41 Pt. 5(2), Note (with Sch. 7 paras. 33-35)

F3451F3451 SCHEDULE 4

Textual Amendments

F3451 Sch. 4 repealed (with effect in accordance with s. 105(1) of the repealing Act) by Finance Act 1996 (c. 8), Sch. 14 para. 50, Sch. 41 Pt. 5(3), Note (with Sch. 15)

Interpretation

1

F3452

Textual Amendments

F3452 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by Finance Act 1996 (c. 8), Sch. 14 para. 50, Sch. 41 Pt. 5(3)

Charge to tax after acquisition of certain securities

2

F3453

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Textual Amendments

F3453 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 14 para. 50](#), [Sch. 41 Pt. 5\(3\)](#)

.....
3 **F3454**

Textual Amendments

F3454 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 14 para. 50](#), [Sch. 41 Pt. 5\(3\)](#)

Charge to tax on disposal of securities

.....
4 **F3455**

Textual Amendments

F3455 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 14 para. 50](#), [Sch. 41 Pt. 5\(3\)](#)

Deduction of income element from total profits of company and allowance as charge on income

.....
5 **F3456**

Textual Amendments

F3456 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 14 para. 50](#), [Sch. 41 Pt. 5\(3\)](#)

Modifications etc. (not altering text)

C228 Sch. 4 para. 5 modified (29.4.1996) by [Finance Act 1996 \(c. 8\)](#), [Sch. 15 para. 19\(2\)](#)

.....
6 **F3457**

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Textual Amendments

F3457 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by [Finance Act 1996 \(c. 8\)](#), Sch. 14 para. 50, [Sch. 41 Pt. 5\(3\)](#)

Disposals

7

F3458

Textual Amendments

F3458 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by [Finance Act 1996 \(c. 8\)](#), Sch. 14 para. 50, [Sch. 41 Pt. 5\(3\)](#)

8

F3459

Textual Amendments

F3459 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by [Finance Act 1996 \(c. 8\)](#), Sch. 14 para. 50, [Sch. 41 Pt. 5\(3\)](#)

Securities issued and owned by associated companies or group companies

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F3460

Textual Amendments

F3460 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by [Finance Act 1996 \(c. 8\)](#), Sch. 14 para. 50, [Sch. 41 Pt. 5\(3\)](#)

Close companies

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F3461

Textual Amendments

F3461 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by [Finance Act 1996 \(c. 8\)](#), Sch. 14 para. 50, [Sch. 41 Pt. 5\(3\)](#)

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Early redemption

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F3462

Textual Amendments

F3462 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by Finance Act 1996 (c. 8), Sch. 14 para. 50, **Sch. 41 Pt. 5(3)**

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11A

F3463

Textual Amendments

F3463 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by Finance Act 1996 (c. 8), Sch. 14 para. 50, **Sch. 41 Pt. 5(3)**

Modifications etc. (not altering text)

C229 1989 s. 93 and Sch. 10 para. 5.

[^{F3464}Issue price]

Textual Amendments

F3464 Sch. 4 para. 11B and heading preceding it inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 54, Sch. 4 paras. 3, 5

.....
F3465 11B

F3466

Textual Amendments

F3465 Sch. 4 para. 11B and heading preceding it inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 54, Sch. 12 paras. 3, 5

F3466 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by Finance Act 1996 (c. 8), Sch. 14 para. 50, **Sch. 41 Pt. 5(3)**

Identification of securities disposed of

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F3467

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Textual Amendments

F3467Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by [Finance Act 1996 \(c. 8\)](#), Sch. 14 para. 50, [Sch. 41 Pt. 5\(3\)](#)

Information

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F3468

Textual Amendments

F3468Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by [Finance Act 1996 \(c. 8\)](#), Sch. 14 para. 50, [Sch. 41 Pt. 5\(3\)](#)

Charities

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F3469

Textual Amendments

F3469Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by [Finance Act 1996 \(c. 8\)](#), Sch. 14 para. 50, [Sch. 41 Pt. 5\(3\)](#)

[^{F3470} Retirement benefit schemes]

Textual Amendments

F34701989 s.93and Sch.10 para.7.

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F3471

Textual Amendments

F3471Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by [Finance Act 1996 \(c. 8\)](#), Sch. 14 para. 50, [Sch. 41 Pt. 5\(3\)](#)

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Stock lending

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F3472

Textual Amendments

F3472 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by [Finance Act 1996 \(c. 8\)](#), Sch. 14 para. 50, [Sch. 41 Pt. 5\(3\)](#)

Trustees

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F3473

Textual Amendments

F3473 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by [Finance Act 1996 \(c. 8\)](#), Sch. 14 para. 50, [Sch. 41 Pt. 5\(3\)](#)

Underwriters

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F3474

Textual Amendments

F3474 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by [Finance Act 1996 \(c. 8\)](#), Sch. 14 para. 50, [Sch. 41 Pt. 5\(3\)](#)

Gilts: special rules

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F3475

Textual Amendments

F3475 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by [Finance Act 1996 \(c. 8\)](#), Sch. 14 para. 50, [Sch. 41 Pt. 5\(3\)](#)

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Non-gilts: special rules

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F3476

Textual Amendments

F3476 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by **Finance Act 1996 (c. 8), Sch. 14 para. 50, Sch. 41 Pt. 5(3)**

[^{F3477} Convertible securities: special rules]

Textual Amendments

F3477 1990 s.56 and Sch.10 paras.26(3), 29(4) on and after 9 June 1989.

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F3478

Textual Amendments

F3478 Sch. 4 repealed (29.4.1996 with effect in accordance with ss. 80-105 of the amending act) by **Finance Act 1996 (c. 8), Sch. 14 para. 50, Sch. 41 Pt. 5(3)**

F3479^{F3479} **F3480** SCHEDULE
4AA]

Textual Amendments

F3479 Sch. 4AA repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by **Corporation Tax Act 2009 (c. 4), Sch. 1 para. 279, Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F3480 Sch. 4AA inserted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by **Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 109** (with Sch. 7)

F3485^{F3485} **F3486** SCHEDULE 4A

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Textual Amendments

- F3485**Sch. 4A repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), Sch. 1 para. 342, **Sch. 3** (with Sch. 2)
- F3486**Sch. 4A inserted (11.5.2001) by [Finance Act 2001 \(c. 9\)](#), s. 71(2), **Sch. 24 para. 1**

F3487F3487 SCHEDULE 5

Textual Amendments

- F3487**Sch. 5 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 280, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F3519F3519 [F3520 SCHEDULE 5AA]

Textual Amendments

- F3519**Sch. 5AA repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), Sch. 1 para. 344, **Sch. 3** (with Sch. 2)
- F3520**Sch. 5AA inserted (with effect in accordance with s. 80(6)(7) of the amending Act) by [Finance Act 1997 \(c. 16\)](#), s. 80(2), **Sch. 11**

F3537F3537 [F3538 SCHEDULE 5A

Textual Amendments

- F3537**Sch. 5A repealed (with effect in accordance with Sch. 10 para. 7(1) of the amending Act) by [Finance Act 1997 \(c. 16\)](#), Sch. 10 para. 1(2), **Sch. 18 Pt. 6(10)**, Note 1; S.I. 1997/991, **art. 2**
- F3538**Sch. 5A inserted (with effect in accordance with s. 85(3) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), s. 85(2), **Sch. 19**

SCHEDULE 6

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F3539F3539 SCHEDULE 6

Textual Amendments

F3539Schs. 6, 6A, 7, 7A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 paras. 110, 111, **Sch 8 Pt. 1** (with Sch. 7)

F3552F3552 [F3553 SCHEDULE 6A]

Textual Amendments

F3552Schs. 6, 6A, 7, 7A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 paras. 110, 111, **Sch 8 Pt. 1** (with Sch. 7)

F3553Sch. 6A inserted (27.7.1993 with effect for the year 1993-94 and subsequent years of assessment) by 1993 c. 34, s. 73, Sch. 4 paras.7, 8

F3581F3581 SCHEDULE 7

Textual Amendments

F3581Schs. 6, 6A, 7, 7A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 paras. 110, 111, **Sch 8 Pt. 1** (with Sch. 7)

F3606F3606 [F3607 SCHEDULE 7A]

Textual Amendments

F3606Schs. 6, 6A, 7, 7A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 paras. 110, 111, **Sch 8 Pt. 1** (with Sch. 7)

F3607Sch. 7A inserted (with effect in accordance with s. 57(2) of the amending Act) by Finance Act 2000 (c. 17), s. 57(1), **Sch. 10 para. 5(2)**

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F3608F3608 SCHEDULE 8

Textual Amendments

F3608Sch. 8 repealed (with effect in accordance with s. 61(2)(3), Sch. 18 Pt. 6(3) Notes 1-3 of the repealing Act) by Finance Act 1997 (c. 16), Sch. 18 Pt. 6(3)

SCHEDULE 9

Sections 185, 186, 187.

APPROVED SHARE OPTION SCHEMES AND PROFIT SHARING SCHEMES

Modifications etc. (not altering text)

C234 Sch. 9 excluded (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 238(2)(c)(4), 289 (with ss. 60, 101(1), 171, 201(3))

C235 Sch. 9 modified (29.4.1996) by Finance Act 1996 (c. 8), s. 115

C236 Sch. 9 modified (29.4.1996) by Finance Act 1996 (c. 8), s. 116(3)

C237 Sch. 9 modified (28.7.2000) by Finance Act 2000 (c. 17), s. 49(1)(2)

C238 Sch. 9 continued for specified purposes (6.4.2003 with effect in accordance with s. 723(1) of the affecting Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), s. 418(3) (with Sch. 7)

[F3636] PART I

GENERAL

Textual Amendments

F3636Sch. 9 Pts. 1, 2, 6 repealed (except for specified purposes) (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 112(1), Sch 8 Pt. 1 (with Sch. 7)

- 1 (1) ^{M206}Subject to the provisions of this Schedule, on the application of a body corporate (“the grantor”) which has established a share option scheme or a profit sharing scheme, the Board shall approve the scheme if they are satisfied that it fulfils such requirements of Part II and this Part as apply in relation to the scheme in question, and the requirements of Part III, IV or V of this Schedule; and in this Schedule—
- “the relevant requirements” means, in relation to any scheme, the requirements of this Schedule by reference to which the scheme is approved; and
- “savings-related share option scheme” means a scheme in relation to which the relevant requirements include the requirements of Part III of this Schedule.
- (2) ^{M207}An application under sub-paragraph (1) above shall be made in writing and contain such particulars and be supported by such evidence as the Board may require.

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- (3) ^{M208}Where the grantor has control of another company or companies, the scheme may be expressed to extend to all or any of the companies of which it has control and in this Schedule a scheme which is expressed so to extend is referred to as a “group scheme”.
- (4) ^{M209}In relation to a group scheme the expression “participating company” means the grantor or any other company to which for the time being the scheme is expressed to extend.

Marginal Citations

M206 Source—1978 Sch.9 1(1)(a); 1980 Sch.10 1(1)(a); 1984 Sch.10 1(1)

M207 Source—1978 Sch.9 1(5); 1980 Sch.10 1(2); 1984 Sch.10 1(2)

M208 Source—1978 Sch.9 1(2); 1980 Sch.10 1(3); 1984 Sch.10 1(3)

M209 Source—1978 Sch.9 1(2); 1980 Sch.10 1(3); 1984 Sch.10 1(4)

- 2 (1) ^{M210}The Board shall not approve a scheme under this Schedule if it appears to them that it contains features which are neither essential nor reasonably incidental to the purpose of providing for employees and directors benefits in the nature of rights to acquire shares or, in the case of a profit sharing scheme, in the nature of interests in shares.
- (2) ^{M211}A profit sharing scheme shall not be approved under paragraph 1 above unless the Board are satisfied that, whether under the terms of the scheme or otherwise, every participant in the scheme is bound in contract with the grantor—
- (a) to permit his shares to remain in the hands of the trustees throughout the period of retention; and
 - (b) not to assign, charge or otherwise dispose of his beneficial interest in his shares during that period; and
 - (c) if he directs the trustees to transfer the ownership of his shares to him at any time before the release date, to pay to the trustees before the transfer takes place a sum equal to income tax at the basic rate on the appropriate percentage of the locked-in value of the shares at the time of the direction; and
 - (d) not to direct the trustees to dispose of his shares at any time before the release date in any other way except by sale for the best consideration in money that can reasonably be obtained at the time of the sale or, in the case of redeemable shares in a workers’ cooperative, by redemption.
- [The Board shall not approve a profit sharing scheme unless they are satisfied—
- ^{F3637}(2A) (a) that the arrangements for the scheme do not make any provision, and are not in any way associated with any provision made, for loans to some or all of the employees of—
- (i) the company that established the scheme, or
 - (ii) in the case of a group scheme, any participating company, and
- (b) that the operation of the scheme is not in any way associated with such loans.
- (2B) For the purposes of sub-paragraph (2A) above “arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable.]

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- (3) ^{M212}The Board must be satisfied in the case of a savings-related share option scheme or a profit sharing scheme—
- (a) that there are no features of the scheme (other than any which are included to satisfy requirements of this Schedule) which have or would have the effect of discouraging any description of employees or former employees who fulfil the conditions in paragraph 26(1) or, as the case may be, 36(1) below from actually participating in the scheme; and
 - (b) where the grantor is a member of a group of companies, that the scheme does not and would not have the effect of conferring benefits wholly or mainly on directors of companies in the group or on those employees of companies in the group who are in receipt of the higher or highest levels of remuneration.
- (4) For the purposes of sub-paragraph (3) above “a group of companies” means a company and any other companies of which it has control.

Textual Amendments

F3637 Sch. 9 para. 2(2A)(2B) inserted (21.3.2000) by Finance Act 2000 (c. 17), s. 53(1)(3)

Modifications etc. (not altering text)

C239 Sch. 9 para. 2(2) excluded (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 238(1)(4), 289 (with ss. 60, 101(1), 171, 201(3))

Marginal Citations

M210 Source—1978 Sch.9 1(1)(b); 1980 Sch.10 1(1), (b); 1984 Sch.10 1(1); 1987 Sch.15 13

M211 Source—1978 s.54(1); 1986 s.24(3)(a)

M212 Source—1978 Sch.9 2(3), (4); 1980 Sch.10 1(1)(aa), (ab), (1A); 1983 s.25(5); 1984 s.39(2)

- 3 (1) If, at any time after the Board have approved a share option scheme, any of the relevant requirements ceases to be satisfied or the grantor fails to provide information requested by the Board under paragraph 6 below, the Board may withdraw the approval with effect from that time or such later time as the Board may specify; but where rights obtained under a savings-related share option scheme before the withdrawal of approval from the scheme under this paragraph are exercised after the withdrawal, section 185(3) shall apply in respect of the exercise as if the scheme were still approved.
- (2) If at any time after the Board have approved a profit sharing scheme—
- (a) a participant is in breach of any of his obligations under paragraph 2(2)(a), (c) and (d) above; or
 - (b) there is, with respect to the operation of the scheme, any contravention of any of the relevant requirements, Schedule 10, the scheme itself or the terms of the trust referred to in paragraph 30(1)(c) below; or
 - (c) any shares of a class of which shares have been appropriated to the participants receive different treatment in any respect from the other shares of that class, in particular, different treatment in respect of—
 - (i) the dividend payable;
 - (ii) repayment;
 - (iii) the restrictions attaching to the shares; or
 - (iv) any offer of substituted or additional shares, securities or rights of any description in respect of the shares; or

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- [the Board—
- ^{F3638}(ca) (i) cease to be satisfied of the matters mentioned in paragraph 2(2A) above, or
- (ii) in the case of a scheme approved before 21st March 2000, are not satisfied of those matters; or]
- (d) the Board cease to be satisfied that the scheme complies with the requirements of paragraph 2(3) above or paragraph 36 below; or
- (e) the trustees, the grantor or, in the case of a group scheme, a company which is or has been a participating company fail or fails to furnish any information which they are or it is required to furnish under paragraph 6 below [^{F3639}; or,
- (f) the trustees appropriate shares to participants, one or more of whom have had free shares appropriated to them, at an earlier time in the same year of assessment, under a relevant share plan],

the Board may, subject to sub-paragraph (3) below, withdraw the approval with effect from that time or from such later time as the Board may specify.

- (3) ^{M213}It shall not be a ground for withdrawal of approval of a profit sharing scheme that shares which have been newly issued receive, in respect of dividends payable with respect to a period beginning before the date on which the shares were issued, treatment which is less favourable than that accorded to shares issued before that date.

[For the purposes of sub-paragraph (2)(f) above the reference to persons having had

^{F3640}(4) free shares appropriated to them includes persons who would have had free shares appropriated to them but for their failure to obtain a performance allowance (within the meaning of paragraph 25 of Schedule 8 to the Finance Act 2000).

- (5) In sub-paragraph (2)(f) and (4) above—
- “free shares” has the same meaning as in Schedule 8 to the Finance Act 2000;
- “relevant share plan”, in relation to a profit sharing scheme, means an employee share ownership plan that—
- (a) was established by the grantor or a connected company, and
- (b) is approved under Schedule 8 to that Act.

- (6) For the purposes of sub-paragraph (5) above “connected company” means—
- (a) a company which controls or is controlled by the grantor or which is controlled by a company which also controls the grantor, or
- (b) a company which is a member of a consortium owning the grantor or which is owned in part by the grantor as a member of a consortium.]

Textual Amendments

F3638 Sch. 9 para. 3(2)(ca) inserted (21.3.2000) by [Finance Act 2000 \(c. 17\), s. 53\(2\)\(3\)](#)

F3639 Sch. 9 para. 3(2)(f) and preceding word inserted (28.7.2000) by [Finance Act 2000 \(c. 17\), s. 51\(1\)](#)

F3640 Sch. 9 para. 3(4)-(6) inserted (28.7.2000) by [Finance Act 2000 \(c. 17\), s. 51\(2\)](#)

Marginal Citations

M213 Source—1978 Sch.9 3(3)

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- 4 ^{M214} If an alteration is made in the scheme at any time after the Board have approved the scheme, the approval shall not have effect after the date of the alteration unless the Board have approved the alteration.

Modifications etc. (not altering text)

C240 Sch. 9 para. 4 modified (with effect in accordance with Sch. 16 para. 1 of the modifying Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 16 para. 4](#)

Marginal Citations

M214 Source—1978 Sch.9 3(2); 1980 Sch.10 3(2); 1984 Sch.10 2(2)

- 5 ^{M215} If aggrieved—
- (a) in any case, by the failure of the Board to approve the scheme or to approve an alteration in the scheme or by the withdrawal of approval; or
 - (b) in the case of a savings-related share option scheme, by the failure of the Board to decide that a condition subject to which the approval has been given is satisfied; or
 - (c) in the case of a profit sharing scheme, by the failure of the Board to approve an alteration in the terms of the trust referred to in paragraph 30(1)(c) below;

the grantor may, by notice given to the Board within 30 days from the date on which it is notified of the Board's decision, require the matter to be determined by the Special Commissioners, and the Special Commissioners shall hear and determine the matter in like manner as an appeal.

Modifications etc. (not altering text)

C241 Sch. 9 para. 5 modified (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 158](#)

Marginal Citations

M215 Source—1978 Sch.9 4; 1980 Sch.10 4; 1984 Sch.10 3

- 6 ^{M216} The Board may by notice require any person to furnish them, within such time as the Board may direct (not being less than 30 days), with such information as the Board think necessary for the performance of their functions under the relevant provisions and as the person to whom the notice is addressed has or can reasonably obtain, including in particular information—
- (a) to enable the Board to determine—
 - (i) whether to approve a scheme or withdraw an approval already given; or
 - (ii) the liability to tax, including capital gains tax, of any person who has participated in a scheme; and
 - (b) in relation to the administration of a scheme and any alteration of the terms of a scheme.]

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Marginal Citations

M216 Source—1978 s.53(7); 1980 Sch.10 25; 1984 Sch.10 14

[^{F3641}PART II

REQUIREMENTS GENERALLY APPLICABLE

Textual Amendments

F3641 Sch. 9 Pts. 1, 2, 6 repealed (except for specified purposes) (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), Sch. 6 para. 112(1), [Sch 8 Pt. 1](#) (with Sch. 7)

7 The provisions of this Part apply in relation to all schemes unless otherwise stated.

8 ^{M217}The scheme must not provide for any person to be eligible to participate in it, that is to say, to obtain and exercise rights under it, or in the case of a profit sharing scheme to have shares appropriated to him, at any time when he has, or has within the preceding 12 months had, a material interest in a close company which is—

- (a) a company shares in which, in the case of a profit sharing scheme, are to be appropriated or, in the case of a share option scheme, may be acquired pursuant to the exercise of rights obtained under the scheme; or
- (b) a company which has control of such a company or is a member of a consortium which owns such a company.

In determining whether a company is a close company for the purposes of this paragraph, sections 414(1)(a) and 415 shall be disregarded.

Marginal Citations

M217 Source—1978 Sch.9 11(1), (2); 1980 Sch.10 23; 1984 Sch.10 4(1)(b), (3)

^{F3642}8A(1) In the case of a savings-related share option scheme or a profit sharing scheme, the scheme must specify what age is to be the specified age for the purposes of the scheme.

(2) The age specified—

- (a) must be the same for men and women, and
- (b) must be not less than 60 and not more than 75.]

Textual Amendments

F3642 Sch. 9 Pt. II para. 8A inserted by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), s. 38(5)(6)

9 (1) ^{M218}A share option scheme must provide for directors and employees to obtain rights to acquire shares (“scheme shares”) which satisfy the requirements of paragraphs 10 to 14 below [^{F3643}(disregarding paragraph 11A)].

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- (2) In the case of a profit sharing scheme, the shares to be acquired by the trustees as mentioned in paragraph 30 below (“scheme shares”) must satisfy the requirements of paragraphs 10 to 12 and 14 below.

Textual Amendments

F3643 Words in [Sch. 9 para. 9\(1\)](#) inserted (21.3.2000) by [Finance Act 2000 \(c. 17\)](#), s. [52\(2\)\(5\)](#)

Marginal Citations

M218 Source—1978 Sch.9 1(1), (3); 1980 Sch.10 5(a); 1984 Sch.10

- 10 ^{M219} Scheme shares must form part of the ordinary share capital of—
- (a) the grantor; or
 - (b) a company which has control of the grantor; or
 - (c) a company which either is, or has control of, a company which—
 - (i) is a member of a consortium owning either the grantor or a company having control of the grantor; ^{F3644} . . .
 - ^{F3644} (ii)

Textual Amendments

F3644 [Sch. 9 para. 10\(c\)\(ii\)](#) and preceding word repealed by [Finance Act 1989 \(c. 26\)](#), s. 64, [Sch. 17 Pt. 4](#)

Marginal Citations

M219 Source—1978 Sch.9 5; 1980 Sch.10 15; 1984 Sch.10 7

- 11 ^{M220} Scheme shares must be—
- (a) shares of a class [^{F3645}listed] on a recognised stock exchange; or
 - (b) shares in a company which is not under the control of another company; or
 - (c) shares in a company which is under the control of a company (other than a company which is, or would if resident in the United Kingdom be, a close company), whose shares are [^{F3645}listed] on a recognised stock exchange.

Textual Amendments

F3645 Words in [Sch. 9 para. 11\(a\)\(c\)](#) substituted (with effect in accordance with [Sch. 38 para. 6\(10\)](#) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 38 para. 6\(1\)\(2\)\(j\)](#)

Marginal Citations

M220 Source—1978 Sch.9 6; 1980, s.46(10), Sch.10 16; 1984 Sch.10 8

- ^{F3646} 1(A) In the case of a profit sharing scheme, scheme shares must not be shares—
- (a) in an employer company, or
 - (b) in a company that—
 - (i) has control of an employer company, and
 - (ii) is under the control of a person or persons within sub-paragraph (2)(b)(i) below in relation to an employer company.

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Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

- (2) For the purposes of this paragraph a company is “an employer company” if—
- (a) the business carried on by it consists substantially in the provision of the services of the persons employed by it, and
 - (b) the majority of those services are provided to—
 - (i) a person who has, or two or more persons who together have, control of the company, or
 - (ii) a company associated with the company.
- (3) For the purposes of sub-paragraph (2)(b)(ii) above a company shall be treated as associated with another company if both companies are under the control of the same person or persons.
- (4) For the purposes of sub-paragraphs (1) to (3) above—
- (a) references to a person include a partnership, and
 - (b) where a partner, alone or together with others, has control of a company, the partnership shall be treated as having like control of that company.
- (5) For the purposes of this paragraph the question whether a person controls a company shall be determined in accordance with section 416(2) to (6).]

Textual Amendments

F3646Sch. 9 para. 11A inserted (21.3.2000) by Finance Act 2000 (c. 17), s. 52(3)(5) (with s. 52(6))

- 12 (1) ^{M221}Scheme shares must be—
- (a) fully paid up;
 - (b) not redeemable; and
 - (c) not subject to any restrictions [^{F3647}other than those permitted by sub-paragraph (1A) below.]
- Sub-paragraph (b) above does not apply, in the case of a profit sharing scheme, in relation to shares in a workers’ cooperative.
- [^{F3648}(1A) Subject to sub-paragraph (1B) below, scheme shares may be subject to—
- (a) restrictions which attach to all shares of the same class, or
 - (b) a restriction authorised by sub-paragraph (2) below.
- (1B) In the case of a profit sharing scheme, scheme shares must not be subject to any restrictions affecting the rights attaching to those shares which relate to—
- (a) dividends, or
 - (b) assets on a winding-up of the company,
- other than restrictions which attach to all other ordinary shares in the same company.]
- (2) Except as provided below, the shares may be subject to a restriction imposed by the company’s articles of association—
- (a) requiring all shares held by directors or employees of the company or of any other company of which it has control to be disposed of on ceasing to be so held; and
 - (b) requiring all shares acquired, in pursuance of rights or interests obtained by such directors or employees, by persons who are not (or have ceased to be) such directors or employees to be disposed of when they are acquired.

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- (3) A restriction is not authorised by sub-paragraph (2) above unless—
- (a) any disposal required by the restriction will be by way of sale for a consideration in money on terms specified in the articles of association; and
 - (b) the articles also contain general provisions by virtue of which any person disposing of shares of the same class (whether or not held or acquired as mentioned in sub-paragraph (2) above) may be required to sell them on terms which are the same as those mentioned in paragraph (a) above.
- (4) In the case of a profit sharing scheme, except in relation to redeemable shares in a workers' cooperative, nothing in sub-paragraph (2) above authorises a restriction which would require a person, before the release date, to dispose of his beneficial interest in shares the ownership of which has not been transferred to him.

Textual Amendments

F3647 Words in Sch. 9 para. 12(1)(c) substituted (21.3.2000) by Finance Act 2000 (c. 17), s. 52(4)(a)(5) (with s. 52(6))

F3648 Sch. 9 para. 12(1A)(1B) inserted (21.3.2000) by Finance Act 2000 (c. 17), s. 52(4)(b)(5) (with s. 52(6))

Marginal Citations

M221 Source—1978 Sch.9 7; 1980 Sch.10 17; 1984 Sch.10 9; 1986 s.22, 24(2)

- 13 (1) ^{M222}In determining, in the case of a share option scheme, for the purposes of paragraph 12(1)(c) above whether scheme shares which are or are to be acquired by any person are subject to any restrictions, there shall be regarded as a restriction attaching to the shares any contract, agreement, arrangement or condition by which his freedom to dispose of the shares or of any interest in them or of the proceeds of their sale or to exercise any right conferred by them is restricted or by which such a disposal or exercise may result in any disadvantage to him or to a person connected with him.
- (2) Sub-paragraph (1) does not apply 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 November 1984.
- [^{F3649}(3) In the case of schemes other than savings-related share option schemes, sub-paragraph (1) above does not apply in relation to any terms of a loan making provision about how it is to be repaid or the security to be given for it.]

Textual Amendments

F3649 Sch. 9 para. 13(3) added (retrospectively) by Finance Act 1988 (c. 39), s. 69(1)

Marginal Citations

M222 Source—1980 Sch.10 18; 1982 s.41; 1984 Sch.10 10; 1986 s.23(4)

- 14 (1) ^{M223}Except where scheme shares are shares in a company the ordinary share capital of which consists of shares of one class only, the majority of the issued shares of the same class either must be employee-control shares or must be held by persons other than—

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- (a) persons who acquired their shares in pursuance of a right conferred on them or an opportunity afforded to them as a director or employee of the grantor or any other company and not in pursuance of an offer to the public;
 - (b) trustees holding shares on behalf of persons who acquired their beneficial interests in the shares as mentioned in sub-paragraph (a) above; and
 - (c) in a case where the shares fall within sub-paragraph (c), but not within sub-paragraph (a), of paragraph 11 above, companies which have control of the company whose shares are in question or of which that company is an associated company.
- (2) In its application to a profit sharing scheme, sub-paragraph (1) above shall have effect with the addition after the words “ordinary share capital of which” of the words “ at the time of the acquisition of the shares by the trustees ”.
- (3) For the purposes of this paragraph, shares in a company are employee-control shares if—
- (a) the persons holding the shares are, by virtue of their holding, together able to control the company; and
 - (b) those persons are or have been employees or directors of the company or of another company which is under the control of the company.

Marginal Citations

M223 Source—1978 Sch.9 8; 1980 s.46(11), Sch.10 19; 1984 Sch.10 11; 1986 s.23(3)

- 15 (1) ^{M224}Except in the case of a profit sharing scheme, the scheme may provide that if any company (“the acquiring company”)—
- (a) obtains control of a company whose shares are scheme shares as a result of making a general offer—
 - (i) to acquire the whole of the issued ordinary share capital of the company which is made on a condition such that if it is satisfied the person making the offer will have control of the company; or
 - (ii) to acquire all the shares in the company which are of the same class as the scheme shares;
 - (b) obtains control of a company whose shares are scheme shares in pursuance of a compromise or arrangement sanctioned by the court under section 425 of the ^{M225}Companies Act 1985 or Article 418 of the ^{M226}Companies (Northern Ireland) Order 1986; or
 - (c) becomes bound or entitled to acquire shares in a company whose shares are scheme shares under sections 428 to 430 of that Act or Articles 421 to 423 of that Order,
- any participant in the scheme may at any time within the appropriate period, by agreement with the acquiring company, release his rights under the scheme (in this paragraph referred to as “the old rights”) in consideration of the grant to him of rights (in this paragraph referred to as “the new rights”) which are equivalent to the old rights but relate to shares in a different company (whether the acquiring company itself or some other company falling within paragraph 10(b) or (c) above).
- (2) In sub-paragraph (1) above “the appropriate period” means—

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- (a) in a case falling within paragraph (a), the period of six months beginning with the time when the person making the offer has obtained control of the company and any condition subject to which the offer is made is satisfied;
 - (b) in a case falling within paragraph (b), the period of six months beginning with the time when the court sanctions the compromise or arrangement; and
 - (c) in a case falling within paragraph (c), the period during which the acquiring company remains bound or entitled as mentioned in that paragraph.
- (3) The new rights shall not be regarded for the purposes of this paragraph as equivalent to the old rights unless—
- (a) the shares to which they relate satisfy the conditions specified, in relation to scheme shares, in paragraphs 10 to 14 above; and
 - (b) the new rights will be exercisable in the same manner as the old rights and subject to the provisions of the scheme as it had effect immediately before the release of the old rights; and
 - (c) the total market value, immediately before the release, of the shares which were subject to the participant's old rights is equal to the total market value, immediately after the grant, of the shares in respect of which the new rights are granted to the participant; and
 - (d) the total amount payable by the participant for the acquisition of shares in pursuance of the new rights is equal to the total amount that would have been payable for the acquisition of shares in pursuance of the old rights.
- (4) Where any new rights are granted pursuant to a provision included in a scheme by virtue of this paragraph they shall be regarded—
- (a) for the purposes of section 185 and this Schedule; and
 - (b) for the purposes of the subsequent application (by virtue of a condition complying with sub-paragraph (3)(b) above) of the provisions of the scheme, as having been granted at the time when the corresponding old rights were granted.
- (5) ^{M227}Where a scheme which was approved before 1st August 1987 is altered before 1st August 1989 so as to include such a provision as is mentioned above (“an exchange provision”), the scheme as altered may by virtue of this and the following sub-paragraphs apply that provision to rights obtained under the scheme before the date on which the alteration takes effect.
- (6) If an exchange provision is applied as mentioned in sub-paragraph (5) above in a case where, on or after 17th March 1987 but before the date on which the alteration takes effect, an event has occurred by reason of which a person holding rights under the scheme would be able to take advantage of the exchange provision—
- (a) the scheme may permit a person who held rights under the scheme immediately before that event to take advantage of the exchange provision; and
 - (b) in a case where rights then held would otherwise, by reason of the event, have ceased to be exercisable, the scheme may provide that the exchange provision shall apply as if the rights were still exercisable.
- (7) The application of an exchange provision as mentioned in sub-paragraph (5) or (6) above shall not itself be regarded for the purposes of this Schedule as the acquisition of a right.
- (8) Sub-paragraphs (5) and (6) above have effect subject to paragraph 4 above.

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Marginal Citations

M224 Source—1980 Sch.10, 10A; 1984 Sch.10 4A; 1987 Sch.4 1, 2; 1987 (No.2) s.59

M225 1985 c. 6.

M226 S.I. 1986/1032 (N.I. 6).

M227 Source—1987 Sch.4 3

F3650F3650 PART III

REQUIREMENTS APPLICABLE TO SAVINGS-RELATED SHARE OPTION SCHEMES

Textual Amendments

F3650Sch. 9 Pts. 3, 4 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), Sch. 6 para. 112(2), [Sch 8 Pt. 1](#) (with Sch. 7)

-
- 16 (1) The scheme must provide for the scheme shares to be paid for with moneys not exceeding the amount of repayments made and any interest paid to them under a certified contractual savings scheme which has been approved by the Board for the purposes of this Schedule.
- (2) Where the Board are satisfied that—
- (a) a person has entered into a certified contractual savings scheme before 15th November 1980, and
 - (b) he has obtained rights under a scheme established before that date to acquire shares in a company of which he is an employee or director (or a company of which such a company has control) using repayments made under the certified contractual savings scheme;
- then, repayments and interest paid under the certified contractual savings scheme shall be treated as repayments and interest paid, under a scheme approved by the Board for the purposes of this Schedule under sub-paragraph (1) above, and, accordingly, may be used for the purchase of shares under a savings-related share option scheme approved under this Schedule.
- (3) The repayments and interest to which sub-paragraph (2) above applies shall not exceed the repayments and interest to which the participant would have been entitled if the terms of the scheme had corresponded to those of a certified contractual savings scheme approved by the Board under sub-paragraph (1) above.

-
- 17 Subject to paragraphs 18 to 21 below, the rights obtained under the scheme must not be capable of being exercised before the bonus date, that is to say, the date on which repayments under the certified contractual savings scheme are due; and for the purposes of this paragraph and paragraph 16 above—
- (a) repayments under a certified contractual savings scheme may be taken as including or as not including a bonus;

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- (b) the time when repayments are due shall be, where repayments are taken as including the maximum bonus, the earliest date on which the maximum bonus is payable and, in any other case, the earliest date on which a bonus is payable under the scheme; and
- (c) the question what is to be taken as so included must be required to be determined at the time when rights under the scheme are obtained.

.....

18 The scheme must provide that if a person who has obtained rights under the scheme dies before the bonus date the rights must be exercised, if at all, within 12 months after the date of his death and if he dies within six months after the bonus date the rights may be exercised within 12 months after the bonus date.

.....

19 The scheme must provide that if a person who has obtained rights under it ceases to hold the office or employment by virtue of which he is eligible to participate in the scheme by reason of—

- (a) injury or disability or redundancy within the meaning of the Employment Rights Act 1996; or
- (b) retirement on reaching the specified age or any other age at which he is bound to retire in accordance with the terms of his contract of employment,

then the rights must be exercised, if at all, within six months of his so ceasing and, if he so ceases for any other reason within three years of obtaining the rights, they may not be exercised at all except pursuant to such a provision of the scheme as is mentioned in paragraph 21(1)(e) below; and in relation to the case where he so ceases for any other reason more than three years after obtaining the rights the scheme must either provide that the rights may not be exercised or that they must be exercised, if at all, within six months of his so ceasing.

.....

20 The scheme must provide that where a person who has obtained rights under it continues to hold the office or employment by virtue of which he is eligible to participate in the scheme after the date on which he reaches the specified age, he may exercise the rights within six months of that date.

.....

21 (1) The scheme may provide that—

- (a) if any person obtains control of a company whose shares are scheme shares as a result of making a general offer falling within paragraph 15(a)(i) or (ii) above, rights obtained under the scheme to acquire shares in the company may be exercised within six months of the time when the person making the offer has obtained control of the company and any condition subject to which the offer is made has been satisfied;
- (b) if under section 425 of the Companies Act 1985 or Article 418 of the Companies (Northern Ireland) Order 1986 (power to compromise with creditors and members) the court sanctions a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of a company whose shares are scheme shares or its

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- amalgamation with any other company or companies, rights obtained under the share option scheme to acquire shares in the company may be exercised within six months of the court sanctioning the compromise or arrangement;
- (c) if any person becomes bound or entitled, under sections 428 to 430 of that Act of 1985 or Articles 421 to 423 of that Order of 1986 (power to acquire shares of shareholders dissenting from schemes or contract approved by majority), to acquire shares in a company shares in which are scheme shares, rights obtained under the scheme to acquire shares in the company may be exercised at any time when that person remains so bound or entitled;
- (d) if a company whose shares are scheme shares passes a resolution for voluntary winding up, rights obtained under a scheme to acquire shares in the company may be exercised within six months of the passing of the resolution; . . .
- (e) if a person ceases to hold an office or employment by virtue of which he is eligible to participate in the scheme by reason only that—
- (i) that office or employment is in a company of which the grantor ceases to have control; or
 - (ii) that office or employment relates to a business or part of a business which is transferred to a person who is neither an associated company of the grantor nor a company of which the grantor has control;
- rights under the scheme held by that person may be exercised within six months of his so ceasing; and
- (f) if, at the bonus date, a person who has obtained rights under the scheme holds an office or employment in a company which is not a participating company but which is—
- (i) an associated company of the grantor, or
 - (ii) a company of which the grantor has control,
- those rights may be exercised within six months of that date.
- (2) For the purposes of this paragraph a person shall be deemed to have obtained control of a company if he and others acting in concert with him have together obtained control of it.
- (3) Where a scheme which has been approved before 1st August 1986 has been or is altered before 1st August 1988 so as to include such a provision as is specified in sub-paragraph (1)(e) above, the scheme as altered may by virtue of this sub-paragraph apply that provision to rights obtained under the scheme before the date on which the alteration takes effect, and where that provision is so applied in relation to such rights—
- (a) the scheme may permit a person having such rights to take advantage of the provision notwithstanding that under the scheme he would otherwise be unable to exercise those rights after he has ceased to hold the office or employment in question; and
 - (b) if, before the date on which the alteration takes effect, a person who held such rights on 18th March 1986 ceases, in either of the circumstances set out in sub-paragraph (1)(e) above, to hold an office or employment by virtue of which he was eligible to participate in the scheme, then, so far as concerns the rights so held, the scheme may permit him to take advantage of the provision in question as if the alteration had been made immediately before he ceased to hold that office or employment; and

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- (c) the application of the provision shall not itself be regarded as the acquisition of a right for the purposes of this Schedule.

This sub-paragraph has effect subject to paragraph 4 above.

- (4) Where a scheme approved before the date of the passing of the Finance Act 1996 is altered before 5th May 1998 so as to include such a provision as is specified in sub-paragraph (1)(f) above, the scheme may apply the provision to rights obtained under the scheme before the alteration takes effect, whether the bonus date in relation to the rights occurred before or after the passing of that Act; and where the provision is applied to such rights by virtue of this sub-paragraph, its application to such rights shall not itself be regarded as the acquisition of a right for the purposes of this Schedule.

This sub-paragraph has effect subject to paragraph 4 above.

.....
 22 Except as provided in paragraph 18 above, rights obtained by a person under the scheme must not be capable—

- (a) of being transferred by him, or
 (b) of being exercised later than six months after the bonus date.

.....
 23 No person shall be treated for the purposes of paragraph 19 or 21(1)(e) above as ceasing to hold an office or employment by virtue of which he is eligible to participate in the scheme until he ceases to hold an office or employment in the grantor or in any associated company or company of which the grantor has control.

.....
 24 (1) The scheme must provide for a person's contributions under the certified contractual savings scheme to be of such amount as to secure as nearly as may be repayment of an amount equal to that for which shares may be acquired in pursuance of rights obtained under the scheme; and for this purpose the amount of repayment under the certified contractual savings scheme shall be determined as mentioned in paragraph 17 above.

(2) The scheme must not—

- (a) permit the aggregate amount of a person's contributions under certified contractual savings schemes linked to savings-related share option schemes approved under this Schedule to exceed £250 monthly, nor
 (b) impose a minimum on the amount of a person's contributions which exceeds £10 monthly.

(3) The Treasury may by order amend sub-paragraph (2) above by substituting for any amount for the time being specified in that sub-paragraph such amount as may be specified in the order.

.....
 25 The price at which scheme shares may be acquired by the exercise of a right obtained under the scheme—

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- (a) must be stated at the time the right is obtained, and
- (b) must not be manifestly less than 80% of the market value of shares of the same class at that time or, if the Board and the grantor agree in writing, at such earlier time or times as may be provided in the agreement,

but the scheme may provide for such variation of the price as may be necessary to take account of any variation in the share capital of which the scheme shares form part.

.....

- 26 (1) Subject to paragraph 8 above, every person who—
- (a) is an employee or a full-time director of the grantor or, in the case of a group scheme, a participating company, and
 - (b) has been such an employee or director at all times during a qualifying period not exceeding five years, and
 - (c) is chargeable to tax in respect of his office or employment under Case I of Schedule E,

must be eligible to participate in the scheme, that is to say, to obtain and exercise rights under it, on similar terms, and those who do participate in the scheme must actually do so on similar terms.

- (2) For the purposes of sub-paragraph (1) above, the fact that the rights to be obtained by the persons participating in a scheme vary according to the levels of their remuneration, the length of their service or similar factors shall not be regarded as meaning that they are not eligible to participate in the scheme on similar terms or do not actually do so.
- (3) Except as provided by paragraph 19 above or pursuant to such a provision as is referred to in paragraph 21(1)(e) or (f) above, a person must not be eligible to participate in the scheme at any time unless he is at that time a director or employee of the grantor or, in the case of a group scheme, of a participating company.

F3661F3661 PART IV

REQUIREMENTS APPLICABLE TO OTHER SHARE OPTION SCHEMES

Textual Amendments

F3661Sch. 9 Pts. 3, 4 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 112(2), **Sch 8 Pt. 1** (with Sch. 7)

.....

- 27 (1) A person must not be eligible to obtain rights under the scheme at any time unless he is at that time a full-time director or qualifying employee of the grantor or, in the case of a group scheme, of a participating company, but the scheme may provide that a person may exercise rights under it after he has ceased to be a full-time director or qualifying employee.

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- (2) The scheme must not permit any person obtaining rights under it to transfer any of them but may provide that, if a person who has obtained rights under it dies before exercising them, they may be exercised after, but not more than one year after, the date of his death.
- (3) Where the scheme contains the provision permitted by sub-paragraph (2) above and any rights are exercised—
 - (a) after the death of the person who obtained them; but
 - (b) before the expiry of the period of ten years beginning with his obtaining them;
 subsection (3) of section 185 shall apply with the omission of the reference to subsection (5) of that section.
- (4) In sub-paragraph (1) above “qualifying employee”, in relation to a company, means an employee of the company (other than one who is a director of the company or, in the case of a group scheme, of a participating company)

.....

- 28 (1) The scheme must provide that no person shall obtain rights under it which would, at the time they are obtained, cause the aggregate market value of the shares which he may acquire in pursuance of rights obtained under the scheme or under any other share option scheme, not being a savings-related share option scheme, approved under this Schedule and established by the grantor or by any associated company of the grantor (and not exercised) to exceed or further exceed £30,000.
- (2)
- (3) For the purposes of sub-paragraph (1) above, the market value of shares shall be calculated as at the time when the rights in relation to those shares were obtained or, in a case where an agreement relating to them has been made under paragraph 29 below, such earlier time or times as may be provided in the agreement.
- (4)

.....

- ^{F3665}29(1) The price at which scheme shares may be acquired by the exercise of a right obtained under the scheme—
 - (a) must be stated at the time the right is obtained, and
 - (b) must not be manifestly less than the market value of shares of the same class at that time or, if the Board and the grantor agree in writing, at such earlier time or times as may be provided in the agreement.
- (7) The scheme may provide for such variation of the price at which scheme shares may be acquired as may be necessary to take account of any variation in the share capital of which the scheme shares form part.
- (8) ^{F3667}

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PART V

REQUIREMENTS APPLICABLE TO PROFIT SHARING SCHEMES

- 30 (1) ^{M248}The scheme must provide for the establishment of a body of persons resident in the United Kingdom (“the trustees”)—
- (a) who, out of moneys paid to them by the grantor or, in the case of a group scheme, a participating company, are required by the scheme to acquire shares in respect of which the conditions in paragraphs 10 to 12 and 14 above are fulfilled; and
 - (b) who are under a duty to appropriate shares acquired by them to individuals who participate in the scheme, not being individuals who are ineligible by virtue of paragraph 8 or 35 of this Schedule; and
 - (c) whose functions with respect to shares held by them are regulated by a trust which is constituted under the law of a part of the United Kingdom and the terms of which are embodied in an instrument which complies with the provisions of paragraphs 31 to 34 below.
- (2) ^{M249}If at any time after the Board have approved the scheme, an alteration is made in the terms of the trust referred to in sub-paragraph (1)(c) above, the approval shall not have effect after the date of the alteration unless the Board have approved the alteration.
- (3) ^{M250}The scheme must provide that the total of the initial market values of the shares appropriated to any one participant in a year of assessment will not exceed the relevant amount.
- (4) ^{M251}In this Part of this Schedule “initial market value”, in relation to a participant’s shares, means the market value of those shares determined—
- (a) except where paragraph (b) below applies, on the date on which the shares were appropriated to him; and
 - (b) if the Board and the trustees agree in writing, on or by reference to such earlier date or dates as may be provided for in the agreement.

Marginal Citations

- M248** Source—1978 Sch.9 1(3)
M249 Source—1978 Sch.9 3(2)
M250 Source—1978 Sch.9 1 (4); 1983 s.25(1)
M251 Source—1978 s.53(4)

- 31 ^{M252}The trust instrument shall provide that, as soon as practicable after any shares have been appropriated to a participant, the trustees will give him notice of the appropriation—
- (a) specifying the number and description of those shares; and
 - (b) stating their initial market value.

Marginal Citations

- M252** Source—1978 Sch.9 12

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- 32 (1) ^{M253}The trust instrument must contain a provision prohibiting the trustees from disposing of any shares, except as mentioned in paragraph 1(1)(a), (b) [^{F3668}, (c) or (cc)] of Schedule 10, during the period of retention (whether by transfer to the participant or otherwise).
- (2) The trust instrument must contain a provision prohibiting the trustees from disposing of any shares after the end of the period of retention and before the release date except—
- (a) pursuant to a direction given by or on behalf of the participant or any person in whom the beneficial interest in his shares is for the time being vested; and
 - (b) by a transaction which would not involve a breach of the participant's obligations under paragraph 2(2)(c) or (d) above.

Textual Amendments

F3668 Words in Sch. 9 para. 32(1) substituted (with effect in accordance with s. 101(9)(10) of the amending Act) by Finance Act 1994 (c. 9), s. 101(5)

Marginal Citations

M253 Source—1978 Sch.9 13; 1980 s.46(13)

- 33 ^{M254}The trust instrument must contain a provision requiring the trustees—
- (a) subject to their obligations under paragraph 7 of Schedule 10 and to any such direction as is mentioned in paragraph 4(2) of that Schedule to pay over to the participant any money or money's worth received by them in respect of or by reference to any of his shares other than money's worth consisting of new shares within the meaning of paragraph 5 of that Schedule; and
 - (b) to deal only pursuant to a direction given by or on behalf of the participant or any person in whom the beneficial interest in his shares is for the time being vested with any right conferred in respect of any of his shares to be allotted other shares, securities or rights of any description.

Modifications etc. (not altering text)

C243 Sch. 9 para. 33(a) modified (with effect in accordance with s. 101(11)(12) of the affecting Act) by Finance Act 1994 (c. 9), s. 101(6) (with s. 101(14))

Marginal Citations

M254 Source—1978 Sch.9 14

- 34 ^{M255}The trust instrument must impose an obligation on the trustees—
- (a) to maintain such records as may be necessary to enable the trustees to carry out their obligations under paragraph 7 of Schedule 10; and
 - (b) where the participant becomes liable to income tax under Schedule E by reason of the occurrence of any event, to inform him of any facts relevant to determining that liability.

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Marginal Citations

M255 Source—1978 Sch.9 15

- 35 (1) ^{M256} An individual shall not be eligible to have shares appropriated to him under the scheme at any time unless he is at that time or was within the preceding 18 months a director or employee of the grantor or, in the case of a group scheme, of a participating company.
- (2) ^{M257} An individual shall not be eligible to have shares appropriated to him under the scheme at any time if in that year of assessment shares have been appropriated to him under another approved scheme established by the grantor or by—
- (a) a company which controls or is controlled by the grantor or which is controlled by a company which also controls the grantor, or
 - (b) a company which is a member of a consortium owning the grantor or which is owned in part by the grantor as a member of a consortium.

Marginal Citations

M256 Source—1978 Sch.9 9

M257 Source—1978 Sch.9 10

- 36 (1) ^{M258} Subject to paragraphs 8 and 35 above, every person who at any time—
- (a) is [^{F3669}an employee] or a full-time director of the grantor or, in the case of a group scheme, a participating company, and
 - (b) has been such an employee or director at all times during a qualifying period, not exceeding five years, ending at that time, and
 - (c) is chargeable to tax in respect of his office or employment under Case I of Schedule E,
- must then be eligible (subject to paragraphs 8 and 35 of this Schedule) to participate in the scheme on similar terms and those who do participate must actually do so on similar terms.
- (2) For the purposes of sub-paragraph (1) above, the fact that the number of shares to be appropriated to the participants in a scheme varies by reference to the levels of their remuneration, the length of their service or similar factors shall not be regarded as meaning that they are not eligible to participate in the scheme on similar terms or do not actually do so.

Textual Amendments

F3669 Words in [Sch. 9 para. 36\(1\)\(a\)](#) substituted (with application in accordance with [s. 137\(7\)](#) of the amending Act) by [Finance Act 1995 \(c. 4\), s. 137\(4\)](#)

Marginal Citations

M258 Source—1978 Sch.9 2; 1983 s.25(4)

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[^{F3670}PART VI

MATERIAL INTEREST TEST

Textual Amendments

F3670Sch. 9 Pts. 1, 2, 6 repealed (except for specified purposes) (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 112\(1\)](#), [Sch 8 Pt. 1](#) (with [Sch. 7](#))

Interests under trusts

- 37 (1) This ^{M259} paragraph applies in a case where—
- (a) the individual (“the beneficiary”) was one of the objects of a discretionary trust; and
 - (b) the property subject to the trust at any time consisted of or included any shares or obligations of the company.
- (2) If neither the beneficiary nor any relevant associate of his had received any benefit under the discretionary trust before 14th November 1986, then, as respects any time before that date, the trustees of the settlement concerned shall not be regarded, by reason only of the matters referred to in sub-paragraph (1) above, as having been associates (as defined in section 417(3) and (4)) of the beneficiary.
- (3) If, on or after 14th November 1986—
- (a) the beneficiary ceases to be eligible to benefit under the discretionary trust by reason of—
 - (i) an irrevocable disclaimer or release executed by him under seal; or
 - (ii) the irrevocable exercise by the trustees of a power to exclude him from the objects of the trust; and
 - (b) immediately after he so ceases, no relevant associate of his is interested in the shares or obligations of the company which are subject to the trust; and
 - (c) during the period of 12 months ending with the date when the beneficiary so ceases, neither the beneficiary nor any relevant associate of his received any benefit under the trust,
- the beneficiary shall not be regarded, by reason only of the matters referred to in sub-paragraph (1) above, as having been interested in the shares or obligations of the company as mentioned in section 417(3)(c) at any time during the period of 12 months referred to in paragraph (c) above.
- (4) In sub-paragraphs (2) and (3) above “relevant associate” has the meaning given to “associate” by subsection (3) of section 417 but with the omission of paragraph (c) of that subsection.
- (5) Sub-paragraph (3)(a)(i) above, in its application to Scotland, shall be construed as if the words “under seal” were omitted.

Marginal Citations

M259 Source—1987 Sch.4 6-8

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Options etc.

- 38 (1) For the purposes of section 187(3)(a) a right to acquire shares (however arising) shall be taken to be a right to control them.
- (2) Any reference in sub-paragraph (3) below to the shares attributed to an individual is a reference to the shares which, in accordance with section 187(3)(a), fall to be brought into account in his case to determine whether their number exceeds a particular percentage of the company's ordinary share capital.
- (3) In any case where—
- (a) the shares attributed to an individual consist of or include shares which he or any other person has a right to acquire; and
 - (b) the circumstances are such that, if that right were to be exercised, the shares acquired would be shares which were previously unissued and which the company is contractually bound to issue in the event of the exercise of the right;
- then, in determining at any time prior to the exercise of that right whether the number of shares attributed to the individual exceeds a particular percentage of the ordinary share capital of the company, that ordinary share capital shall be taken to be increased by the number of unissued shares referred to in paragraph (b) above.
- (4) This paragraph has effect as respects any time after 5th April 1987.

Shares held by trustees of approved profit sharing schemes

- 39 In applying section 187(3), as respects any time before or after the passing of this Act, there shall be disregarded—
- (a) the interest of the trustees of an approved profit sharing scheme in any shares which are held by them in accordance with the scheme and have not yet been appropriated to an individual; and
 - (b) any rights exercisable by those trustees by virtue of that interest.

^{F3671} Shares subject to an employee benefit trust

Textual Amendments

F3671 Sch. 9 para. 40 and preceding cross-heading inserted by Finance Act 1989 (c. 26), s. 65

- 40 (1) Where an individual has an interest in shares or obligations of the company as a beneficiary of an employee benefit trust, the trustees shall not be regarded as associates of his by reason only of that interest unless sub-paragraph (3) below applies in relation to him.
- (2) In this paragraph “employee benefit trust” has the same meaning as in paragraph 7 of Schedule 8.
- (3) This sub-paragraph applies in relation to an individual if at any time on or after 14th March 1989—
- (a) the individual, either on his own or with any one or more of his associates, or
 - (b) any associate of his, with or without other such associates,
- has been the beneficial owner of, or able (directly or through the medium of other companies or by any other indirect means) to control, more than 25 per cent., or in

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the case of a share option scheme which is not a savings-related share option scheme more than 10 per cent., of the ordinary share capital of the company.

- (4) Sub-paragraphs (9) to (12) of paragraph 7 of Schedule 8 shall apply for the purposes of this paragraph in relation to an individual as they apply for the purposes of that paragraph in relation to an employee.]]

SCHEDULE 10

FURTHER PROVISIONS RELATING TO PROFIT SHARING SCHEMES

Modifications etc. (not altering text)

- C244** Sch. 10 excluded (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by **Taxation of Chargeable Gains Act 1992 (c. 12), ss. 238(2)(c)(4), 289** (with ss. 60, 101(1), 171, 201(3))
- C245** Sch. 10 modified (29.4.1996) by **Finance Act 1996 (c. 8), s. 116(3)**
- C246** Sch. 10 continued (6.4.2003 with effect in accordance with s. 723(1) of the affecting Act) by **Income Tax (Earnings and Pensions) Act 2003 (c. 1), s. 418(3)** (with Sch. 7)

Limitations on contractual obligations of participants

- 1 (1) ^{M260} Any obligation placed on the participant by virtue of paragraph 2(2) of Schedule 9 shall not prevent the participant from—
- (a) directing the trustees to accept an offer for any of his shares (“the original shares”) if the acceptance or agreement will result in a new holding being equated with the original shares for the purposes of capital gains tax; or
 - (b) directing the trustees to agree to a transaction affecting his shares or such of them as are of a particular class, if the transaction would be entered into pursuant to a compromise, arrangement or scheme applicable to or affecting—
 - (i) all the ordinary share capital of the company in question or, as the case may be, all the shares of the class in question; or
 - (ii) all the shares, or all the shares of the class in question, which are held by a class of shareholders identified otherwise than by reference to their employment or their participation in an approved scheme; or
 - (c) directing the trustees to accept an offer of cash, with or without other assets, for his shares if the offer forms part of a general offer which is made to holders of shares of the same class as his or of shares in the same company and which is made in the first instance on a condition such that if it is satisfied the person making the offer will have control of that company, within the meaning of section 416; or
 - ^{F3672}(cc) directing the trustees to accept an offer of a qualifying corporate bond, whether alone or with cash or other assets or both, for his shares if the offer forms part of a general offer which is made as mentioned in paragraph (c) above; or]
 - (d) agreeing after the expiry of the period of retention to sell the beneficial interest in his shares to the trustees for the same consideration as, in accordance with sub-paragraph (d) of paragraph 2(2) of Schedule 9, would be required to be obtained for the shares themselves.

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- (2) ^{M261}No obligation placed on the participant by virtue of paragraph 2(2)(c) of Schedule 9 shall be construed as binding his personal representatives to pay any sum to the trustees.
- (3) ^{M262}If, in breach of his obligation under paragraph 2(2)(b) of Schedule 9 a participant assigns, charges or otherwise disposes of the beneficial interest in any of his shares, then, as respects those shares, he shall be treated for the purposes of the relevant provisions as if at the time they were appropriated to him he was ineligible to participate in the scheme; and paragraph 6 below shall apply accordingly.
- [^{F3673}(4) In sub-paragraph (1)(cc) above “qualifying corporate bond” shall be construed in accordance with section 117 of the 1992 Act.]

Textual Amendments

F3672Sch. 10 para. 1(1)(cc) inserted (with effect in accordance with s. 101(7) of the amending Act) by Finance Act 1994 (c. 9), s. 101(2)

F3673Sch. 10 para. 1(4) inserted (with effect in accordance with s. 101(7) of the amending Act) by Finance Act 1994 (c. 9), s. 101(3)

Marginal Citations

M260 Source—1978 s.54(2); 1979 Sch.7

M261 Source—1978 s.54(1A); 1980 s.46(2)

M262 Source—1978 s.54(3)

The period of retention

- 2 ^{M263}For the purposes of any of the relevant provisions, “the period of retention”, in relation to any of a participant’s shares, means the period beginning on the date on which they are appropriated to him and ending on the second anniversary of that date or, if it is earlier—

- (a) the date on which the participant ceases to be a director or employee of the grantor or, in the case of a group scheme, a participating company by reason of injury or disability or on account of his being dismissed by reason of redundancy, within the meaning of [^{F3674}the Employment Rights Act 1996] or the [^{F3675}Employment Rights (Northern Ireland) Order 1996]; or
- (b) the date on which the participant reaches [^{F3676}the relevant age]; or
- (c) the date of the participant’s death; [^{F3677}or]
- (d) in a case where the participant’s shares are redeemable shares in a workers’ cooperative, the date on which the participant ceases to be employed by, or by a subsidiary of, the cooperative.

For the purposes of sub-paragraph (a) above, in the case of a group scheme, the participant shall not be treated as ceasing to be a director or employee of a participating company until such time as he is no longer a director or employee of any of the participating companies.

[^{F3678}In this paragraph, the reference to the relevant age is a reference, in the case of a scheme approved before the day on which the Finance Act 1991 was passed, [^{F3679}in the case of a man, to the age of 65, and in the case of a woman, to the age of 60] and, in the case of a scheme approved on or after that day, to the specified age.]

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Textual Amendments

F3674 Words in Sch. 10 para. 2 substituted (22.8.1996) by [Employment Rights Act 1996 \(c. 18\), s. 243, Sch. 1 para. 35\(4\)\(b\)](#)

F3675 Words in Sch. 10 para. 2 substituted (24.9.1996) by [The Employment Rights \(Northern Ireland\) Order 1996 \(S.I. 1996/1919 \(N.I. 16\)\), art. 1\(2\), Sch. 1 \(with Sch. 2\)](#)

F3676 Words in Sch. 10 para. 2(b) substituted by [Finance Act 1991 \(c. 31, SIF 63:1\), s. 38\(3\)](#)

F3677 Word at the end of Sch. 10 para. 2(c) inserted (retrospectively) by [Finance Act 1988 \(c. 39\), s. 146, Sch. 13 paras. 1, 9](#)

F3678 Words in Sch. 10 para. 2 inserted by [Finance Act 1991 \(c. 31, SIF 63:1\), s. 38\(3\)](#)

F3679 Words in Sch. 10 para. 2 substituted (19.7.1995) by [Pensions Act 1995 \(c. 26\), ss. 126, 180\(2\)\(a\), Sch. 4 para. 12\(b\), s. 178\(3\)](#)

Marginal Citations

M263 Source—1978 s.54(4), (5); 1980 s.46(3); 1986 s.24(3)

The appropriate percentage

3 ^{F3680}(1) For the purposes of any of the relevant provisions [^{F3681}under which an amount counts as employment income of an individual] by reason of the occurrence of an event relating to any of his shares, the “appropriate percentage” in relation to those shares is 100 per cent., unless sub-paragraph (2) below applies.

(2) Where the individual—

- (a) ceases to be a director or employee of the grantor or, in the case of a group scheme, a participating company as mentioned in paragraph 2(a) above, or
- (b) reaches the relevant age,

before the event occurs, the “appropriate percentage” is 50 per cent., unless paragraph 6(4) below applies.]

Textual Amendments

F3680 Sch. 10 para. 3 substituted (with effect in accordance with s. 107(3) of the amending Act) by [Finance Act 1996 \(c. 8\), s. 117\(1\)](#)

F3681 Words in Sch. 10 paras. 3(1), 6(4) substituted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 113\(2\) \(with Sch. 7\)](#)

^{F3682}3(1) In paragraph 3 above the reference to the relevant age shall be construed as follows.

(2) Where the scheme is approved before 25th July 1991 and the event occurs before 30th November 1993, the relevant age is

- ^{F3683}(a) in the case of a man, 65, and
- (b) in the case of a woman, 60.]

(3) Where—

- (a) the scheme is approved before 25th July 1991,
- (b) the event occurs on or after 30th November 1993,
- (c) the scheme defines the period of retention by reference to the age of 60 for both men and women, and

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- (d) the reference to that age is incorporated in the definition by virtue of an alteration approved by the Board under paragraph 4 of Schedule 9 before the event occurs,
the relevant age is 60.
- (4) Where—
- (a) the scheme is approved before 25th July 1991,
 - (b) the event occurs on or after 30th November 1993, and
 - (c) sub-paragraph (3) above does not apply,
- the relevant age is [^{F3684}in the case of a man, 65, and in the case of a woman, 60.]
- (5) Where the scheme is approved on or after 25th July 1991, the relevant age is the specified age.]

Textual Amendments

F3682Sch. 10 para. 3A inserted (3.5.1994) by Finance Act 1994 (c. 9), s. 100(3)

F3683Words in Sch. 10 para. 3A(2) substituted (19.7.1995) by Pensions Act 1995 (c. 26), s. 180(2)(a), Sch. 4 para. 12(c)

F3684Words in Sch. 10 para. 3A(4) substituted (19.7.1995) by Pensions Act 1995 (c. 26), s. 180(2)(a), Sch. 4 para. 12(d)

Capital receipts

- 4 (1) ^{M264}Money or money's worth is not a capital receipt for the purposes of section 186(3) if or, as the case may be, to the extent that—
- (a) it constitutes income in the hands of the recipient for the purposes of income tax; or
 - (b) it consists of the proceeds of a disposal falling within section 186(4); or
 - (c) it consists of new shares within the meaning of paragraph 5 below.
- (2) If, pursuant to a direction given by or on behalf of the participant or any person in whom the beneficial interest in the participant's shares is for the time being vested, the trustees—
- (a) dispose of some of the rights arising under a rights issue, as defined in section 186(8), and
 - (b) use the proceeds of that disposal to exercise other such rights,
- the money or money's worth which constitutes the proceeds of that disposal is not a capital receipt for the purposes of section 186(3).
- (3) If, apart from this sub-paragraph, the amount or value of a capital receipt would exceed the sum which, immediately before the entitlement to the receipt arose, was the locked-in value of the shares to which the receipt is referable, section 186(3) shall have effect as if the amount or value of the receipt were equal to that locked-in value.
- (4) Section 186(3) does not apply in relation to a capital receipt if the entitlement to it arises after the death of the participant to whose shares it is referable.

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Marginal Citations

M264 Source—1978 s.56(2)-(5)

Company reconstructions

- 5 (1) ^{M265}This paragraph applies where there occurs in relation to any of a participant's shares ("the original holding") a transaction which results in a new holding being equated with the original holding for the purposes of capital gains tax; and any such transaction is referred to below as a "company reconstruction".
- (2) Where an issue of shares of any of the following descriptions (in respect of which a charge to income tax arises) is made as part of a company reconstruction, those shares shall be treated for the purposes of this paragraph as not forming part of the new holding, that is to say—
- (a) redeemable shares or securities issued as mentioned in [^{F3685}condition C or D in section 1000(1) of CTA 2010];
 - (b) share capital issued in circumstances such that [^{F3686}section 1022 of CTA 2010] applies; and
 - (c) share capital to which [^{F3687}section 1049 of CTA 2010] applies.
- (3) In this paragraph—
- "corresponding shares", in relation to any new shares, means those shares in respect of which the new shares are issued or which the new shares otherwise represent;
- "new shares" means shares comprised in the new holding which were issued in respect of, or otherwise represent, shares comprised in the original holding; and
- "original holding" has the meaning given by sub-paragraph (1) above.
- (4) Subject to the following provisions of this paragraph, in relation to a profit sharing scheme, references in the relevant provisions to a participant's shares shall be construed, after the time of the company reconstruction, as being or, as the case may be, as including references to any new shares, and for the purposes of the relevant provisions—
- (a) a company reconstruction shall be treated as not involving a disposal of shares comprised in the original holding;
 - (b) the date on which any new shares are to be treated as having been appropriated to the participant shall be that on which the corresponding shares were appropriated; and
 - (c) the conditions in paragraphs 10 to 12 and 14 of Schedule 9 shall be treated as fulfilled with respect to any new shares if they were (or were treated as) fulfilled with respect to the corresponding shares.
- (5) In relation to shares comprised in the new holding, section 186(5) shall apply as if the references in that subsection to the initial market value of the shares were references to their locked-in value immediately after the company reconstruction, which shall be determined as follows—
- (a) ascertain the aggregate amount of locked-in value immediately before the reconstruction of those shares comprised in the original holding which had at that time the same locked-in value; and

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- (b) distribute that amount *pro rata* among—
- (i) such of those shares as remain in the new holding, and
 - (ii) any new shares in relation to which those shares are the corresponding shares, according to their market value immediately after the date of their reconstruction;
- and section 186(5)(a) shall apply only to capital receipts after the date of the reconstruction.
- (6) For the purposes of the relevant provisions if, as part of a company reconstruction, trustees become entitled to a capital receipt, their entitlement to the capital receipt shall be taken to arise before the new holding comes into being and, for the purposes of sub-paragraph (5) above, before the date on which the locked-in value of any shares comprised in the original holding falls to be ascertained.
- (7) In the context of a new holding, any reference in this paragraph to shares includes securities and rights of any description which form part of the new holding for the purposes of Chapter II of Part IV of the ^{F3688}1992] Act.

Textual Amendments

- F3685** Words in Sch. 10 para. 5(2)(a) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 138(a) (with Sch. 2)
- F3686** Words in Sch. 10 para. 5(2)(b) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 138(b) (with Sch. 2)
- F3687** Words in Sch. 10 para. 5(2)(c) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 138(c) (with Sch. 2)
- F3688** Word in Sch. 10 para. 5(7) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, Sch. 10 para. 14(58) (with ss. 60, 101(1), 171, 201(3))

Marginal Citations

- M265** Source—1978 s.57; 1979(C) Sch.7

^{F3689}5(1) Paragraph 5(2) to (6) above apply where there occurs in relation to any of a participant's shares ("the original holding") a relevant transaction which would result in a new holding being equated with the original holding for the purposes of capital gains tax, were it not for the fact that what would be the new holding consists of or includes a qualifying corporate bond; and "relevant transaction" here means a transaction mentioned in Chapter II of Part IV of the 1992 Act.

- (2) In paragraph 5(2) to (6) above as applied by this paragraph—
- (a) references to a company reconstruction are to the transaction referred to in sub-paragraph (1) above;
 - (b) references to the new holding are to what would be the new holding were it not for the fact mentioned in sub-paragraph (1) above;
 - (c) references to the original holding shall be construed in accordance with sub-paragraph (1) above (and not paragraph 5(1));
 - (d) references to shares, in the context of the new holding, include securities and rights of any description which form part of the new holding.
- (3) In sub-paragraph (1) above "qualifying corporate bond" shall be construed in accordance with section 117 of the 1992 Act.]

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Textual Amendments

F3689Sch. 10 para. 5A inserted (with effect in accordance with s. 101(8) of the amending Act) by **Finance Act 1994** (c. 9), s. 101(4) (with s. 101(13))

Excess or unauthorised shares

- 6 (1) ^{M266}This paragraph applies in any case where—
- (a) the total amount of the initial market value of all the shares which are appropriated to an individual in any one year of assessment (whether under a single approved profit sharing scheme or under two or more such schemes) exceeds the relevant amount; or
 - (b) the trustees of an approved profit sharing scheme appropriate shares to an individual at a time when he is ineligible to participate in the scheme by virtue of paragraph 8 or 35 of Schedule 9.
- (2) In this paragraph—
- “excess shares” means any share which caused the relevant amount to be exceeded and any share appropriated after that amount was exceeded; and
- “unauthorised shares” means any share appropriated as mentioned in sub-paragraph (1)(b) above.
- (3) For the purposes of sub-paragraph (1)(a) above, if a number of shares is appropriated to an individual at the same time under two or more approved profit sharing schemes, the same proportion of the shares appropriated at that time under each scheme shall be regarded as being appropriated before the relevant amount is exceeded.
- (4) For the purposes of any of the relevant provisions [^{F3690}under which an amount counts as employment income of an individual] by reason of the occurrence of an event relating to any of his shares—
- (a) the appropriate percentage in relation to excess or unauthorised shares shall in every case be 100 per cent.; and
 - (b) without prejudice to section 187(8), the event shall be treated as relating to shares which are not excess or unauthorised shares before shares which are.
- (5) Excess or unauthorised shares which have not been disposed of before the release date or, if it is earlier, the date of the death of the participant whose shares they are, shall be treated for the purposes of the relevant provisions as having been disposed of by the trustees immediately before the release date or, as the case may require, the date of the participant’s death, for a consideration equal to their market value at that time.
- (6) The locked-in value at any time of any excess or unauthorised shares shall be their market value at that time.
- (7) Where there has been a company reconstruction to which paragraph 5 above applies, a new share (within the meaning of that paragraph) shall be treated as an excess or unauthorised share if the corresponding share (within the meaning of that paragraph) or, if there was more than one corresponding share, each of them was an excess or unauthorised share.

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Textual Amendments

F3690 Words in Sch. 10 paras. 3(1), 6(4) substituted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 113(2) (with Sch. 7)

Marginal Citations

M266 Source—1978 s.58; 1983 s.25(1)

P.A.Y.E. deduction of tax

- 7 (1) ^{M267} Subject to sub-paragraphs (4) and (5) below, where the trustees of an approved profit sharing scheme receive a sum of money which constitutes (or forms part of)—
- (a) the proceeds of a disposal of shares falling within section 186(4), or
 - (b) a capital receipt,
- in respect of which [^{F3691} an amount counts as employment income of the participant] in accordance with section 186, the trustees shall pay out of that sum of money to the company specified in sub-paragraph (3) below an amount equal to that on which income tax is so payable; and the company shall then pay over that amount to the participant but in so doing shall make a P.A.Y.E. deduction.
- (2) Where a participant disposes of his beneficial interest in any of his shares to the trustees of the scheme and the trustees are deemed by virtue of section 186(9) to have disposed of the shares in question, this paragraph shall apply as if the consideration payable by the trustees to the participant on the disposal had been received by the trustees as the proceeds of disposal of shares falling within section 186(4).
- (3) The company to which the payment mentioned in sub-paragraph (1) above is to be made is the company—
- (a) of which the participant is an employee or director at the time the trustees receive the sum of money referred to in that sub-paragraph, and
 - (b) whose employees are at that time eligible (subject to the terms of the scheme and Schedule 9) to be participants in the approved profit sharing scheme concerned,
- and if there is more than one company which falls within paragraphs (a) and (b) above, such one of those companies as the Board may direct.
- (4) Where the trustees of an approved profit sharing scheme receive a sum of money to which sub-paragraph (1) above applies but—
- (a) there is no company which falls within paragraphs (a) and (b) of sub-paragraph (3) above, or
 - (b) the Board is of opinion that it is impracticable for the company which falls within those paragraphs (or, as the case may be, any of them) to make a P.A.Y.E. deduction and accordingly direct that this sub-paragraph shall apply,
- then, in paying over to the participant the proceeds of the disposal or the capital receipt, the trustees shall make a P.A.Y.E. deduction in respect of an amount equal to that on which income tax is payable as mentioned in sub-paragraph (1) above as if the participant were a former employee of the trustees.

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- (5) Where the trustees of an approved profit sharing scheme receive a sum of money to which sub-paragraph (1) above applies and the Board direct that this sub-paragraph shall apply—
- (a) the trustees shall make the payment mentioned in that sub-paragraph to the company specified in the Board's direction; and
 - (b) that company shall pay over that amount to the participant but in so doing shall make a P.A.Y.E. deduction, and for that purpose if the participant is not an employee of that company he shall be treated as a former employee;
- but no such direction shall be given except with the consent of the trustees, the company or companies (if any) specified in sub-paragraph (3) above and the company specified in the direction.
- (6) Where, in accordance with this paragraph any person is required to make a P.A.Y.E. deduction in respect of any amount, that amount shall be treated for the purposes of [F3692 section 684 of ITEPA 2003 (PAYE regulations) and PAYE regulations as PAYE income payable to the recipient], and, accordingly, such deduction shall be made as is required by those regulations.
- (7) Where, in connection with a transfer of a participant's shares to which sub-paragraph (c) of paragraph 2(2) of Schedule 9 applies, the trustees receive such a sum as is referred to in that sub-paragraph, that sum shall be treated for the purposes of the Income Tax Acts—
- (a) as a sum deducted by the trustees pursuant to a requirement to make a P.A.Y.E. deduction under sub-paragraph (4) above; and
 - (b) as referable to the income tax ^{F3693} . . . which, as a result of the transfer, [F3694 is charged on the participant] by virtue of section 186(4).
- (8) Unless the Board otherwise direct, in the application of this paragraph to a sum of money which constitutes or forms part of the proceeds of a disposal of, or a capital receipt referable to, excess or unauthorised shares (within the meaning of paragraph 6 above), the trustees shall determine the amount of the payment mentioned in sub-paragraph (1) above or, as the case may be, the amount of the P.A.Y.E. deduction to be made under sub-paragraph (4) above as if the shares were not excess or unauthorised shares.

Textual Amendments

F3691 Words in Sch. 10 para. 7(1) substituted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 113\(3\)\(a\)](#) (with Sch. 7)

F3692 Words in Sch. 10 para. 7(6) substituted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 113\(3\)\(b\)](#) (with Sch. 7)

F3693 Word in Sch. 10 para. 7(7)(b) repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 113\(3\)\(c\)\(i\)](#), [Sch 8 Pt. 1](#) (with Sch. 7)

F3694 Words in Sch. 10 para. 7(7)(b) substituted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 6 para. 113\(3\)\(c\)\(ii\)](#) (with Sch. 7)

Marginal Citations

M267 Source—1978 s.59; 1980 s.46(8); 1987 Sch.15 11(3)

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[^{F3695F3696}SCHEDULE 11]

Textual Amendments

F3695Sch. 11 substituted (with effect in accordance with s. 58(4) of the amending Act) by Finance Act 1998 (c. 36), s. 58(2), **Sch. 9 Pt. 1**

F3696Sch. 11 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 114, **Sch 8 Pt. 1** (with Sch. 7)

^{F3698F3698}[^{F3699}SCHEDULE 11A]

Textual Amendments

F3698Sch. 11A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 115, **Sch 8 Pt. 1** (with Sch. 7)

F3699Sch. 11A inserted (27.7.1993) by Finance Act 1993 (c. 34), s. 76, **Sch. 5 para. 2**

^{F3758F3758}SCHEDULE 12

Textual Amendments

F3758Sch. 12 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 116, **Sch 8 Pt. 1** (with Sch. 7)

^{F3776F3776}[^{F3777}SCHEDULE
12AA

Textual Amendments

F3776Sch. 12AA repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 117, **Sch. 8 Pt. 1** (with Sch. 7)

F3777Sch. 12AA inserted (with effect in accordance with s. 57(4) of the amending Act) by Finance Act 2001 (c. 9), s. 57(2), **Sch. 12 Pt. 1**

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F3778F3778 | F3779 SCHEDULE 12A

Textual Amendments

F3778Sch. 12A repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), Sch. 6 para. 118, **Sch. 8 Pt. 1** (with Sch. 7)

F3779Sch. 12A inserted (with effect in accordance with s. 61(3) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), s. 61(2), **Sch. 10**

F3780F3780 SCHEDULE 13

Textual Amendments

F3780Sch. 13 repealed (with effect in accordance with Sch. 3 para. 41(2) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), Sch. 3 para. 41(1), **Sch. 27 Pt. 3(2)**, Note

F3819F3819 | F3820 SCHEDULE 13A

Textual Amendments

F3819Sch. 13A repealed (with effect in accordance with Sch. 3 para. 42(2) of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), Sch. 3 para. 42(1), **Sch. 27 Pt. 3(2)**, Note

F3820Sch. 13A inserted (with effect in accordance with Sch. 25 para. 3 of the amending Act) by [Finance Act 1996 \(c. 8\)](#), s. 139, **Sch. 25 para. 2**

F3826F3826 | F3827 SCHEDULE 13B

Textual Amendments

F3826Sch. 13B repealed (6.4.2003) by [Tax Credits Act 2002 \(c. 21\)](#), s. 61, **Sch. 6**; S.I. 2003/962, art. 2(3)(e), **Sch. 1** (with arts. 3-5)

F3827Sch. 13B inserted (with effect in accordance with s. 30(5) of the amending Act) by [Finance Act 1999 \(c. 16\)](#), s. 30(2), **Sch. 3**

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SCHEDULE 14

Section 266(12).

PROVISIONS ANCILLARY TO SECTION 266

PART I

MODIFICATION OF SECTION 266 IN CERTAIN CASES

[^{F3836}Spouses and civil partners]

Textual Amendments

F3836 Cross-heading preceding Sch. 14 para. 1 substituted (5.12.2005) by virtue of [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), **regs. 1(1), 101(3)**

- 1 (1) [^{F3837M275}In section 266—
- (a) references] to an individual's spouse shall include any person who was that individual's spouse at the time the insurance or contract was made, unless the marriage was dissolved before 6th April 1979;
 - [^{F3838}(b) references to an individual's civil partner shall include any person who was that individual's civil partner at the time the insurance or contract was made.]
- ^{F3839}(2)
- ^{F3839}(3)

Textual Amendments

F3837 Words in Sch. 14 para. 1(1) substituted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), **regs. 1(1), 101(2)(a)**

F3838 Sch. 14 para. 1(1)(b) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), **regs. 1(1), 101(2)(b)**

F3839 Sch. 14 para. 1(2)(3) repealed by [Finance Act 1988 \(c. 39\)](#), **Sch.14 Part VIII**, Note 6

Marginal Citations

M275 Source—1976 Sch.4 8, 9, 10

Premiums payable to friendly societies and industrial assurance companies

- 2 (1) ^{M276} This paragraph applies to—
- (a) a policy issued in the course of an industrial assurance business; and
 - (b) a policy issued by a [^{F3840}friendly society] in the course of tax exempt life or endowment business (as defined in section 466).
- [^{F3841}(1A) In sub-paragraph (1)(a) “industrial assurance business” means any industrial assurance business within the meaning given by—
- (a) section 1(2) of the Industrial Assurance Act 1923, or
 - (b) Article 3(1) of the Industrial Assurance (Northern Ireland) Order 1979,

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which was carried on before 1 December 2001.]

- (2) Subject to paragraph 3(2) below, if a policy to which this paragraph applies was issued before the passing of the Finance Act 1976 (29th July 1976), section 266 shall have effect in relation to it as if subsections (2)(b), (3)(a), (b) and (d) were omitted; and if a policy to which this paragraph applies was issued after the passing of that Act, subsection (2)(b) of that section shall have effect in relation to it as if it permitted the insurance to be on the life of the individual's parent or grandparent or, subject to sub-paragraph (3) below, on the life of the individual's child or grandchild.
- (3) Relief may be given in respect of premiums under a policy of insurance on the life of an individual's child or grandchild which was or is issued after the passing of the Finance Act 1976 (29th July 1976), as if subsection (3)(d) of section 266 were omitted, but may be given only if the annual amount of the premiums, together with that of any relevant premiums, does not exceed £52 if the policy was issued in respect of an insurance made before 25th March 1982 or £64 in any other case.
- (4) For the purposes of sub-paragraph (3) above, a relevant premium, in relation to an insurance made at any time on the life of an individual's child or grandchild, is any premium under a policy of insurance on the same life, where the insurance is made at the same time or earlier, whether it is made by the individual or any other person.
- (5) In this paragraph "child" includes a step-child and an illegitimate child whose parents have married each other after his birth, and "grandchild", "parent" and "grandparent" have corresponding meanings.

Textual Amendments

F3840 Words in Sch. 14 para. 2(1)(b) substituted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, Sch. 9 para. 18(2); S.I. 1993/236, art.2

F3841 Sch. 14 para. 2(1A) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 232(2) (with Sch. 2)

Marginal Citations

M276 Source—1976 Sch.4 11; 1979/1576; 1982 s.35(2), (4); 1970 s.10

- 3 (1) ^{M277} Where a policy is issued or a contract is made by a [^{F3842}friendly society] or a policy to which paragraph 2 above applies is issued by an industrial assurance company, section 266(4), (5) and (8) shall apply in relation to premiums payable under the policy or contract subject to the following provisions of this paragraph.
 - (2) References to the deductions authorised under section 266(5) shall be construed as including references to any amount retained by or refunded to the person paying the premium under any scheme made by the society or company in accordance with regulations made under this paragraph.
 - (3) The appropriate authority may make regulations authorising—
 - (a) the adoption by [^{F3842}friendly societies] and industrial assurance companies of any prescribed scheme for securing that in the case of policies or contracts to which the scheme applies amounts equal to [^{F3843}12.5 per cent.] of the premiums payable are retained by or refunded to the person paying the premiums or that, in the case of such policies or contracts issued or made before 6th April 1979, the amounts expressed as the amounts of the

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- premiums payable are treated as amounts arrived at by deducting [^{F3843}12.5 per cent.] from the amounts payable and that the amounts of the capital sums assured or guaranteed are treated as correspondingly increased; or
- (b) the adoption by any such society or company of any special scheme for that purpose which may, in such circumstances as may be prescribed, be approved by the appropriate authority.
- (4) Increases treated as made in pursuance of regulations under this paragraph shall not be treated as variations of a policy or contract and shall be disregarded for the purposes of paragraph 2(3) above, sections 268(6), 460, 461(1) and 464 of, and paragraph 7 of Schedule 15 to, this Act ^{F3844}
- (5) The regulations may include such adaptations and modifications of the enactments relating to friendly societies or industrial assurance companies and such other incidental and supplementary provisions as appear to the appropriate authority necessary or expedient for the purpose of enabling such societies or companies to adopt the schemes authorised by the regulations.
- (6) Subsections (4), (5) and (7) to (11) of section 6 of the ^{M278}Decimal Currency Act 1969 shall, with the necessary modifications, apply in relation to regulations made under this paragraph.

Textual Amendments

F3842 Words in Sch. 14 para. 3(1)(3)(a) substituted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, Sch. 9 para. 18(2)(3); S.I. 1993/236, art.2

F3843 Words in Sch. 14 para. 3(3)(a) substituted (6.4.1989) by Finance Act 1988 (c. 39), s. 29

F3844 Words in Sch. 14 para. 3(4) repealed (with effect in accordance with s. 173 of the repealing Act) by Finance Act 1989 (c. 26), Sch. 17 Pt. 9, Note

Marginal Citations

M277 Source—1976 Sch.4 13; 1978 Sch.3 7; 1980 s.29(2)(c); 1987 Sch.15 9

M278 1969 c.19.

PART II

SUPPLEMENTARY PROVISIONS AS TO RELIEF UNDER SECTION 266

- 4 (1) ^{M279}Where it appears to the Board that the relief (if any) to which a person is entitled under section 266 has been exceeded or might be exceeded unless the premiums payable by him under any policy or contract were paid in full, they may, by notice to that person and to the person to whom the payments are made, exclude the application of subsection (5) of that section in relation to any payments due or made after such date as may be specified in the notice and before such date as may be specified in a further notice to those persons.
- (2) Where the application of section 266(5) is so excluded in relation to any payments, the relief (if any) to which the person by whom the payments are made is entitled under section 266 shall be given to him under paragraph 6 below.

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Marginal Citations

M279 Source—1976 Sch.4 14; 1978 Sch.3 2, 8

- 5 ^{M280}Where a person is entitled to relief under section 266 in respect of a payment to which [^{F3845}section 386 of ITEPA 2003 (payments to non-approved retirement benefits schemes)] applies, section 266(5) shall not apply but the like relief shall be given to him under paragraph 6 below.

Textual Amendments

F3845 Words in Sch. 14 para. 5 substituted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 119 (with Sch. 7)

Marginal Citations

M280 Source—1976 Sch.4 14A; 1978 Sch.3 9

- 6 (1) ^{M281}Where in any year of assessment the relief to which a person is entitled under section 266 ^{F3846} . . . has not been fully given in accordance with that section and the preceding provisions of this Schedule, he may claim relief for the difference, and relief for the difference shall then be given by a payment made by the Board or by discharge or repayment of tax or partly in one such manner and partly in another; and where relief so given to any person exceeds that to which he is entitled under section 266, he shall be liable to make good the excess and an inspector may make such assessments as may in his judgment be required for recovering the excess.
- (2) The Management Act shall apply to any assessment under this paragraph as if it were an assessment to tax for the year of assessment in which the relief was given ^{F3847}

Textual Amendments

F3846 Words in Sch. 14 para. 6(1) omitted (with effect in accordance with Sch. 1 para. 7 of the repealing Act) by virtue of Finance Act 2009 (c. 10), Sch. 1 para. 5

F3847 Words in Sch. 14 para. 6(2) repealed (with effect in accordance with Sch. 18 para. 17(5) of the repealing Act) by Finance Act 1996 (c. 8), Sch. 18 para. 11(2), Sch. 41 Pt. 5(8), Note

Modifications etc. (not altering text)

C269 Sch. 14 para. 6 restricted by Finance Act 2012 (c. 14), Sch. 39 para. 24

Marginal Citations

M281 Source—1976 Sch.4 15

- 7 (1) ^{M282}The Board may make regulations for carrying into effect section 266(4), (5), (8) and (9) and the preceding provisions of this Schedule [^{F3848}and paragraphs 9 and 10 of Schedule 15] (“the relevant provisions”).
- (2) Regulations under this paragraph may, without prejudice to the generality of subparagraph (1) above, provide—
- (a) for the furnishing of such information by persons by whom premiums are payable as may be necessary for determining whether they are entitled to make deductions under section 266(5) and for excluding the operation of

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that subsection in relation to payments made by persons who fail to comply with the regulations;

- (b) for rounding to a multiple of one penny any payment which, after a deduction authorised under section 266(5), is not such a multiple;
- (c) for the manner in which claims for the recovery of any sum under section 266(5)(b) may be made;
- (d) for the furnishing of such information by persons by or to whom premiums are payable as appears to the Board necessary for deciding such claims and for exercising their powers under paragraph 4 or 6 above; and
- (e) for requiring persons to whom premiums are paid to make available for inspection by an officer authorised by the Board such books and other documents in their possession or under their control as may reasonably be required for the purposes of determining whether any information given by those persons for the purposes of the relevant provisions is correct and complete.

(3) The following provisions of the Management Act, that is to say—

- [^{F3849}(a) section 29(1)(c) (excessive relief) as it has effect apart from section 29(2) to (10) of that Act;]
- (b) section 30 (recovery of tax repaid in consequence of fraud or negligence etc.) [^{F3850}apart from subsection (1B)];
- (c) [^{F3851}section 86] (interest); and
- (d) section 95 (incorrect return or accounts);

[^{F3852}shall apply in relation to an amount which is paid to any person by the Board as an amount recoverable by virtue of section 266(5)(b) but to which that person is not entitled as if it were income tax which ought not to have been repaid and, where that amount was claimed by that person, as if it had been repaid as respects a chargeable period as a relief which was not due.]

[^{F3853}(4) In the application of section 86 of the Management Act by virtue of sub-paragraph (3) above in relation to sums due and payable by virtue of an assessment made for the whole or part of a year of assessment (“the relevant year of assessment”) under section 29(1)(c) or 30 of that Act, as applied by that sub-paragraph, the relevant date—

- (a) is 1st January in the relevant year of assessment in a case where the person falling within section 266(5)(b) has made a relevant interim claim; and
- (b) in any other case, is the later of the following dates, that is to say—
 - (i) 1st January in the relevant year of assessment; or
 - (ii) the date of the making of the payment by the Board which gives rise to the assessment.

(5) In this paragraph—

“financial year”, in relation to any person, means a financial year of that person for the purposes of the relevant regulations;

“interim claim” means an interim claim within the meaning of the relevant regulations;

“relevant interim claim” means, in relation to an assessment made for a period coterminous with, or falling wholly within, a person’s financial year, an interim claim made for a period falling wholly or partly within that financial year;

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“the relevant regulations” means regulations made under sub-paragraph (1) above.]

Textual Amendments

- F3848** Words in Sch. 14 para. 7(1) repealed (with effect in accordance with s. 55(1)-(5) of the repealing Act) by Finance Act 1995 (c. 4), **Sch. 29 Pt. 8(7)**, Note (as s. 55 of that repealing Act is amended (29.4.1996) by Finance Act 1996 (c. 8), **s. 162(1)**); S.I. 2013/759, **art. 2**
- F3849** Sch. 14 para. 7(3)(a) substituted (with effect in accordance with Sch. 18 para. 17(1)(2) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 18 para. 11(3)(a)**
- F3850** Words in Sch. 14 para. 7(3)(b) inserted (with effect in accordance with Sch. 18 para. 17(1)(2) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 18 para. 11(3)(b)**
- F3851** Words in Sch. 14 para. 7(3)(c) substituted (with effect in accordance with Sch. 18 para. 17(3)(4) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 18 para. 11(3)(c)**
- F3852** Words in Sch. 14 para. 7(3) substituted (with effect in accordance with Sch. 18 para. 17(8) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 18 para. 11(3)(d)**
- F3853** Sch. 14 para. 7(4)(5) added (with effect in accordance with Sch. 18 para. 17(3)(4) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 18 para. 11(4)**

Marginal Citations

M282 Source—1976 Sch.4 16; 1978 Sch.3 10

- 8 (1) ^{M283} A policy of life insurance issued in respect of an insurance made on or before 19th March 1968 shall be treated for the purposes of section 266(3)(b) as issued in respect of one made after that date if varied after that date so as to increase the benefits secured or to extend the term of the insurance.
- (2) A variation effected before the end of the year 1968 shall be disregarded for the purposes of sub-paragraph (1) above if its only effect was to bring into conformity with paragraph 2 of Schedule 9 to the Finance Act 1968 (qualifying conditions for endowment policies, and now re-enacted as paragraph 2 of Schedule 15 to this Act) a policy previously conforming therewith except as respects the amount guaranteed on death, and no increase was made in the premiums payable under the policy.
- (3) ^{M284} A policy which was issued in the course of industrial assurance business in respect of an insurance made after 13th March 1984 shall be treated for the purposes of section 266(3)(c) and this paragraph as issued in respect of an insurance made on or before that date if—
- (a) the proposal form for the policy was completed on or before that date; and
 - (b) on or before 31st March 1984 the policy was prepared for issue by the company or society concerned; and
 - (c) on or before 31st March 1984 and in accordance with the normal business practice of the company or society a permanent record of the preparation of the policy was made in any book or by any other means kept or instituted by the company or society for the purpose.
- [^{F3854}(3A) In sub-paragraph (3) “industrial assurance business” means any industrial assurance business within the meaning given by—
- (a) section 1(2) of the Industrial Assurance Act 1923, or
 - (b) Article 3(1) of the Industrial Assurance (Northern Ireland) Order 1979,
- which was carried on before 1 December 2001.]

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- (4) [^{F3855}Subject to sub-paragraph (8) below,] for the purposes of section 266(3)(c) a policy of life insurance which was issued in respect of an insurance made on or before 13th March 1984 shall be treated as issued in respect of an insurance made after that date if the policy is varied after that date so as to increase the benefits secured or to extend the term of the insurance.
- (5) If a policy of life insurance which was issued as mentioned in sub-paragraph (4) above confers on the person to whom it was issued an option to have another policy substituted for it or to have any of its terms changed, then, for the purposes of that sub-paragraph and section 266(3)(c), any change in the terms of the policy which is made in pursuance of the option shall be deemed to be a variation of the policy.
- (6) In any case where—
- (a) one policy is replaced by another in such circumstances that the provisions of paragraph 20 of Schedule 15 apply; and
 - (b) the earlier policy was issued in respect of an insurance made on or before 13th March 1984; and
 - (c) the later policy confers on the life or lives assured thereby benefits which are substantially equivalent to those which would have been enjoyed by the life or lives assured under the earlier policy, if that policy had continued in force;
- then, for the purposes of section 266(3)(c), the insurance in respect of which the later policy is issued shall be deemed to have been made before 13th March 1984; and in this sub-paragraph “the earlier policy” and “the later policy” have the same meaning as in paragraph 20 of Schedule 15.
- (7) In any case where—
- (a) there is a substitution of policies falling within paragraph 25(1) or (3) of Schedule 15; and
 - (b) the old policy was issued in respect of an insurance made on or before 13th March 1984;
- then, for the purposes of section 266(3)(c), the insurance in respect of which the new policy is issued shall be deemed to have been made before 13th March 1984; and in this sub-paragraph “the old policy” and “the new policy” have the same meaning as in paragraph 17 of Schedule 15.
- [^{F3856}(8) Sub-paragraph (4) above does not apply in the case of a variation so as to increase the benefits secured, if the variation is made—
- (a) on or after such day as the Board may by order appoint, and
 - (b) in consideration of a change in the method of payment of premiums from collection by a person collecting premiums from house to house to payment by a different method.]

Subordinate Legislation Made

P4 Sch. 14 para. 8(8)(a) power exercised: 1.12.2001 appointed by S.I. 2001/3643, art. 2(b)

Textual Amendments

F3854 Sch. 14 para. 8(3A) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 232(4) (with Sch. 2)

F3855 Words in Sch. 14 para. 8(4) inserted (29.4.1996) by Finance Act 1996 (c. 8), s. 167(5)

F3856 Sch. 14 para. 8(8) inserted (29.4.1996) by Finance Act 1996 (c. 8), s. 167(6)

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Marginal Citations

M283 Source—1970 s.19(5)

M284 Source—1984 s.72(2)-(4), (6), (7)

SCHEDULE 15

Section 267.

QUALIFYING POLICIES

Modifications etc. (not altering text)

C270 Sch. 15 modified by Finance Act 1991 (c. 31, SIF 63:1), s. 50, Sch. 9 para. 5 (2)

C271 Sch. 15 modified (1.5.1995) by Finance Act 1995 (c. 4), Sch. 10 para. 4(2)(3)

VALID FROM 17/07/2013

^{F3857} PART A1

PREMIUM LIMIT FOR QUALIFYING POLICIES

Textual Amendments

F3857 Sch. 15 Pt. A1 inserted (17.7.2013) by Finance Act 2013 (c. 29), Sch. 9 para. 2

Premium limit for qualifying policies to apply from 6 April 2013

- A1 (1) Sub-paragraph (2) applies if—
- (a) an event falling within sub-paragraph (3) occurs,
 - (b) apart from sub-paragraph (2), the policy to which the event relates would be a qualifying policy after the event, and
 - (c) an individual who is a beneficiary under that policy is in breach of the premium limit for qualifying policies.
- (2) That policy is not to be a qualifying policy after the event.
- (3) The events falling within this sub-paragraph are—
- (a) the issue of a policy in respect of an insurance made on or after 6 April 2013;
 - (b) the variation of a policy on or after 6 April 2013 where as a result of the variation—
 - (i) the period over which premiums are payable under the policy is or could be lengthened, or
 - (ii) the total amount of the premiums payable under the policy in any relevant period is or could be increased,
 or both;

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- (c) the assignment on or after 6 April 2013 of any rights, or any share in any rights, under a policy where the assignment falls within paragraph B2(3)(c) to (g) or (5) below;
 - (d) a deceased beneficiary event on or after 6 April 2013;
 - (e) the conditions in paragraph 24(3) below being fulfilled for the first time in respect of a new non-resident policy where—
 - (i) the conditions are fulfilled for the first time on or after 6 April 2013, and
 - (ii) but for the conditions being fulfilled, the policy could not be a qualifying policy because of paragraph 24(2).
- (4) An event does not fall within sub-paragraph (3) if—
- (a) the policy to which the event relates is—
 - (i) a protected policy,
 - (ii) a restricted relief qualifying policy, or
 - (iii) a pure protection policy,
 - (b) the event is the issue of a policy which is a new policy in relation to an earlier policy where—
 - (i) the new policy is issued in substitution for the earlier policy (and not on its maturity), and
 - (ii) the life assured under the new policy is different to the life assured under the earlier policy but that is the only difference to what the position would have been had the earlier policy continued to run,
 - (c) paragraph 20ZA below applies to a policy and the event is the reinstatement or replacement of the policy as mentioned in paragraph 20ZA(4),
 - (d) the event is the issue or variation of a policy in relation to which paragraph 29 of Schedule 39 to the Finance Act 2012 applies, or
 - (e) the event is an assignment falling within paragraph B2(3)(e) below where the assignment is a mortgage endowment assignment.
- (5) In sub-paragraph (3)(b)(ii) “relevant period” means any period of 12 months beginning at or after the time of the variation.
- (6) A variation is to be ignored for the purposes of sub-paragraph (3)(b) if its effect is nullified before the end of the period of 3 months after the day on which the variation occurs.
- (7) Sub-paragraph (4)(a)(i) does not apply in the case of an event mentioned in sub-paragraph (3)(e).
- (8) Sub-paragraph (4)(a)(ii) does not apply in the case of—
- (a) an event mentioned in sub-paragraph (3)(c) or (d) occurring in relation to a restricted relief qualifying policy (“the assigned policy”),
 - (b) any subsequent event relating to the assigned policy, or
 - (c) any event relating to—
 - (i) a later policy which is a new policy in relation to the assigned policy, or
 - (ii) any policy which is a new policy in relation to the later policy,
- and so on.

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(9) In the case of an event mentioned in sub-paragraph (3)(b), sub-paragraph (4)(a)(iii) applies only if the policy is a pure protection policy both before and after the variation.

(10) This paragraph is to be applied after all other provisions of this Schedule relevant to the question of whether a policy is a qualifying policy after an event have been applied.

Restricted relief qualifying policies

A2 (1) Sub-paragraph (2) applies if—

- (a) an event falling within sub-paragraph (3) occurs,
- (b) the policy to which the event relates is a qualifying policy after the event, and
- (c) an individual who is a beneficiary under that policy is in breach of the premium limit for qualifying policies.

(2) That policy is to be a restricted relief qualifying policy after the event.

(3) The events falling within this sub-paragraph are—

- (a) a premium limit event in relation to a protected policy on or after 21 March 2012;
- (b) the issue of a policy as mentioned in paragraph A4(2)(b) below if, assuming that the substitution of the protected policy were instead a variation of that policy, there would be a premium limit event in relation to that policy;
- (c) the assignment on or after 6 April 2013 of any rights, or any share in any rights, under a protected policy where the assignment falls within paragraph B2(3)(c) to (g) or (5) below;
- (d) a deceased beneficiary event on or after 6 April 2013 where the policy in question is a protected policy;
- (e) the issue of a policy in respect of an insurance made on or after 21 March 2012 but before 6 April 2013 otherwise than as mentioned in paragraph A4(2)(b) below;
- (f) the variation of a policy, other than a protected policy, on or after 21 March 2012 but before 6 April 2013 where as a result of the variation—
 - (i) the period over which premiums are payable under the policy is or could be lengthened, or
 - (ii) the total amount of the premiums payable under the policy in any relevant period is or could be increased,
 or both;
- (g) the conditions in either sub-paragraph (3) or sub-paragraph (4) of paragraph 24 below being fulfilled for the first time in respect of a new non-resident policy where—
 - (i) the conditions are fulfilled for the first time on or after 21 March 2012 but before 6 April 2013, and
 - (ii) but for the conditions being fulfilled, the policy could not be a qualifying policy because of sub-paragraph (2) of paragraph 24.

(4) An event does not fall within sub-paragraph (3) if—

- (a) the policy to which the event relates is a pure protection policy,

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- (b) the event is the issue of a policy which is a new policy in relation to an earlier policy where—
 - (i) the new policy is issued in substitution for the earlier policy (and not on its maturity), and
 - (ii) the life assured under the new policy is different to the life assured under the earlier policy but that is the only difference to what the position would have been had the earlier policy continued to run,
 - (c) paragraph 20ZA below applies to a policy and the event is the reinstatement or replacement of the policy as mentioned in paragraph 20ZA(4),
 - (d) the event is the issue or variation of a policy in relation to which paragraph 29 of Schedule 39 to the Finance Act 2012 applies, or
 - (e) the event is an assignment falling within paragraph B2(3)(e) below where the assignment is a mortgage endowment assignment.
- (5) In sub-paragraph (3)(f)(ii) “relevant period” means any period of 12 months beginning at or after the time of the variation.
- (6) A premium limit event or a variation is to be ignored for the purposes of sub-paragraph (3)(a) or (f) if its effect is nullified before 6 July 2013.
- (7) In the case of a premium limit event which occurs on or after 6 April 2013, in sub-paragraph (6) the reference to 6 July 2013 is to be read as a reference to the end of the period of 3 months after the day on which the premium limit event occurs.
- (8) In the case of an event mentioned in sub-paragraph (3)(a) or (f), sub-paragraph (4) (a) applies only if the policy is a pure protection policy both before and after the premium limit event or variation.
- (9) A “premium limit event” occurs in relation to a protected policy if—
 - (a) the policy is varied or a relevant option is exercised so as to change the terms of the policy, and
 - (b) as a result of the variation or exercise of the relevant option—
 - (i) the period over which premiums are payable under the policy is or could be lengthened, or
 - (ii) the total amount of the premiums payable under the policy in any relevant period is or could be increased,or both.
- (10) A “premium limit event” also occurs in relation to a protected policy if on or after 6 April 2013—
 - (a) the policy is varied or a relevant option is exercised so as to change the terms of the policy, and
 - (b) as a result of the variation or exercise of the relevant option—
 - (i) the period over which premiums are payable under the policy is or could be shortened, or
 - (ii) the total amount of the premiums payable under the policy in any relevant period is or could be decreased,or both.
- (11) In sub-paragraphs (9)(b)(ii) and (10)(b)(ii) “relevant period” means any period of 12 months beginning at or after the time of the variation or exercise of the relevant option.

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- (12) The variation of, or exercise of a relevant option under, a protected policy is not a premium limit event in relation to the policy if—
- (a) the policy secures a capital sum payable either—
 - (i) on survival for a specified term, or
 - (ii) on earlier death or on earlier death or disability,
 - (b) the policy is issued and maintained for the sole purpose of ensuring that the borrower under an interest-only mortgage will have sufficient funds to repay the principal lent under the mortgage, and
 - (c) the policy is varied, or the relevant option is exercised, for that sole purpose.
- (13) In sub-paragraph (3)(g) references to paragraph 24 below are to that paragraph as it has effect before the appointed date for the purposes of section 55 of the Finance Act 1995.
- (14) A qualifying policy which is a new policy in relation to an earlier policy is a restricted relief qualifying policy if the earlier policy is a restricted relief qualifying policy.
- (15) A policy which is a restricted relief qualifying policy remains a restricted relief qualifying policy so long as it is a qualifying policy.
- (16) Paragraph A1 above is to be ignored in determining for the purposes of sub-paragraph (14) or (15) if a policy is a qualifying policy. This is subject to paragraph A1(8).
- (17) For further provision about restricted relief qualifying policies, see sections 463A to 463D of ITTOIA 2005.

The premium limit for qualifying policies

- A3 (1) For the purposes of paragraphs A1(1)(c) and A2(1)(c) above an individual is in breach of the premium limit for qualifying policies if the total amount of the premiums payable under relevant policies in any relevant period—
- (a) exceeds £3,600, or
 - (b) could exceed £3,600 as a result of—
 - (i) the exercise of any one or more relevant options conferred by one or more relevant policies, or
 - (ii) so far as not covered by sub-paragraph (i), the application of one or more terms of one or more relevant policies relating to increases in premiums.
- (2) For the purposes of sub-paragraph (1)—
- (a) so much of a premium payable under a relevant policy as is charged on the grounds that an exceptional risk of death or disability is involved is to be left out of account in determining the premiums payable under the policy,
 - (b) so much of the first premium payable under a relevant policy the liability for the payment of which—
 - (i) is discharged in accordance with paragraph 15(2) below, or
 - (ii) in the case of a policy in relation to which paragraph 3 below applies, is discharged under a provision of the policy falling within paragraph 3(4)(c),

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is to be left out of account in determining the premiums payable under the policy (subject to sub-paragraph (3) below),

- (c) in determining the premiums payable under a relevant policy any provision for the waiver of premiums by reason of a person's disability is to be ignored, and
- (d) “relevant period” means any period of 12 months beginning at or after the time when the event falling within paragraph A1(3) or A2(3) above (“the relevant event”) occurs.

- (3) The maximum amount that may be left out of account under sub-paragraph (2)(b) in the case of a relevant policy is—

$$£3,600 \times N$$

where N is the number of complete years for which ran—

- a the other policy involved, or
- b if there is more than one other policy involved, the policy which ran for the most number of complete years.

- (4) For the purposes of this paragraph the following are “relevant policies”—
 - (a) the policy to which the relevant event relates, and
 - (b) any other policy—
 - (i) which is a qualifying policy, and
 - (ii) under which the individual is a beneficiary.
- (5) But neither a protected policy nor a pure protection policy is to be a relevant policy by virtue of sub-paragraph (4)(b).
- (6) Sub-paragraph (7) applies if this paragraph is to be applied in the case of an individual in consequence of two or more events occurring at the same time (including where one or more of the events falls within paragraph A1(3) above and one or more of the events falls within paragraph A2(3) above).
- (7) For the purpose of applying this paragraph in the case of the individual in consequence of any of the events, sub-paragraph (4)(a) has effect as if the reference to the policy to which the relevant event relates were a reference to all the policies to which the events, taken together, relate.
- (8) But sub-paragraph (7) does not apply, and sub-paragraph (9) applies instead, if—
 - (a) all the policies in question are policies issued by the same issuer, and
 - (b) each of them has an unique identifier in a series of unique identifiers which the issuer gives to policies issued by it.
- (9) For the purpose of applying this paragraph in the case of the individual in consequence of any of the events, an event relating to a policy (“policy A”) is treated as occurring before an event relating to another policy (“policy B”) if, in the issuer's series of unique identifiers, policy A's unique identifier comes before policy B's unique identifier.

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Protected policies

- A4 (1) This paragraph applies for the purposes of this Part of this Schedule.
- (2) A policy is “protected” if—
- (a) it is issued in respect of an insurance made before 21 March 2012, or
 - (b) it is issued in respect of an insurance made on or after 21 March 2012 where—
 - (i) it is a new policy in relation to an earlier policy,
 - (ii) it is issued in substitution for the earlier policy (and not on its maturity), and
 - (iii) the earlier policy is a protected policy (whether by virtue of paragraph (a) or this paragraph).
- (3) A policy which is protected ceases to be protected if it becomes a restricted relief qualifying policy.
- (4) A policy issued as mentioned in sub-paragraph (2)(b) is not protected if—
- (a) its issue is an event falling within paragraph A2(3) above, and
 - (b) after that event it is a restricted relief qualifying policy.

How to determine if an individual is a beneficiary under a policy

- A5 (1) This paragraph applies for the purposes of this Part of this Schedule in determining if an individual is a beneficiary under a policy.
- (2) An individual is a beneficiary under a policy if the individual beneficially owns—
- (a) any rights under the policy, or
 - (b) any share in any rights under the policy.
- (3) An individual is a beneficiary under a policy if—
- (a) any rights under the policy are, or any share in any rights under the policy is, held on non-charitable trusts created by the individual, and
 - (b) those rights are, or that share is, not beneficially owned by any individual.
- (4) The following provisions of ITTOIA 2005 apply for the purposes of sub-paragraph (3)(a)—
- (a) section 465(6), and
 - (b) the definition of “non-charitable trust” in section 545(1).
- (5) An individual is a beneficiary under a policy if—
- (a) any rights under the policy are, or any share in any rights under the policy is, held as security for a debt of the individual, and
 - (b) those rights are, or that share is, not beneficially owned by any individual.

Further definitions

- A6 (1) In this Part of this Schedule—
- (a) “new policy” has the meaning given in paragraph 17 below,
 - (b) references to the variation of a policy are to a variation in relation to which paragraph 18 below applies,
 - (c) “pure protection policy” means a policy—

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- (i) which has no surrender value and is not capable of acquiring a surrender value, or
- (ii) under which the benefits payable cannot exceed the amount of the premiums paid except on death or in respect of disability, and
- (d) “relevant option”, in relation to a policy, means an option conferred by the policy on the person to whom it is issued to have another policy substituted for it or to have any of its terms changed.

(2) For the purposes of this Part of this Schedule a “deceased beneficiary event” occurs if, in connection with the death of an individual (“D”) who was a beneficiary under a policy, an individual (“B”) becomes a beneficiary under that policy by reference (wholly or partly) to any rights, or to any share in any rights, by reference to which D was a beneficiary (wholly or partly).

For this purpose, it does not matter if B is already a beneficiary under the policy.

- (3) For the purposes of this Part of this Schedule an assignment is a “mortgage endowment assignment” if—
- (a) the policy to which the assignment relates secures a capital sum payable either—
 - (i) on survival for a specified term, or
 - (ii) on earlier death or on earlier death or disability,
 - (b) the policy is issued and maintained for the sole purpose of ensuring that the borrower under an interest-only mortgage will have sufficient funds to repay the principal lent under the mortgage, and
 - (c) when the assignment occurs, it is intended that the policy will continue to be maintained for that sole purpose.]

PART I

QUALIFYING CONDITIONS

VALID FROM 17/07/2013

[^{F3858}RULES FOR QUALIFYING POLICIES

Textual Amendments

F3858Sch. 15 paras. B1-B3, cross-headings and preceding heading inserted (17.7.2013) by Finance Act 2013 (c. 29), Sch. 9 para. 3

Rights to be beneficially owned by individuals only

- B1 (1) Sub-paragraph (2) applies in relation to a policy issued in respect of an insurance made on or after 6 April 2013.
- (2) In order for the policy to be a qualifying policy, when it is issued all the rights under it must be beneficially owned by (and only by)—
- (a) one individual, or

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- (b) two or more individuals taken together.
(This is the case notwithstanding any other provision of this Schedule.)

- (3) Sub-paragraph (2) does not apply if the policy is protected.
- (4) A policy is “protected” if it is a new policy (as defined in paragraph 17 below) in relation to—
 - (a) a policy issued in respect of an insurance made before 21 March 2012, or
 - (b) a policy which is protected (whether by virtue of paragraph (a) or this paragraph).

Assignments

- B2
- (1) Sub-paragraph (2) applies if any rights under a qualifying policy are, or any share in any rights under a qualifying policy is, assigned on or after 6 April 2013.
 - (2) The policy is not to be a qualifying policy after the assignment (notwithstanding any other provision of this Schedule).
 - (3) Sub-paragraph (2) does not apply if—
 - (a) the assignment is from an individual by way of security for a debt of the individual,
 - (b) the assignment is to an individual on the discharge of a debt of the individual secured by the rights or share,
 - (c) the assignment is from an individual to the individual's spouse or civil partner,
 - (d) the assignment is to an individual in pursuance of an order made by a court,
 - (e) the assignment is to an individual in pursuance of a legally enforceable obligation relating to a divorce or the dissolution of a civil partnership,
 - (f) the assignment is from an individual and, as a result of the assignment, the rights assigned are, or the share assigned is, held on trusts created by the individual,
 - (g) the assignment is to an individual and, as a result of the assignment, the rights assigned are, or the share assigned is, no longer held on trusts, or
 - (h) the assignment—
 - (i) is to the personal representatives of a deceased individual, or
 - (ii) is to an individual where, as a result of the assignment, a deceased beneficiary event (see paragraph A6(2) above) occurs.
 - (4) Section 465(6) of ITTOIA 2005 applies for the purposes of sub-paragraph (3)(f).
 - (5) The Commissioners for Her Majesty's Revenue and Customs may by regulations provide that sub-paragraph (2) does not apply if prescribed conditions are met in relation to the assignment.
“Prescribed” means prescribed by the regulations.
 - (6) Regulations under sub-paragraph (5) may—
 - (a) make different provision for different cases or circumstances, and
 - (b) contain incidental, supplementary, consequential, transitional, transitory or saving provision.

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- (7) See paragraphs A1 and A2 above which may apply in consequence of an assignment falling within sub-paragraph (3) or (5).

Required statements

- B3 (1) Sub-paragraph (2) applies if any of the following events occurs—
- (a) the issue of a policy in respect of an insurance made on or after 6 April 2013;
 - (b) the variation of a policy on or after 6 April 2013 where paragraph 18 below applies in relation to the variation and as a result of the variation—
 - (i) the period over which premiums are payable under the policy is or could be lengthened, or
 - (ii) the total amount of the premiums payable under the policy in any relevant period is or could be increased,or both;
 - (c) a premium limit event in relation to a protected policy on or after 6 April 2013 (see paragraph A2(9) to (12) above);
 - (d) an event on or after 6 April 2013 which would be a premium limit event in relation to a protected policy but for paragraph A2(12) above;
 - (e) the assignment on or after 6 April 2013 of any rights, or any share in any rights, under a policy where the assignment falls within paragraph B2(3) (c) to (g) or (5) above;
 - (f) a deceased beneficiary event (see paragraph A6(2) above) on or after 6 April 2013;
 - (g) the conditions in paragraph 24(3) below being fulfilled for the first time in respect of a new non-resident policy where—
 - (i) the conditions are fulfilled for the first time on or after 6 April 2013, and
 - (ii) but for the conditions being fulfilled, the policy could not be a qualifying policy because of paragraph 24(2).
- (2) Each individual who is a beneficiary under the policy must, before the end of the statement period, make to the issuer of the policy a statement dealing with the prescribed matters.
- (3) If an individual does not comply with sub-paragraph (2) the policy is not to be a qualifying policy after the event (notwithstanding any other provision of this Schedule).
- (4) In sub-paragraph (1)(b)(ii) “relevant period” means any period of 12 months beginning at or after the time of the variation.
- (5) Sub-paragraph (2)—
- (a) does not apply in the case of an event mentioned in sub-paragraph (1)(a), (e), (f) or (g) if the policy is a pure protection policy, and
 - (b) does not apply in the case of an event mentioned in sub-paragraph (1)(b), (c) or (d) if the policy is a pure protection policy both before and after the event.
- “Pure protection policy” has the meaning given by paragraph A6(1)(c) above.

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(6) Sub-paragraph (2) does not apply in the case of an event mentioned in sub-paragraph (1)(e) where the assignment falls within paragraph B2(3)(e) above and is a mortgage endowment assignment.

“Mortgage endowment assignment” is to be read in accordance with paragraph A6(3) above.

(7) The Commissioners for Her Majesty's Revenue and Customs may by regulations provide that an individual is not required to comply with sub-paragraph (2) if prescribed conditions are met.

“Prescribed” means prescribed by the regulations.

(8) Accordingly, if by virtue of regulations under sub-paragraph (7) an individual is not required to comply with sub-paragraph (2), sub-paragraph (3) does not apply because that individual does not comply with sub-paragraph (2).

(9) In sub-paragraph (2)—

(a) the reference to an individual who is a beneficiary under the policy is to be read in accordance with paragraph A5 above,

(b) “the statement period” means—

(i) the period of 3 months after the day on which the event occurs, or

(ii) if the event occurs before the day on which the first regulations under paragraph (c) below come into force, the period of 3 months after that day,

or such longer period as an officer of Revenue and Customs may allow, and

(c) “prescribed” means prescribed by regulations made by the Commissioners for Her Majesty's Revenue and Customs.

(10) An officer of Revenue and Customs may allow a longer period for the purposes of sub-paragraph (9)(b) only if—

(a) the individual in question has made a request in writing to an officer of Revenue and Customs for a longer period to be allowed, and

(b) such an officer is satisfied—

(i) that there is a reasonable excuse for the required statement not having been made within the period mentioned in sub-paragraph (9)(b)(i) or (ii), and

(ii) that the request under paragraph (a) was made without unreasonable delay after the reasonable excuse ceased.

(11) Sub-paragraph (12) applies in relation to a policy if the obligations under the policy of its issuer are at any time the obligations of another person (“the transferee”) to whom there has been a transfer of the whole or any part of a business previously carried on by the issuer.

(12) In relation to that time, in sub-paragraph (2) the reference to the issuer of the policy is to be read as a reference to the transferee.

(13) Regulations under sub-paragraph (7) or (9)(c) may—

(a) make different provision for different cases or circumstances, and

(b) contain incidental, supplementary, consequential, transitional, transitory or saving provision.]

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GENERAL RULES APPLICABLE TO WHOLE LIFE AND TERM ASSURANCES

- 1 (1) ^{M285} Subject to the following provisions of this Part of this Schedule, if a policy secures a capital sum which is payable only on death, or one payable either on death or on earlier disability, it is a qualifying policy if—
- (a) it satisfies the conditions appropriate to it under sub-paragraphs (2) to (5) below, and
 - (b) except to the extent permitted by sub-paragraph (7) below, it does not secure any other benefits.
- (2) If the capital sum referred to in sub-paragraph (1) above is payable whenever the event in question happens, or if it happens at any time during the life of a specified person—
- (a) the premiums under the policy must be payable at yearly or shorter intervals, and either—
 - (i) until the happening of the event or, as the case may require, until the happening of the event or the earlier death of the specified person, or
 - (ii) until the time referred to in sub-paragraph (i) above or the earlier expiry of a specified period ending not earlier than ten years after the making of the insurance; and
 - (b) the total premiums payable in any period of 12 months must not exceed—
 - (i) twice the amount of the total premiums payable in any other such period, or
 - (ii) one-eighth of the total premiums which would be payable if the policy were to continue in force for a period of ten years from the making of the insurance, or, in a case falling within sub-paragraph (ii) of paragraph (a) above, until the end of the period referred to in that sub-paragraph.
- (3) If the capital sum referred to in sub-paragraph (1) above is payable only if the event in question happens before the expiry of a specified term ending more than ten years after the making of the insurance, or only if it happens both before the expiry of such a term and during the life of a specified person—
- (a) the premiums under the policy must be payable at yearly or shorter intervals, and either—
 - (i) until the happening of the event or the earlier expiry of that term or, as the case may require, until the happening of the event or, if earlier, the expiry of the term or the death of the specified person, or
 - (ii) as in sub-paragraph (i) above, but with the substitution for references to the term of references to a specified shorter period being one ending not earlier than ten years after the making of the insurance or, if sooner, the expiry of three-quarters of that term; and
 - (b) the total premiums payable in any period of 12 months must not exceed—
 - (i) twice the amount of the total premiums payable in any other such period, or
 - (ii) one-eighth of the total premiums which would be payable if the policy were to continue in force for the term referred to in sub-paragraph (i) of paragraph (a) above, or, as the case may require, for the shorter period referred to in sub-paragraph (ii) of that paragraph.
- (4) If the capital sum referred to in sub-paragraph (1) above is payable only if the event in question happens before the expiry of a specified term ending not more than ten years after the making of the insurance, or only if it happens both before the expiry

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of such a term and during the life of a specified person, the policy must provide that any payment made by reason of its surrender during the period is not to exceed the total premiums previously paid under the policy.

(5) Except where—

- (a) the capital sum referred to in sub-paragraph (1) above is payable only in the circumstances mentioned in sub-paragraph (3) or (4) above; and
- (b) the policy does not provide for any payment on the surrender in whole or in part of the rights conferred by it; and
- (c) the specified term mentioned in sub-paragraph (3) or, as the case may be, (4) above ends at or before the time when the person whose life is insured attains the age of 75 years;

the capital sum, so far as payable on death, must not be less than 75 per cent. of the total premiums that would be payable if the death occurred at the age of 75 years, the age being, if the sum is payable on the death of the first to die of two persons, that of the older of them, if on the death of the survivor of them, that of the younger of them, and in any other case, that of the person on whose death it is payable; and if the policy does not secure a capital sum in the event of death occurring before the age of 16 or some lower age, it must not provide for the payment in that event of an amount exceeding the total premiums previously paid under it.

(6) ^{M286} In determining for the purposes of sub-paragraph (5) above whether a capital sum is less than 75 per cent. of the total premiums, any amount included in the premiums by reason of their being payable otherwise than annually shall be disregarded, [^{F3859} and if the policy provides for payment otherwise than annually without providing for the amount of the premiums if they are paid annually,] 10 per cent. of the premiums payable under the policy shall be treated as so included.

(7) ^{M287} Notwithstanding sub-paragraph (1)(b) above, if a policy secures a capital sum payable only on death, it may also secure benefits (including benefits of a capital nature) to be provided in the event of a person's disability; and no policy is to be regarded for the purposes of that provision as securing other benefits by reason only of the fact that—

- (a) it confers a right to participate in profits, or
- (b) it provides for a payment on the surrender in whole or in part of the rights conferred by the policy, or
- (c) it gives an option to receive payments by way of annuity, or
- (d) it makes provision for the waiver of premiums by reason of a person's disability, or for the effecting of a further insurance or insurances without the production of evidence of insurability.

(8) In applying sub-paragraph (2) or (3) above to any policy—

- (a) no account shall be taken of any provision for the waiver of premiums by reason of a person's disability, and
- (b) if the term of the policy runs from a date earlier, but not more than three months earlier, than the making of the insurance, the insurance shall be treated as having been made on that date, and any premium paid in respect of the period before the making of the insurance, or in respect of that period and a subsequent period, as having been payable on that date.

(9) References in this paragraph to a capital sum payable on any event include references to any capital sum, or series of capital sums, payable by reason of that event but where

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what is so payable is either an amount consisting of one sum or an amount made up of two or more sums, the 75 per cent. mentioned in sub-paragraph (5) above shall be compared with the smaller or smallest amount so payable; and a policy secures a capital sum payable either on death or on disability notwithstanding that the amount payable may vary with the event.

- (10) ^{M288} In relation to any policy issued in respect of an insurance made before 1st April 1976 this paragraph shall have effect—
- (a) with the omission of sub-paragraphs (5) and (6) and in sub-paragraph (9) the words “but where what is so payable is either an amount consisting of one sum or an amount made up of two or more sums, the 75 per cent. mentioned in sub-paragraph (5) above shall be compared with the smaller or smallest amount so payable”; and
 - (b) with the substitution, for sub-paragraph (7)(b), of—
“(b) it carries a guaranteed surrender value;”.

Textual Amendments

F3859 Words in [Sch. 15 para. 1\(6\)](#) substituted (with effect as mentioned in [s. 167\(12\)](#) of the amending Act) by [Finance Act 1996 \(c. 8\), s. 167\(7\)\(a\)](#); [S.I. 2001/3643, art. 2\(a\)](#)

Marginal Citations

M285 Source—1970 Sch.1 1(1)-(4A); 1975 Sch.2 4(2), (3)

M286 Source—1975 Sch.2 4(4)

M287 Source—1970 Sch.1 1(5)-(7); 1975 Sch.2 4(5), (6)

M288 Source—1975 Sch.2 4(1)

GENERAL RULES APPLICABLE TO ENDOWMENT ASSURANCES

- 2 (1) ^{M289} Subject to the following provisions of this Part of this Schedule, a policy which secures a capital sum payable either on survival for a specified term or on earlier death, or earlier death or disability, including a policy securing the sum on death only if occurring after the attainment of a specified age not exceeding 16, is a qualifying policy if it satisfies the following conditions—
- (a) the term must be one ending not earlier than ten years after the making of the insurance;
 - (b) premiums must be payable under the policy at yearly or shorter intervals, and—
 - (i) until the happening of the event in question; or
 - (ii) until the happening of that event, or the earlier expiry of a specified period shorter than the term but also ending not earlier than ten years after the making of the insurance; or
 - (iii) if the policy is to lapse on the death of a specified person, until one of those times or the policy’s earlier lapse;
 - (c) the total premiums payable under the policy in any period of 12 months must not exceed—
 - (i) twice the amount of the total premiums payable in any other such period, or
 - (ii) one-eighth of the total premiums which would be payable if the policy were to run for the specified term;

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- (d) the policy—
- (i) must guarantee that the capital sum payable on death, or on death occurring after the attainment of a specified age not exceeding 16, will, whenever that event may happen, be equal to 75 per cent. at least of the total premiums which would be payable if the policy were to run for that term, disregarding any amounts included in those premiums by reason of their being payable otherwise than annually, except that if, at the beginning of that term, the age of the person concerned exceeds 55 years, the capital sum so guaranteed may, for each year of the excess, be less by 2 per cent. of that total than 75 per cent. thereof, the person concerned being, if the capital sum is payable on the death of the first to die of two persons, the older of them, if on the death of the survivor of them, the younger of them and in any other case the person on whose death it is payable; and
 - (ii) if it is a policy which does not secure a capital sum in the event of death before the attainment of a specified age not exceeding 16, must not provide for the payment in that event of an amount exceeding the total premiums previously paid thereunder; and
- (e) the policy must not secure the provision (except by surrender in whole or in part of the rights conferred by the policy) at any time before the happening of the event in question of any benefit of a capital nature other than a payment falling within paragraph (d)(ii) above, or benefits attributable to a right to participate in profits or arising by reason of a person's disability.
- (2) For the purposes of sub-paragraph (1)(d)(i) above, 10 per cent. of the premiums payable under any policy [^{F3860}that provides for the payment of premiums otherwise than annually without providing for the amount of the premiums if they are paid annually,] shall be treated as attributable to the fact that they are not paid annually.
- (3) Sub-paragraphs (8) and (9) of paragraph 1 above shall, with any necessary modifications, have effect for the purposes of this paragraph as they have effect for the purposes of that paragraph.
- (4) ^{M290}In relation to any policy issued in respect of an insurance made before 1st April 1976 this paragraph shall have effect with the omission in sub-paragraph (1)(d)(i) of the words from “except that if” to the end, and in sub-paragraph (1)(e) of the words “in whole or in part of the rights conferred by the policy”.

Textual Amendments

F3860 Words in Sch. 15 para. 2(2) substituted (with effect as mentioned in s. 167(12) of the amending Act) by Finance Act 1996 (c. 8), s. 167(7)(b); S.I. 2001/3643, art. 2(a)

Marginal Citations

M289 Source—1970 Sch.1 2; 1975 Sch.2 4(7), (8)

M290 Source—1975 Sch.2 4(1)

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SPECIAL TYPES OF POLICY

(i) Friendly Society policies

- 3 (1) ^{M291} Paragraphs 1 and 2 above do not apply to a policy issued by a [^{F3861}friendly society] in the course of tax exempt life or endowment business in respect of an insurance made or varied on or after 19th March 1985, but such a policy shall not be a qualifying policy unless—
- (a) in the case of a policy for the assurance of a gross sum or annuity, the conditions in sub-paragraph (2) are fulfilled with respect to it; and
 - (b) in the case of a policy for the assurance of a gross sum, the conditions in sub-paragraphs (5) to (11) below are fulfilled with respect to it; ^{F3862} . . .
 - ^{F3862}(c)
- (2) The conditions referred to in sub-paragraph (1) above are as follows—
- (a) subject to sub-paragraph (3) below, the period (the “term” of the policy) between—
 - (i) the making of the insurance or, where the contract provides for the term to begin on a date not more than three months earlier than the making of the insurance, that date, and
 - (ii) the time when the gross sum assured is payable (or, as the case may be, when the first instalment of the annuity is payable),shall be not less than ten years, and must not, on any contingency other than the death, or retirement on grounds of ill health, of the person liable to pay the premiums or whose life is insured, become less than ten years;
 - (b) subject to sub-paragraph (4) below, the premiums payable under the policy shall be premiums of equal or rateable amounts payable at yearly or shorter intervals over the whole term of the policy of assurance, or over the whole term of the policy of assurance apart from any period after the person liable to pay the premiums or whose life is insured attains a specified age, being an age which he will attain at a time not less than ten years after the beginning of the term of the policy of assurance;
 - ^{F3863}(c)
- (3) Notwithstanding sub-paragraph (2)(a) above, the policy—
- (a) may provide for a payment to a person of an age not exceeding 18 years at any time not less than five years from the beginning of the term of the policy if the premium or premiums payable in any period of 12 months in the term of the policy do not exceed £13;
 - (b) may provide for a payment at any time not less than five years from the beginning of the term of the policy, if it is one of a series of payments falling due at intervals of not less than five years, and the amount of any payment, other than the final payment, does not exceed four-fifths of the premiums paid in the interval before its payment.

For the purposes of paragraph (a) above, if the term begins on a date earlier than the making of the insurance, any premium paid in respect of a period before the making of the insurance, or in respect of that period and a subsequent period, shall be treated as having been payable on that date.

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- (4) Notwithstanding sub-paragraph (2)(b) above, the policy—
- (a) may allow a payment at any time after the expiration of one-half of the term of the policy of assurance, or of ten years from the beginning of the term, whichever is the earlier, being a payment in commutation of the liability to pay premiums falling due after that time;
 - (b) may allow the person liable to pay the premiums to commute any liability for premiums where he ceases to reside in the United Kingdom or gives satisfactory proof of intention to emigrate;
 - (c) may allow any liability for premiums to be discharged in consideration of surrendering a sum which has become payable on the maturity of any other policy of assurance issued by the same friendly society [^{F3864}(or any predecessor of it)] to the person liable to pay the premiums, or to his parent, where that other policy of assurance is issued as part of the friendly society's tax exempt life or endowment business; and
 - (d) may make provision for the waiver of premiums by reason of a person's disability.

[^{F3865}(4A) For the purposes of sub-paragraphs (2) and (4) above—

- (a) a friendly society formed on the amalgamation of two or more friendly societies is the successor of each of those societies (and each of those societies was a predecessor of the society so formed), and
 - (b) an incorporated friendly society that was a registered friendly society before its incorporation is the successor of the registered friendly society (and the registered friendly society was the predecessor of the incorporated friendly society).]
- (5) Where the policy secures a capital sum which is payable only on death or only on death occurring after the attainment of a specified age not exceeding 16, that capital sum must be not less than 75 per cent. of the total premiums which would be payable if the death of the relevant beneficiary occurred at the age of 75.
- (6) Where the policy secures a capital sum which is payable only on survival for a specified term, that capital sum must be not less than 75 per cent. of the total premiums which would be payable if the policy were to run for that term.
- (7) Where the policy secures a capital sum which is payable on survival for a specified term or on earlier death, or on earlier death or disability (including a policy securing the sum on death only if occurring after the attainment of a specified age not exceeding 16), the capital sum payable on death, whenever that event occurs, must be not less than 75 per cent. of the total premiums which would be payable if the policy were to run for that term, except that if, at the beginning of that term, the age of the relevant beneficiary exceeds 55, that capital sum may, for each year of the excess, be less by 2 per cent. of that total than 75 per cent. thereof.
- (8) For the purposes of sub-paragraphs (5) to (7) above—
- (a) “the relevant beneficiary” means—
 - (i) if the capital sum concerned is payable on the death of the first to die of two persons, the older of them;
 - (ii) if that capital sum is payable on the death of the survivor of two persons, the younger of them; and
 - (iii) in any other case, the person on whose death that capital sum is payable; and

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- (b) in determining the total premiums payable in any circumstances—
 - (i) where those premiums are payable otherwise than annually, and the policy is issued by a new society, there shall be disregarded an amount equal to 10 per cent. of those premiums;
 - (ii) where the policy is issued by a society other than a new society, there shall be disregarded an amount equal to £10 for each year for which account is taken of those premiums [^{F3866}or, where those premiums are payable otherwise than annually, an amount equal to 10 per cent. of those premiums if that is greater]; ^{F3867} . . .
 - (iii) ^{F3867}
 - (c) ^{F3867}
- (9) If the policy does not secure a capital sum in the event of death occurring before the age of 16 or some lower age, it must not provide for the payment in that event of an amount exceeding the total premiums previously paid under it.
- (10) References in this paragraph to a capital sum payable on any event include references to a capital sum or series of capital sums payable by reason of that event, but where what is so payable is either an amount consisting of one sum or an amount made up of two or more sums, any reference in sub-paragraphs (5) to (7) above to 75 per cent. of the total premiums payable in any circumstances shall be compared with the smaller or smallest amount so payable; and for the purposes of those sub-paragraphs a policy secures a capital sum payable either on death or on disability notwithstanding that the amount may vary with the event.
- (11) For the purposes of sub-paragraphs (5) to (7) and (10) above, in the case of a policy which provides for any such payments as are referred to in sub-paragraph (3) above (“interim payments”), the amount of the capital sum which is payable on any event shall be taken to be increased—
- (a) in the case of a policy which secures such a capital sum as is referred to in sub-paragraph (5) above, by the total of the interim payments which would be payable if the death of the relevant beneficiary (within the meaning of that sub-paragraph) occurred at the age of 75; and
 - (b) in the case of a policy which secures such a capital sum as is referred to in sub-paragraph (6) or (7) above, by the total of the interim payments which would be payable if the policy were to run for the specified term referred to in that sub-paragraph.

Textual Amendments

F3861 Words in Sch. 15 para. 3(1) substituted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, Sch. 9 para. 19(2); S.I. 1993/236, art.2

F3862 Sch. 15 para. 3(1)(c) and word preceding it repealed by Finance Act 1991 (c. 31, SIF 63:1), ss. 50, 123, Sch. 9 para. 4(1)(2), Sch. 19 Pt. V, Note 7

F3863 Sch. 15 para. 3(2)(c) repealed (1.5.1995) by Finance Act 1995 (c. 4), Sch. 10 para. 3, Sch. 29 Pt. 8(6)

F3864 Words in Sch. 15 para. 3(2)(c)(4)(c) inserted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, Sch. 9 para. 19(3)(4); S.I. 1993/236, art.2

F3865 Sch. 15 para. 3(4A) inserted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, Sch. 9 para. 19(5); S.I. 1993/236, art.2

F3866 Words in Sch. 15 para. 3(8)(b)(ii) inserted by Finance Act 1990 (c. 29), s. 49(5)

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F3867 Sch. 15 para. 3(8)(b)(iii)(c) and word preceding para. (b)(iii) repealed (retrospectively with effect in accordance with s. 172(6) of the repealing Act) by Finance Act 2003 (c. 14), s. 172(3), Sch. 43 Pt. 3(13), Note 3

Marginal Citations

M291 Source—1970 ss.334(2)–(4), 337(5)(a), Sch.1 3, 3A; 1984 s.72(a); 1985 s.41(4), (6), Sch.10 Pt.I; 1979/1576

- 4 (1) The provisions of this paragraph have effect notwithstanding anything in paragraph 3 above.
- (2) In determining whether a policy—
- (a) which affords provision for sickness or other infirmity (whether bodily or mental), and
 - (b) which also affords assurance for a gross sum independent of sickness or other infirmity, and
 - (c) under which not less than 60 per cent. of the amount of the premiums is attributable to the provision referred to in paragraph (a) above,
- is a qualifying policy, the conditions referred to in paragraph 3(1)(b) above shall be deemed to be fulfilled with respect to it.
- (3) A policy shall cease to be a qualifying policy—
- (a) if it falls within sub-paragraph (1) of paragraph 3 above and there is such a variation of its terms that any of the conditions referred to in that sub-paragraph ceases to be fulfilled; or
 - (b) if—
 - ^{F3868}(i) it was effected in the course of [^{F3869}the business of effecting or carrying out contracts of insurance which fall within paragraph 1 of Part I or paragraph VI of Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001],
 - (ii) it was issued by a new society, and
 - (iii) the rights conferred by it are surrendered in whole or in part.

Textual Amendments

F3868 Sch. 15 para. 4(3)(b)(i) substituted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, Sch. 9 paras. 19(6), 22; S.I. 1993/236, art. 2

F3869 Words in Sch. 15 para. 4(3)(b)(i) substituted (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), art. 47(2)

- 5 ^{M292} Section 466 shall apply for the interpretation of paragraphs 3 and 4 above as it applies for the interpretation of sections 460 to 465.

Marginal Citations

M292 Source—1970 s.337(1)(b); 1985 s.41(7)(a)

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- 6 (1) ^{M293} A policy which was issued by [^{F3870}any registered friendly society (as defined in section 466)], or branch of [^{F3870}such a society], in the course of tax exempt life or endowment business (as defined in section 466) in respect of insurances made before 19th March 1985 and which has not been varied on or after that date is a qualifying policy notwithstanding that it does not comply with the conditions specified in paragraph 1 or 2 above.
- (2) ^{M294} Notwithstanding paragraphs 3 to 5 or sub-paragraph (1) above, if, on or after 19th March 1985, a person becomes in breach of the limits in section 464, the policy effected by that contract which causes those limits to be exceeded shall not be a qualifying policy; and in any case where—
- (a) the limits in that section are exceeded as a result of the aggregation of the sums assured or premiums payable under two or more contracts, and
 - (b) at a time immediately before one of those contracts was entered into (but not immediately after it was entered into) the sums assured by or, as the case may be, the premiums payable under the contract or contracts which were then in existence did not exceed the limits in that section,
- only those policies effected by contracts made after that time shall be treated as causing the limits to be exceeded.

Textual Amendments

F3870 Words in Sch. 15 para. 6(1) substituted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, Sch. 9 para. 19(7); S.I. 1993/236, art.2

Marginal Citations

M293 Source—1970 Sch.1, 3; 1985 s.41(4)

M294 Source—FSA 1974 s.64(2B); 1985 s.41(1); 1987 s.30(6)

VALID FROM 17/07/2012

- [^{F3871}6A Any expression—
- (a) which is used in any provision made by any of paragraphs 3 to 6, and
 - (b) which is used in Part 3 of the Finance Act 2012,
- has the same meaning in that provision as it has in that Part.]

Textual Amendments

F3871 Sch. 15 para. 6A inserted (with effect in accordance with s. 178 of the amending Act) by Finance Act 2012 (c. 14), Sch. 18 para. 13(6)

(ii) Industrial assurance policies

- 7 (1) ^{M295} A policy issued in the course of an industrial assurance business, and not constituting a qualifying policy by virtue of paragraph 1 or 2 above, is nevertheless a qualifying policy if—
- (a) the sums guaranteed by the policy, together with those guaranteed at the time the assurance is made by all other policies issued in the course of such a

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- business to the same person and not constituting qualifying policies apart from this paragraph, do not exceed £1,000;
- (b) it satisfies the conditions with respect to premiums specified in paragraph 1(2) above;
- (c) except by reason of death or surrender, no capital sum other than one falling within paragraph (d) below can become payable under the policy earlier than ten years after the making of the assurance; and
- (d) where the policy provides for the making of a series of payments during its term—
- (i) the first such payment is due not earlier than five years after the making of the assurance, and the others, except the final payment, at intervals of not less than five years, and
- (ii) the amount of any payment, other than the final payment, does not exceed four-fifths of the premiums paid in the interval before its payment; or
- (e) the policy was issued before 6th April 1976, or was issued before 6th April 1979 and is in substantially the same form as policies so issued before 6th April 1976.
- (2) For the purposes of this paragraph, the sums guaranteed by a policy do not include any bonuses, or in the case of a policy providing for a series of payments during its term, any of those payments except the first, or any sum payable on death during the term by reference to one or more of those payments except so far as that sum is referable to the first such payment.

Marginal Citations

M295 Source—1970 Sch.1 4; 1976 Sch.4 12

- 8 ^{M296} Where a policy issued in respect of an insurance made after 1st April 1976 in the course of an industrial assurance business is not a qualifying policy by virtue of paragraph 1 or 2 above but is a policy with respect to which the conditions in paragraph 7(1)(b) and (c) above are satisfied, it shall be a qualifying policy whether or not the condition in paragraph 7(1)(a) above is satisfied with respect to it; but where that condition is not satisfied, relief under section 266 in respect of premiums paid under the policy shall be given only on such amount (if any) as would have been the amount of those premiums had that condition been satisfied.

Marginal Citations

M296 Source—1975 Sch.2 7; 1976 Sch.4 19(4)

- ^{F38728}(1) Paragraphs 7 and 8 above shall have effect in relation to any policy issued on or after the appointed day as if the references to the issue of a policy in the course of an industrial assurance business were references to the issue of a policy by any company in a case in which—
- (a) the company, before that day and in the course of such a business, issued any policy which was a qualifying policy by virtue of either of those paragraphs; and

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- (b) the policies which on 28th November 1995 were being offered by the company as available to be issued included policies of the same description as the policy issued on or after the appointed day.

- (2) In this paragraph “the appointed day” means such day as the Board may by order appoint.]

Subordinate Legislation Made

P5 Sch. 15 para. 8A power exercised: 1.12.2001 appointed by S.I. 2001/3643, art. 2(c)

Textual Amendments

F3872 Sch. 15 para. 8A inserted (29.4.1996) by Finance Act 1996 (c. 8), s. 167(8)

(iii) Family income policies and mortgage protection

- 9 (1) ^{M297} The following provisions apply to any policy which is not a qualifying policy apart from those provisions, and the benefits secured by which consist of or include the payment on or after a person’s death of—
 - (a) one capital sum which does not vary according to the date of death, plus a series of capital sums payable if the death occurs during a specified period, or
 - (b) a capital sum, the amount of which is less if the death occurs in a later part of a specified period than if it occurs in an earlier part of that period.
- (2) A policy falling within sub-paragraph (1)(a) above is a qualifying policy if—
 - (a) it would be one if it did not secure the series of capital sums there referred to, and the premiums payable under the policy were such as would be chargeable if that were in fact the case, and
 - (b) it would also be one if it secured only that series of sums, and the premiums thereunder were the balance of those actually so payable.
- (3) A policy falling within sub-paragraph (1)(b) above is a qualifying policy if—
 - (a) it would be one if the amount of the capital sum there referred to were equal throughout the period to its smallest amount, and the premiums payable under the policy were such as would be chargeable if that were in fact the case, and
 - (b) it would also be one if it secured only that capital sum so far as it from time to time exceeds its smallest amount, and the premiums payable thereunder were the balance of those actually so payable.

Marginal Citations

M297 Source—1970 Sch.1 5

OTHER SPECIAL PROVISIONS

(i) Short-term assurances

- 10 ^{M298} A policy which secures a capital sum payable only on death or payable either on death or on earlier disability shall not be a qualifying policy if the capital sum is

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payable only if the event in question happens before the expiry of a specified term ending less than one year after the making of the insurance.

Marginal Citations

M298 Source—1976 Sch.4 2, 2A; 1978 Sch.3 4; 1982 s.35(1)

(ii) Personal accident insurance

- 11 (1) A policy which evidences a contract of insurance to which sub-paragraph (3) below applies shall not be a qualifying policy unless it also evidences ^{F3873}—
- (a) a contract of insurance on human life; or
 - (b) a contract to pay annuities on human life.]
- (2) A policy which evidences a contract of insurance to which sub-paragraph (4) below applies shall not be a qualifying policy unless it also evidences a contract falling within section 83(2)(a) of the ^{M299}Insurance Companies Act 1974.
- (3) This sub-paragraph applies to contracts of insurance issued in respect of insurances made on or after 25th March 1982 against risks of persons dying as a result of an accident or an accident of a specified class, not being contracts 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.
- (4) This sub-paragraph applies to contracts of insurance issued in respect of insurances made before 25th March 1982 against risks of persons dying as a result of an accident or an accident of a specified class, not being contracts falling within section 83(2) (b) of the Insurance Companies Act 1974.

Textual Amendments

F3873 Words in Sch. 15 para. 11(1) substituted (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), art. 47(3)

Marginal Citations

M299 1974 c. 49.

(iii) Exceptional ^{F3874}risk of death or disability

Textual Amendments

F3874 Words in Sch. 15 para. 12 heading substituted (retrospectively with effect in accordance with s. 172(6) of the amending Act) by Finance Act 2003 (c. 14), s. 172(2)

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- 12 ^{M300} For the purpose of determining whether any policy is a qualifying policy, there shall be disregarded—
- (a) so much of any premium thereunder as is charged on the grounds that an exceptional risk of death [^{F3875}or disability] is involved; and
 - (b) any provision under which, on those grounds, any sum may become chargeable as a debt against the capital sum guaranteed by the policy on death [^{F3875}or disability].

Textual Amendments

F3875 Words in Sch. 15 para. 12 inserted (retrospectively with effect in accordance with s. 172(6) of the amending Act) by Finance Act 2003 (c. 14), s. 172(1)

Marginal Citations

M300 Source—1970 Sch.1 6, 7

(iv) Connected policies

- 13 ^{M301} Subject to paragraph 14 below, where the terms of any policy provide that it is to continue in force only so long as another policy does so, neither policy is a qualifying policy unless, if they had constituted together a single policy issued in respect of an insurance made at the time of the insurance in respect of which the first-mentioned policy was issued, that single policy would have been a qualifying policy.

Marginal Citations

M301 Source—1980 s.30; 1984 s.74; 1982 s.35(3)

- 14 (1) A policy shall not be a qualifying policy if the policy is connected with another policy and the terms of either policy provide benefits which are greater than would reasonably be expected if any policy connected with it were disregarded.
- (2) For the purposes of this paragraph a policy is connected with another policy if they are at any time simultaneously in force and either of them is issued with reference to the other, or with a view to enabling the other to be issued on particular terms or facilitating its being issued on those terms.
- (3) In this paragraph “policy” means a policy [^{F3876}evidencing a contract of long-term insurance], and includes any such policy issued outside the United Kingdom.
- [^{F3877}(3A) In sub-paragraph (3) “contract of long-term insurance” means a contract which falls within Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.]
- (4) Where any person issues a policy—
- (a) which by virtue of this paragraph is not a qualifying policy, or
 - (b) the issue of which causes another policy to cease by virtue of this paragraph to be a qualifying policy,
- he shall within three months of issuing the policy give notice of that fact to the Board.

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- (5) F3878
- (6) This paragraph shall apply to policies issued in respect of insurances made before 23rd August 1983 in accordance with sub-paragraphs (7) and (8) below.
- (7) Where—
- (a) a policy is issued in respect of an insurance made before 23rd August 1983, and
 - (b) a policy is issued in respect of an insurance made on or after that date which is connected with it within the meaning of this paragraph,
- sub-paragraphs (1) to (6) above shall apply to the policy issued in respect of an insurance made before that date.
- (8) Sub-paragraphs (1) to (7) above shall apply to policies issued in respect of insurances made before 23rd August 1983 (other than policies which, disregarding this paragraph, fall within sub-paragraph (7)) with the substitution—
- (a) in sub-paragraph (1) for the words “and the terms of either policy” of the words “ the terms of which ”;
 - (b) in sub-paragraph (3) for the words from “long term business” to “1982” of the words “ ordinary long-term insurance business within the meaning of section 83(2) of the Insurance Companies Act 1974 (as enacted) or, in relation to a policy made after 25th March 1982, section 96(1) of the Insurance Companies Act 1982 ”; and
 - (c) in sub-paragraphs (6) and (7) for the words “23rd August 1983” of the words “ 26th March 1980 ”.
- (9) In any case where payments made—
- (a) after 22nd August 1983, and
 - (b) by way of premium or other consideration in respect of a policy issued in respect of an insurance made before that date,
- exceed £5 in any period of 12 months, the policy shall be treated for the purposes of this paragraph as if it were issued in respect of an insurance made after 22nd August 1983; but nothing in this paragraph shall apply with respect to any premium paid in respect of it before that date.
- (10) Sub-paragraphs (8) and (9) above do not apply in relation to policies issued in the course of industrial assurance business.

Textual Amendments

F3876 Words in [Sch. 15 para. 14\(3\)](#) substituted (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 47\(4\)](#)

F3877 [Sch. 15 para. 14\(3A\)](#) inserted (1.12.2001 in accordance with art. 1(2)(a) of the amending S.I.) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 47\(5\)](#)

F3878 [Sch. 15 para. 14\(5\)](#) omitted (13.8.2009) by virtue of [The Finance Act 2009, Schedule 47 \(Consequential Amendments\) Order 2009 \(S.I. 2009/2035\)](#), art. 1, Sch. para. 24

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(v) Premiums paid out of sums due under previous policies

- 15 (1) ^{M302} Where, in the case of a policy under which a single premium only is payable, liability for the payment of that premium is discharged in accordance with sub-paragraph (2) below, the policy is a qualifying policy notwithstanding anything in paragraph 1(2) or (3) or paragraph 2(1)(b) or (c) above; and where, in the case of any other policy, liability for the payment of the first premium thereunder, or of any part of that premium, is so discharged, the premium or part shall be disregarded for the purposes of paragraphs 1(2)(b) and (3)(b) and 2(1)(c) above.
- (2) Liability for the payment of a premium is discharged in accordance with this sub-paragraph if it is discharged by the retention by the company with which the insurance is made of the whole or a part of any sum which has become payable on the maturity of, or on the surrender more than ten years after its issue of the rights conferred by, a policy—
- (a) previously issued by the company to the person making the insurance, or, if it is made by trustees, to them or any predecessors in office; or
 - (b) issued by the company when the person making the insurance was an infant, and securing a capital sum payable either on a specified date falling not more than one month after his attaining 25, or on the anniversary of the policy immediately following his attainment of that age,
- being, unless it is a policy falling within paragraph (b) above and the premium in question is a first premium only, a policy which was itself a qualifying policy, or which would have been a qualifying policy had it been issued in respect of an insurance made after 19th March 1968.

Marginal Citations

M302 Source—1970 Sch.1 8

(vi) Additional premiums under section 72(9) of the Finance Act 1984

- 16 ^{M303} In determining whether a policy is a qualifying policy, no account shall be taken of any amount recovered, as if it were an additional premium, in pursuance of section 72(9) of the Finance Act 1984.

Marginal Citations

M303 Source—1984 s.72(9)(a)

(viii) Substitutions and variations

- 17 (1) ^{M304} Subject to paragraph 19 below, where one policy (“the new policy”) is issued in substitution for, or on the maturity of and in consequence of an option conferred by, another policy (“the old policy”), the question whether the new policy is a qualifying policy shall, to the extent provided by the rules in sub-paragraph (2) below, be determined by reference to both policies.

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- (2) The rules (for the purposes of which, the question whether the old policy was a qualifying policy shall be determined in accordance with this Part of this Schedule, whatever the date of the insurance in respect of which it was issued), are as follows—
- (a) if the new policy would apart from this paragraph be a qualifying policy but the old policy was [^{F3879}not,] the new policy is not a qualifying policy unless the person making the insurance in respect of which it is issued was an infant when the old policy was issued, and the old policy was one securing a capital sum payable either on a specified date falling not later than one month after his attaining 25 or on the anniversary of the policy immediately following his attainment of that age;
 - (b) if the new policy would apart from this paragraph be a qualifying policy, and the old policy was also a qualifying policy, the new policy is a qualifying policy unless—
 - (i) it takes effect before the expiry of ten years from the making of the insurance in respect of which the old policy was issued, and
 - (ii) subject to sub-paragraph (4) below, the highest total of premiums payable thereunder for any period of 12 months expiring before that time is less than one half of the highest total paid for any period of 12 months under the old policy, or under any related policy issued less than ten years before the issue of the new policy (“related policy” meaning any policy in relation to which the old policy was a new policy within the meaning of this paragraph, any policy in relation to which that policy was such a policy, and so on);
 - (c) if the new policy would not apart from this paragraph be a qualifying policy, and would fail to be so by reason only of paragraph 1(2) or (3) or 2(1)(a), (b) or (c) above, it is nevertheless a qualifying policy if the old policy was a qualifying policy and—
 - (i) the old policy was issued in respect of an insurance made more than ten years before the taking effect of the new policy, and, subject to sub-paragraph (4) below, the premiums payable for any period of 12 months under the new policy do not exceed the smallest total paid for any such period under the old policy; or
 - (ii) the old policy was issued outside the United Kingdom, and the circumstances are as specified in sub-paragraph (3) below.
- (3) ^{M305} The circumstances are—
- (a) where the new policy referred to in sub-paragraph (2)(c) above is issued after 22nd February 1984, that the policy holder under the new policy became resident in the United Kingdom during the 12 months ending with the date of its issue;
 - (b) where paragraph (a) above does not apply, that the person in respect of whom the new insurance is made became resident in the United Kingdom during the 12 months ending with the date of its issue;
 - (c) that the issuing company certify that the new policy is in substitution for the old, and that the old was issued either by a [^{F3880}permanent establishment] of theirs outside the United Kingdom or by a company outside the United Kingdom with whom they have arrangements for the issue of policies in substitution for ones held by persons coming to the United Kingdom; and

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- (d) that the new policy confers on the holder benefits which are substantially equivalent to those which he would have enjoyed if the old policy had continued in force.
- (4)^{M306} Where the new policy is one issued on or after 1st April 1976 then, in determining under sub-paragraph (2) above whether that policy would or would not (apart from sub-paragraphs (1) to (3) above) be a qualifying policy, there shall be left out of account so much of the first premium payable thereunder as is accounted for by the value of the old policy.

Textual Amendments

F3879 Word in Sch. 15 para. 17(2)(a) inserted (retrospectively) by Finance Act 1988 (c. 39), s. 146, Sch. 13 paras. 1, 10

F3880 Words in Sch. 15 para. 17(3)(c) substituted (with effect in accordance with s. 153(4) of the amending Act) by Finance Act 2003 (c. 14), s. 153(1)(a)

Marginal Citations

M304 Source—1970 Sch.1 9(1), (2)

M305 Source—1970 Sch.1 9(3); 1984 s.76(3), (6)

M306 Source—1975 Sch.2 5

- 18 (1)^{M307} Subject to paragraph 19 below and to the provisions of this paragraph, where the terms of a policy are varied, the question whether the policy after the variation is a qualifying policy shall be determined in accordance with the rules in paragraph 17 above, with references in those rules to the new policy and the old policy construed for that purpose as references respectively to the policy after the variation and the policy before the variation, and with any other necessary modifications.
- (2) In applying any of those rules by virtue of this paragraph, the question whether a policy after a variation would be a qualifying policy apart from the rule shall be determined as if any reference in paragraphs [^{F3881}1, 2, 3(5) to (11), 4 to 9], 12 and 13 above to the making of an insurance, or to a policy's term, were a reference to the taking effect of the variation or, as the case may be, to the term of the policy as from the variation.
- (3) This paragraph does not apply by reason of—
- any variation which, whether or not of a purely formal character, does not affect the terms of a policy in any significant respect, or
 - any variation effected before the end of the year 1968 for the sole purpose of converting into a qualifying policy any policy issued (but not one treated, by virtue of paragraph 8(1) and (2) of Schedule 14, as issued) in respect of an insurance made after 19th March 1968, [^{F3882} or
 - any variation so as to increase the benefits secured or reduce the premiums payable which is effected—
 - on or after such day as the Board may by order appoint, and
 - in consideration of a change in the method of payment of premiums from collection by a person collecting premiums from house to house to payment by a different method] [^{F3883}, or
 - any variation which alters the method for calculating the benefits secured by the policy.]

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- [^{F3884}(4) For the purposes of this paragraph there is no variation in the terms of a policy where—
- (a) an amount of premium chargeable on the grounds that an exceptional risk of death or disability is involved becomes or ceases to be payable, or
 - (b) the policy is amended by the insertion, variation or removal of a provision under which, on those grounds, any sum may become chargeable as a debt against the capital sum guaranteed by the policy on death or disability.]

Subordinate Legislation Made

P6 Sch. 15 para. 18(3)(c)(i) power exercised: 1.12.2001 appointed by S.I. 2001/3643, art. 2(c)

Textual Amendments

F3881 Word in Sch. 15 para. 18(2) substituted (retrospectively) by Finance Act 1988 (c. 39), s. 146, Sch. 13 paras. 1, 11

F3882 Sch. 15 para. 18(3)(c) and preceding word inserted (29.4.1996) by Finance Act 1996 (c. 8), s. 167(9)

F3883 Sch. 15 para. 18(3)(d) and preceding word inserted (partly retrospective, and otherwise with effect in accordance with s. 87(5) of the amending Act) by Finance Act 2006 (c. 25), s. 87(2)(4)(6)

F3884 Sch. 15 para. 18(4) inserted (retrospectively with effect in accordance with s. 172(6) of the amending Act) by Finance Act 2003 (c. 14), s. 172(4)

Marginal Citations

M307 Source—1970 Sch.1 10

- 19 (1) ^{M308} The following provisions of this paragraph shall have effect for determining for the purposes of this Schedule whether a policy has been varied or whether a policy which confers on the person to whom it is issued an option to have another policy substituted for it or to have any of its terms changed is a qualifying policy.
- (2) If the policy is one issued in respect of an insurance made before 1st April 1976—
- (a) any such option shall, until it is exercised, be disregarded in determining whether the policy is a qualifying policy; and
 - (b) any change in the terms of the policy which is made in pursuance of such an option shall be deemed to be a variation of the policy.
- (3) If the policy is one issued in respect of an insurance made on or after 1st April 1976, the policy shall not be a qualifying policy unless it satisfies the conditions applicable to it under this Schedule before any such option is exercised and—
- (a) each policy that might be substituted for it in pursuance of such an option would satisfy those conditions under the rules of paragraph 17 above; and
 - (b) the policy would continue to satisfy those conditions under the rules of that paragraph as applied by paragraph 18 above if each or any of the changes capable of being made in pursuance of such an option had been made and were treated as a variation;
- and it shall not be treated as being varied by reason only of any change made in pursuance of such an option.

Marginal Citations

M308 Source—1975 Sch.2 3

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- 20 (1) ^{M309} Where, as a result of a variation in the life or lives for the time being assured, a qualifying policy (“the earlier policy”) is replaced by a new policy (“the later policy”) which in accordance with the rules in paragraph 17 above is also a qualifying policy, then, subject to sub-paragraph (2) below, for the purposes of—
- (a) sections 268 to 270 ^{F3885} . . . ; and
 - (b) any second or subsequent application of this paragraph;
- 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) Sub-paragraph (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.
- (3) Any sum which is applied as mentioned in sub-paragraph (2)(a) above—
- (a) shall be left out of account in determining, for the purposes of sections 268 to 270 ^{F3886} . . . , the total amount which at any time has been paid by way of premiums under the single policy referred to in sub-paragraph (1) above; ^{F3887} . . .
 - (b) ^{F3887}
- (4) This paragraph applies where the later policy comes into existence on or after 25th March 1982.

Textual Amendments

F3885 Words in **Sch. 15 para. 20(1)(a)** omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of **Finance Act 2008 (c. 9), Sch. 14 para. 9(a)**

F3886 Words in **Sch. 15 para. 20(3)(a)** omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of **Finance Act 2008 (c. 9), Sch. 14 para. 9(b)(i)**

F3887 **Sch. 15 para. 20(3)(b)** and preceding word omitted (with effect in accordance with Sch. 14 para. 18(1) of the repealing Act) by virtue of **Finance Act 2008 (c. 9), Sch. 14 para. 9(b)(ii)**

Marginal Citations

M309 Source—1982 s.34

Status: Point in time view as at 01/04/2010. This version of this Act contains provisions that are not valid for this point in time.

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VALID FROM 01/04/2011

^{F3888}(viii) Policy reinstated after non-payment of premium

Textual Amendments

F3888Sch. 15 para. 20ZA and preceding cross-heading inserted (1.4.2011 with effect in accordance with art. 15(2) of the amending S.I.) by The Enactment of Extra-Statutory Concessions Order 2011 (S.I. 2011/1037), arts. 1, 15(1)

20ZA (1) This paragraph applies to a qualifying policy (“the original policy”) if conditions A to D are satisfied.

- (2) Condition A is that one or more premiums due under the original policy are not paid on or before the date on which they become due.
- (3) Condition B is that the original policy, in accordance with its terms, is treated as having lapsed or is converted into a paid-up policy—
 - (a) by reason only of the failure to pay that premium or those premiums, and
 - (b) within the period of 12 months beginning with the day following the day on which the earliest unpaid premium becomes due.
- (4) Condition C is that the original policy—
 - (a) is reinstated on the same terms, or
 - (b) is replaced by another policy in the same terms (“the replacement policy”), on or before the thirtieth day after the first anniversary of the day following the day on which the earliest unpaid premium becomes due.
- (5) Condition D is that all unpaid premiums due under the original policy are paid on or before the date on which the policy is reinstated or replaced.
- (6) Where condition C is satisfied by virtue of sub-paragraph (4)(b) the replacement policy is to be treated for the purposes of this Schedule as if it were the original policy.
- (7) The policy is to be treated for the purposes of this Schedule as if the premiums payable under it had been paid on their due dates.]

^{F3889}Meaning of “industrial assurance business”

Textual Amendments

F3889Sch. 15 para. 20A and preceding cross-heading inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 233 (with Sch. 2)

20A In this Part of this Schedule “industrial assurance business” means any industrial assurance business within the meaning given by—

- (a) section 1(2) of the Industrial Assurance Act 1923, or
- (b) Article 3(1) of the Industrial Assurance (Northern Ireland) Order 1979,

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which was carried on before 1 December 2001.]

PART II

CERTIFICATION OF QUALIFYING POLICIES

Policies issued in respect of insurances made on or after 1st April 1976 or varied on or after that date

- 21^{F3890}(1) ^{M310}A policy of life insurance issued in respect of an insurance made on or after 1st April 1976 or varied on or after that date (other than one to which paragraph 22(2)(c) below applies) shall not be a qualifying policy unless—
- (a) it is certified by the Board as being a qualifying policy; or
 - (b) it conforms with a form which at the time the policy is issued or varied is either—
 - (i) a standard form certified by the Board as a standard form of qualifying policy; or
 - (ii) a form varying from a standard form so certified in no other respect than by making such additions thereto as are, at the time the policy is issued, certified by the Board as compatible with a qualifying policy when made to that standard form and satisfy any conditions subject to which they are so certified;
- and any certificate issued in pursuance of paragraph (a) above shall be conclusive evidence that the policy is a qualifying policy.
- (2) In issuing a certificate in pursuance of sub-paragraph (1) above the Board may disregard any provision of the policy, standard form or addition which appears to them insignificant.
- (3) Where the Board refuse to certify a policy as being a qualifying policy, the person to whom it is issued may appeal ^{F3891}
- (4) Sub-paragraphs (1) to (3) above do not apply in relation to such a policy as is mentioned in paragraphs 3 to 6 above.]

Textual Amendments

F3890 Sch. 15 para. 21 repealed (with effect in accordance with s. 55(1)-(5) of the repealing Act) by Finance Act 1995 (c. 4), Sch. 29 Pt. 8(7), Note (as s. 55 of that repealing Act is amended (29.4.1996) by Finance Act 1996 (c. 8), s. 162(1)); S.I. 2013/759, art. 2

F3891 Words in Sch. 15 para. 21(3) omitted (1.4.2009) by virtue of The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 1 para. 159

Modifications etc. (not altering text)

C272 Sch. 15 para. 21 restricted by Finance Act 1995 (c. 4), s. 55(1)(9) (with s. 55(2)(3)) (as amended (29.4.1996) by Finance Act 1996 (c. 8), s. 162(1))

Marginal Citations

M310 Source—1975 Sch.2 1; 1987 Sch.15 7

Status: Point in time view as at 01/04/2010. This version of this Act contains provisions that are not valid for this point in time.

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- 22^{F3892}(1)^{M311} A body which issues or which, after 5th April 1979, has issued any policy of life insurance (other than one to which sub-paragraph (2)(c) below applies)—
- (a) which is certified by the Board as being a qualifying policy; or
 - (b) which conforms with such a form as is mentioned in paragraph 21(1)(b) above, and is in the opinion of the body issuing it a qualifying policy,
- shall, within three months of receipt of a request in writing by the policy holder, give to the policy holder a duly authenticated certificate to that effect, specifying in the certificate the name of the policy holder, the name of the person whose life is assured, the reference number or other means of identification allocated to the policy, the reference number of the relevant Inland Revenue certificate (if any), the capital sum or sums assured and the amounts and dates for payment of the premiums.
- (2)^{M312} Subject to sub-paragraph (3) below, where a policy of life insurance is varied after 5th April 1979, and, after the variation—
- (a) it is certified by the Board as a qualifying policy, or
 - (b) it conforms with such a form as is referred to in sub-paragraph (1) above and is in the opinion of the body by whom it was issued a qualifying policy, or
 - (c) in the case of a policy issued in respect of an insurance made before 1st April 1976, it is in the opinion of the body by whom it was issued a qualifying policy,
- that body shall, within three months of receipt of a request in writing by the policy holder, give to the policy holder a like certificate with respect to the policy as varied.
- (3)^{M313} Sub-paragraph (2) above shall not apply by reason of—
- (a) any variation which, whether or not of a purely formal character, does not affect the terms of a policy in any significant respect; or
 - (b) any variation of a policy issued in respect of an insurance made on or before 19th March 1968, other than a variation by virtue of which the policy falls, under paragraph 8(1) and (2) of Schedule 14, to be treated as issued in respect of an insurance made after that date [^{F3893}; or
 - (c) any variation which alters the method for calculating the benefits secured by the policy.]]

Textual Amendments

F3892 Sch. 15 para. 22 repealed (with effect in accordance with s. 55(1)-(5) of the repealing Act) by Finance Act 1995 (c. 4), s. 55(4)(9), Sch. 29 Pt. 8(7), Note (as s. 55 of that repealing Act is amended (29.4.1996) by Finance Act 1996 (c. 8), s. 162(1)); S.I. 2013/759, art. 2

F3893 Sch. 15 para. 22(3)(c) and preceding word inserted (partly retrospective, and otherwise with effect in accordance with s. 87(5) of the amending Act) by Finance Act 2006 (c. 25), s. 87(3)(4)(6)

Marginal Citations

M311 Source—1970 Sch.1 11(1); 1975 Sch.2 2(1); 1976 s.33(1); 1978 Sch.3 13(1)(a), (b)

M312 Source—1970 Sch.1 11(2); 1975 Sch.2 2(2); 1976 s.33(2); 1978 Sch.3 13(1)(b)

M313 Source—1970 Sch.1 11(3)

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PART III

POLICIES ISSUED BY NON-RESIDENT COMPANIES

- 23 ^{M314} In this Part—
- (a) any reference to a paragraph is a reference to that paragraph of this Schedule; and
 - (b) “the old policy” and “the new policy” have the same meanings as in paragraph 17.

Marginal Citations

M314 Source—1984 Sch.15 Pt.II 1

- 24 (1) ^{M315} This paragraph applies to a policy of life insurance—
- (a) which is issued in respect of an insurance made after 17th November 1983; and
 - (b) which is so issued by a company resident outside the United Kingdom;
- and in the following provisions of this paragraph such a policy is referred to as “a new non-resident policy” and the company by which it is issued is referred to as “the issuing company”.
- ^{F3894}(2) Subject to section 55(3) of the Finance Act 1995 (transitional provision for the certification of certain policies), a new non-resident policy that falls outside sub-paragraph (2A) below shall not be a qualifying policy until such time as the conditions in sub-paragraph (3) are fulfilled with respect to it.
- (2A) A policy falls outside this sub-paragraph unless, at the time immediately before ^{F3895}the appointed date for the purposes of section 55 of the Finance Act 1995 (removal of certification requirements)], it was a qualifying policy by virtue of sub-paragraphs (2)(b) and (4) of this paragraph, as they had effect in relation to that time.]
- (3) The conditions ^{F3896}first] referred to in sub-paragraph (2) above are—
- (a) that the issuing company is lawfully carrying on in the United Kingdom life assurance business (as defined in section 431(2)); and
 - (b) that the premiums under the policy are payable to a ^{F3897}permanent establishment] in the United Kingdom of the issuing company, being a ^{F3897}permanent establishment] through which the issuing company carries on its life assurance business; and
 - (c) the premiums under the policy form part of those business receipts of the issuing company which arise through that ^{F3897}permanent establishment].
- (4) ^{F3898}The conditions secondly referred to in sub-paragraph (2) above are—
- (a) that the policy holder is resident in the United Kingdom; and
 - (b) that the income of the issuing company from the investments of its life assurance fund is, by virtue of section 445, charged to corporation tax under Case III of Schedule D;
- and expressions used in paragraph (b) above have the same meaning as in section 445(1).]

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Textual Amendments

F3894Sch. 15 para. 24(2)(2A) substituted for para. 24(2) by Finance Act 1995 (c. 4), s. 55(5)(a)(9) (as amended (29.4.1996) by Finance Act 1996 (c. 8), s. 162(1)); S.I. 2013/759, art. 2

F3895Words in Sch. 15 para. 24(2A) substituted (29.4.1996) by Finance Act 1996 (c. 8), s. 162(2)

F3896Words in Sch. 15 para. 24(3) repealed (with effect in accordance with s. 55(1)-(5) of the repealing Act) by Finance Act 1995 (c. 4), s. 55(5)(b)(9), Sch. 29 Pt. 8(7), Note (as s. 55 of that repealing Act is amended (29.4.1996) by Finance Act 1996 (c. 8), s. 162(1)); S.I. 2013/759, art. 2

F3897Words in Sch. 15 para. 24(3)(b)(c) substituted (with effect in accordance with s. 155(2) of the amending Act) by Finance Act 2003 (c. 14), Sch. 27 para. 1(4)

F3898Sch. 15 para. 24(4) repealed (with effect in accordance with s. 55(1)-(5) of the repealing Act) by Finance Act 1995 (c. 4), s. 55(5)(b)(9), Sch. 29 Pt. 8(7), Note (as s. 55 of that repealing Act is amended (29.4.1996) by Finance Act 1996 (c. 8), s. 162(1)); S.I. 2013/759, art. 2

Marginal Citations

M315 Source—1975 Sch.2 1A; 1984 Sch.5 Pt.I

- 25 (1) ^{M316} In the application of paragraph 17 in any case where—
- (a) the old policy was issued in respect of an insurance made after 17th November 1983 and could not be a qualifying policy by virtue of paragraph 24, and
 - (b) the new policy is not a new non-resident policy as defined in that paragraph, the rules for the determination of the question whether the new policy is a qualifying policy shall apply with the modifications in sub-paragraph (2) below.
- [^{F3899}(2) The modifications are the following—
- (a) if, apart from paragraph 24, the old policy or any related policy (within the meaning of paragraph 17(2)(b)) of which account falls to be taken would have been a qualifying policy, that policy shall be assumed to have been a qualifying policy for the purposes of paragraph 17(2); and
 - (b) if, apart from this paragraph, the new policy would be a qualifying policy, it shall not be such a policy unless the circumstances are as specified in paragraph 17(3); and
 - (c) in paragraph 17(3)(c) the words “either by a [^{F3900}permanent establishment] of theirs outside the United Kingdom or” shall be omitted;
- and references in this sub-paragraph to being a qualifying policy shall have effect, in relation to any time before [^{F3901}the appointed date for the purposes of section 55 of the Finance Act 1995 (removal of certification requirements)], as including a reference to being capable of being certified as such a policy.]
- (3) In the application of paragraph 17 in any case where—
- (a) the old policy is a qualifying policy which was issued in respect of an insurance made on or before 17th November 1983 but, if the insurance had been made after that date, the policy could not have been a qualifying policy by virtue of paragraph 24, and
 - (b) the new policy is issued after that date and is not a new non-resident policy, as defined in paragraph 24,
- the rules for the determination of the question whether the new policy is a qualifying policy shall apply with the modification in sub-paragraph (2)(c) above.

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Textual Amendments

F3899Sch. 15 para. 25(2) substituted by Finance Act 1995 (c. 4), s. 55(6)(9) (as amended (29.4.1996) by Finance Act 1996 (c. 8), s. 162(1)); S.I. 2013/759, art. 2

F3900Words in Sch. 15 para. 25(2)(c) substituted (with effect in accordance with s. 153(4) of the amending Act) by Finance Act 2003 (c. 14), s. 153(1)(a)

F3901Words in Sch. 15 para. 25(2) substituted (29.4.1996) by Finance Act 1996 (c. 8), s. 162(2)

Marginal Citations

M316 Source—1984 Sch.15 Pt.II 2-4

- 26 If, in the case of a substitution of policies falling within paragraph 25(1) or (3), the new policy confers such an option as results in the application to it of paragraph 19(3), the new policy shall be treated for the purposes of paragraph 19(3) as having been issued in respect of an insurance made on the same day as that on which was made the insurance in respect of which the old policy was issued.
- 27 (1) For the purposes of Part I and [^{F3902}paragraph] 24, a policy of life insurance which was issued—
- (a) in respect of an insurance made on or before 17th November 1983, and
 - (b) by a company resident outside the United Kingdom,
- shall be treated as issued in respect of an insurance made after that date if the policy is varied after that date so as to increase the benefits secured or to extend the term of the insurance.
- (2) If a policy of life insurance which was issued as mentioned in sub-paragraph (1)(a) and (b) above confers on the person to whom it is issued an option to have another policy substituted for it or to have any of its terms changed, then for the purposes of that sub-paragraph any change in the terms of the policy which is made in pursuance of the option shall be deemed to be a variation of the policy.

Textual Amendments

F3902Word in Sch. 15 para. 27(1) substituted (except for specified purposes) by Finance Act 1995 (c. 4), s. 55(7)(9) (as amended (29.4.1996) by Finance Act 1996 (c. 8), s. 162(1)); S.I. 2013/759, art. 2

F3903F3903 F3904 SCHEDULE 15A

Textual Amendments

F3903Sch. 15A repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 345, Sch. 3 (with Sch. 2)

F3904Sch. 15A inserted (1.5.1995) by Finance Act 1995 (c. 4), Sch. 12 para. 6(2)

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[^{F3908}SCHEDULE 15B

VENTURE CAPITAL TRUSTS: RELIEF FROM INCOME TAX

Textual Amendments

F3908Sch. 15B inserted (with effect in accordance with s. 71(4) of the amending Act) by Finance Act 1995 (c. 4), s. 71(2), Sch. 15

F3909F3909 PART I

RELIEF ON INVESTMENT

Textual Amendments

F3909Sch. 15B Pt. 1 (paras. 1-6) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 234, Sch. 3 Pt. 1 (with Sch. 2)

Entitlement to claim relief

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- 1 (1) Subject to the following provisions of this Schedule, an individual shall, for any year of assessment, be entitled under this Part of this Schedule to claim relief in respect of an amount equal to the aggregate of the amounts (if any) which, by reference to eligible shares issued to him by venture capital trusts in the course of that year, are amounts on which he is eligible for relief in accordance with sub-paragraph (2) below.
- (2) The amounts on which an individual shall be taken for the purposes of sub-paragraph (1) above to be eligible for relief shall be any amounts subscribed by him on his own behalf for eligible shares issued by a venture capital trust for raising money.
- (3) An individual shall not be entitled under this Part of this Schedule to claim relief for any given year of assessment in respect of an amount of more than £200,000.
- (4) An individual shall not be entitled under this Schedule to claim any relief to which he is eligible by reference to any shares unless he had attained the age of eighteen years before those shares were issued.
- (5) Where an individual makes a claim for any relief to which he is entitled under this Part of this Schedule for any year of assessment, the amount of his liability for that year to income tax on his total income shall be equal to the amount to which he would be so liable apart from this Part of this Schedule less whichever is the smaller of—
- (a) an amount equal to 30 per cent of the amount in respect of which he is entitled to claim relief for that year, and
 - (b) the amount which reduces his liability to nil.

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- (6) In determining for the purposes of sub-paragraph (5) above the amount of income tax to which a person would be liable apart from this Part of this Schedule, no account shall be taken of—
- (a) any income tax reduction under section 289A,
 - (b) any income tax reduction under Chapter I of Part VII or under section 347B,
 - (c) any income tax reduction under section 353(1A),
 - (d) any income tax reduction under section 54(3A) of the Finance Act 1989,
 - (da) any income tax reduction under paragraph 19(2) of Schedule 16 to the Finance Act 2002 (community investment tax relief),
 - (e) any relief by way of a reduction of liability to tax which is given in accordance with any arrangements having effect by virtue of section 788 or by way of a credit under section 790(1), or
 - (f) any tax at the basic rate on so much of that person's income as is income the income tax on which he is entitled to charge against any other person or to deduct, retain or satisfy out of any payment.
- (7)
- (8) A person shall not be entitled to be given any relief under this Part of this Schedule by reference to any shares if circumstances have arisen which would have resulted, had that relief already been given, in the withdrawal or reduction of the relief.
- (9) A person shall not under this Part of this Schedule be eligible for any relief on any amount by reference to any shares unless the shares are both subscribed for and issued for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax.
- (10) An individual is not eligible for relief under this Part of this Schedule by reference to any shares which are treated as issued to him by virtue of section 195(8) of the Finance Act 2003 (tax treatment of disposal by company of its own shares).
- (11) Where a company which is a venture capital trust issues to any individual eligible shares to which sub-paragraph (10) above applies, it must—
- (a) at the time of the issue of those shares, give that individual a notice stating that he is not eligible for relief under this Part of this Schedule by reference to those shares, and
 - (b) no later than three months after the issue of those shares, give a copy of that notice to an officer of the Board.

Loan-linked investments

.....

- 2 (1) An individual shall not be entitled to relief under this Part of this Schedule in respect of any shares if—
- (a) there is a loan made by any person, at any time in the relevant period, to that individual or any associate of his; and
 - (b) the loan is one which would not have been made, or would not have been made on the same terms, if that individual had not subscribed for those shares or had not been proposing to do so.

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- (2) References in this paragraph to the making by any person of a loan to any individual or an associate of his include references—
- (a) to the giving by that person of any credit to that individual or any associate of his; and
 - (b) to the assignment or assignation to that person of any debt due from that individual or any associate of his.
- (3) In this paragraph—
- “associate” has the meaning given in subsections (3) and (4) of section 417, except that in those subsections (as applied for the purposes of this paragraph) “relative” shall not include a brother or sister; and
- “the relevant period”, in relation to relief under this Part of this Schedule in respect of any shares in a company which is a venture capital trust, means the period beginning with the incorporation of the company (or, if the company was incorporated more than two years before the date on which the shares were issued, beginning two years before that date) and ending immediately before the fifth anniversary of the date on which the shares were issued.

Loss of investment relief

-
- 3 (1) This paragraph applies, subject to sub-paragraph (5) below, where—
- (a) an individual who has made any claim for relief under this Part of this Schedule makes any disposal of eligible shares in a venture capital trust, and
 - (b) that disposal takes place before the end of the period of five years beginning with the date on which those shares were issued to that individual.
- (2) If the disposal is made otherwise than by way of a bargain made at arm’s length, any relief given under this Part of this Schedule by reference to the shares which are disposed of shall be withdrawn.
- (3) Where the disposal was made by way of a bargain made at arm’s length—
- (a) if, apart from this sub-paragraph, the relief given by reference to the shares that are disposed of is greater than the amount mentioned in sub-paragraph (4) below, it shall be reduced by that amount, and
 - (b) if paragraph (a) above does not apply, any relief given by reference to those shares shall be withdrawn.
- (4) The amount referred to in sub-paragraph (3) above is an amount equal to tax at the lower rate for the year of assessment for which the relief was given on the amount or value of the consideration which the individual receives for the shares.
- (5) This paragraph shall not apply in the case of any disposal of shares which is made by a person to his spouse or civil partner at a time when they are living together.
- (6) Where any eligible shares issued to any individual (“the transferor”), being shares by reference to which any amount of relief under this Part of this Schedule has been given, are transferred to the transferor’s spouse or civil partner (“the transferee”) by a disposal such as is mentioned in sub-paragraph (5) above, this paragraph shall have effect, in relation to any subsequent disposal or other event, as if—

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- (a) the transferee were the person who had subscribed for the shares,
 - (b) the shares had been issued to the transferee at the time when they were issued to the transferor,
 - (c) there had been, in respect of the transferred shares, such a reduction under this Part of this Schedule in the transferee's liability to income tax as is equal to the actual reduction in respect of those shares of the transferor's liability, and
 - (d) that deemed reduction were (notwithstanding the transfer) to be treated for the purposes of this paragraph as an amount of relief given by reference to the shares transferred.
- (7) Any assessment for withdrawing or reducing relief by reason of a disposal or other event falling within sub-paragraph (6) above shall be made on the transferee.
- (8) In determining for the purposes of this paragraph any question whether any disposal relates to shares by reference to which any relief under this Part of this Schedule has been given, it shall be assumed, in relation to any disposal by any person of any eligible shares in a venture capital trust, that—
- (a) as between eligible shares acquired by the same person on different days, those acquired on an earlier day are disposed of by that person before those acquired on a later day; and
 - (b) as between eligible shares acquired by the same person on the same day, those by reference to which relief under this Part of this Schedule has been given are disposed of by that person only after he has disposed of any other eligible shares acquired by him on that day.
- (9) Where—
- (a) the approval of any company as a venture capital trust is withdrawn, and
 - (b) the withdrawal of the approval is not one to which section 842AA(8) applies,
- any person who, at the time when the withdrawal takes effect, is holding any shares by reference to which relief under this Part of this Schedule has been given shall be deemed for the purposes of this paragraph to have disposed of those shares immediately before that time and otherwise than by way of a bargain made at arm's length.

Assessment on withdrawal or reduction of relief

-
- 4 (1) Any relief given under this Part of this Schedule which is subsequently found not to have been due shall be withdrawn by the making of an assessment to tax . . . for the year of assessment for which the relief was given.
- (2) An assessment for withdrawing or reducing relief in pursuance of paragraph 3 above shall also be made as an assessment to tax . . . for the year of assessment for which the relief was given.
- (3) No assessment for withdrawing or reducing relief given by reference to shares issued to any person shall be made by reason of any event occurring after his death.

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Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Provision of information

-
- 5 (1) Where an event occurs by reason of which any relief under this Part of this Schedule falls to be withdrawn or reduced, the individual to whom the relief was given shall, within 60 days of his coming to know of the event, give a notice to the inspector containing particulars of the event.
- (2) If the inspector has reason to believe that a person has not given a notice which he is required to give under sub-paragraph (1) above in respect of any event, the inspector may by notice require that person to furnish him within such time (not being less than 60 days) as may be specified in the notice with such information relating to the event as the inspector may reasonably require for the purposes of this Part of this Schedule.
- (3) No obligation as to secrecy imposed by statute or otherwise shall preclude the inspector from disclosing to a venture capital trust that relief given by reference to a particular number or proportion of its shares has been given or claimed under this Part of this Schedule.

Interpretation of Part I

-
- 6 (1) In this Part of this Schedule “eligible shares”, in relation to a company which is a venture capital trust, means new ordinary shares in that trust which, throughout the period of five years beginning with the date on which they are issued, carry no present or future preferential right to dividends or to a company’s assets on its winding up and no present or future . . . right to be redeemed.
- (2) In this Part of this Schedule “ordinary shares”, in relation to a company, means shares forming part of a company’s ordinary share capital.
- (3) In this Part of this Schedule references to a disposal of shares shall include references to a disposal of an interest or right in or over the shares.

PART II

RELIEF ON DISTRIBUTIONS

Modifications etc. (not altering text)

C277 Sch. 15B Pt. 2 applied (1.5.1995) by Taxation of Chargeable Gains Act 1992 (c. 12), s. 151A(6) (as inserted by Finance Act 1995 (c. 4), s. 72(3))

7

F3924

Textual Amendments

F3924 Sch. 15B paras. 7-9 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 346(3), Sch. 3 (with Sch. 2)

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Meaning of “permitted maximum”

8 F3925

Textual Amendments

F3925Sch. 15B paras. 7-9 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 346(3), **Sch. 3** (with Sch. 2)

Interpretation of Part II

9 F3926]

Textual Amendments

F3926Sch. 15B paras. 7-9 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 346(3), **Sch. 3** (with Sch. 2)

F3927F3927 SCHEDULE 16

Textual Amendments

F3927Sch. 16 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 235, **Sch. 3 Pt. 1** (with Sch. 2)

F3937F3937 SCHEDULE 17

Textual Amendments

F3937Sch. 17 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 139, **Sch. 3 Pt. 1** (with Sch. 2)

F3939F3939 [F3940 SCHEDULE 17A]

Status: Point in time view as at 01/04/2010. This version of this Act contains provisions that are not valid for this point in time.

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Textual Amendments

F3939Sch. 17A repealed and replaced (with effect in accordance with Sch. 27 Pt. 3(28) Note of the repealing Act) by Finance Act 1998 (c. 36), s. 117(1)(c), Sch. 18, **Sch. 27 Pt. 3(28)**

F3940Sch. 17A inserted (with effect in accordance with s. 100(4) of the amending Act) by Finance Act 1990 (c. 29), s. 100(3), **Sch. 15**; S.I. 1992/3066, **art. 2(2)(b)**

F3941 SCHEDULE 18

Textual Amendments

F3941Sch. 18 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 140, **Sch. 3 Pt. 1** (with Sch. 2)

F3983^{**F3983**}**F3984** SCHEDULE 18A]

Textual Amendments

F3983Sch. 18A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 141, **Sch. 3 Pt. 1** (with Sch. 2)

F3984Sch. 18A inserted (with effect in accordance with Sch. 1 para. 9 of the amending Act) by Finance Act 2006 (c. 25), **Sch. 1 para. 7**

F3986^{**F3986**} SCHEDULE 19

Textual Amendments

F3986Sch. 19 repealed by Finance Act 1989 (c. 26), ss. 103, 187, **Sch. 17 Pt. V**, Notes 1, 3

F3991^{**F3991**}**F3992** SCHEDULE 19AA]

Status: Point in time view as at 01/04/2010. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F3991Sch. 19AA repealed (with effect in accordance with s. 38(2) of the repealing Act) by [Finance Act 2007](#) (c. 11), Sch. 7 para. 55, [Sch. 27 Pt. 2\(7\)](#), Note (with Sch. 7 Pt. 2)

F3992Sch. 19AA inserted (for accounting periods beginning on or after 1 January 1990) by [Finance Act 1990](#) (c. 29), Sch.7 paras. 6, **10**

F4022F4022 | F4023
SCHEDULE 19AB]

Textual Amendments

F4022Sch. 19AB repealed (with effect in accordance with s. 87(2)-(5) of the repealing Act) by [Finance Act 2001](#) (c. 9), s. 87(1), [Sch. 33 Pt. 2\(12\)](#), Note (the provisions of Sch. 19AB not applying in relation to tax credits in respect of distributions made on or after 6th April 2004)

F4023Sch. 19AB inserted (with effect in relation to accounting periods beginning on or after 2.10.1992) by [Finance Act 1991](#) (c. 31, SIF 63:1), s. 49, [Sch. 8](#); S.I. 1992/1746, [art. 2](#)

SCHEDULE 19ABA

Section 440D

MODIFICATION OF LIFE ASSURANCE PROVISIONS OF THE CORPORATION TAX ACTS IN RELATION TO BLAGAB GROUP REINSURERS

PART 1

INTRODUCTORY

- 1 (1) In their application to a BLAGAB group reinsurer the life assurance provisions of the Corporation Tax Acts shall have effect with the following modifications.
- (2) In this paragraph “BLAGAB group reinsurer” means an insurance special purpose vehicle which—
- (a) would fall within the definition of “insurance company” in section 431 if the words after paragraph (b) of the definition were disregarded, and
 - (b) meets the BLAGAB group reinsurer conditions.
- (3) For the purposes of sub-paragraph (2), an insurance special purpose vehicle meets the BLAGAB group reinsurance conditions if—
- (a) it carries on basic life assurance and general annuity business,
 - (b) all of its life assurance business is reinsurance business and that business is of a type excluded from section 431G(3) by regulations made by the Board, and

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- (c) section 431G(3)(b) does not apply.

PART 2

MODIFICATIONS OF THIS ACT

- 2 This Act shall have effect with the following modifications.

Modification of section 76 (expenses of insurance companies)

- 3 (1) Modify section 76 (expenses of insurance companies) as follows.
- (2) In subsection (3) for the words from “means” to the end substitute—
- “means—
- (a) in the case of a company preparing IAD accounts, expenses included in item II.8 or 9(a) of the long-term business technical account, and
- (b) in the case of a company preparing IAS accounts, such of the expenses included in the income statement in the IAS accounts as are equivalent to expenses that would be included in item II.8 or 9(a) of the long-term business technical account in IAD accounts,
- but does not include any of the amounts falling within subsection (4), (5) or (6) below.”.
- (4) In subsection (7)—
- (a) omit Step 6;
- (b) in Step 7—
- (i) in paragraph (a) for “Subtotal 3” substitute “ Subtotal 2 ”;
- (ii) for “Subtotal 4” substitute “ the expenses deduction ”;
- (c) omit Step 8.
- (5) In subsection (8) omit paragraphs (b) and (c).
- (6) In subsection (12)(a) for “Step 8” insert “ Step 7 ”.
- (7) In subsection (15) after the definition of “expenses payable” insert—
- ““long-term business technical account” means the technical account for life-assurance business included in the IAD accounts, or where the technical account included in the IAD accounts for non-life-insurance business of the company is used for all business, such part of that account as relates to the long-term business of the company;”.

Modification of section 431 (interpretative provisions relating to insurance companies)

- 4 (1) Modify section 431(2) (interpretative provisions relating to insurance companies) as follows.
- (2) Insert the following definitions in the appropriate places—

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““IAD accounts” means accounts drawn up in accordance with the Council Directive of 19th December 1991 on the annual accounts of insurance undertakings (No. 91/674/EEC)^{M359},”;

““IAS accounts” means accounts prepared in accordance with international accounting standards;”.

(3) In the definition of “insurance company” at the end insert “ unless it meets the BLAGAB group reinsurer conditions (within the meaning of paragraph 1 of Schedule 19ABA ”.

(4) For the definition of “liabilities” substitute—

““liabilities” means—

- (a) technical provisions (item C), and
- (b) technical provisions for linked liabilities (item D),

in the liabilities in the balance sheet format in paragraph 9 of Schedule 9A to the Companies Act 1985 in the IAD accounts or equivalent provisions in the IAS accounts;”;

(5) For the definition of “long-term insurance fund” substitute—

““long-term insurance fund” means—

- (a) the technical account for life assurance business of the company included in the IAD accounts,
- (b) where the technical account included in the IAD accounts for non-life-insurance business of the company is used for all business, such part of that account as relates to the long-term business of the company, or
- (c) such part of the income statement as relates to the life assurance business of the company included in the IAS accounts,

and references to assets of the long-term insurance fund shall be read as references to assets from which any income or gain is or would be included in that technical account or that part of the technical account or that part of the income statement;”.

(6) For the definition of “periodical return” substitute—

““periodical return” means—

- (a) in relation to a company preparing IAD accounts, the IAD accounts, and
- (b) in relation to a company preparing IAS accounts, the IAS accounts;”;

(7) Omit the definition of “period of account”;

(8) For the definition of “value” substitute—

““value” means the value taken into account for the purposes of IAD accounts or IAS accounts”.

Marginal Citations

M359 O.J. L374, 31.12.1991, p.7.

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Modification of section 432B (apportionment of receipts brought into account)

- 5 (1) Modify section 432B (apportionment of receipts brought into account) as follows.
- (2) In subsection (1) for “sections 432C to 432G” substitute “ sections 432C and 432G ”.
- (3) In subsection (2) for “sections 432C to 432G” substitute “ sections 432C and 432G ”.
- (4) Omit subsection (3).

Modification of section 432E (section 432B apportionment: participating funds)

- 6 Omit section 432E (section 432B apportionment: participating funds).

Modification of section 432F (section 432B apportionment: supplementary provisions)

- 7 Omit section 432F (section 432B apportionment: supplementary provisions).

Modification of section 444AA (transfers of business: deemed periodic return)

- [^{F4086} In section 444AA (transfers of business: deemed periodical returns) in subsection (5) for paragraphs (a) and (b) substitute—
- “(a) in respect of the amount of the relevant long-term business provisions immediately before the transfer, and
- (b) in respect of the value, immediately before the transfer, of the assets transferred.”.]

Textual Amendments

F4086 Sch. 19ABA para. 8 substituted (12.8.2008 with effect in accordance with art. 1(2)-(4) of the amending S.I.) by [The Insurance Companies \(Taxation of Insurance Special Purpose Vehicles\) Order 2008 \(S.I. 2008/1923\)](#), arts. 1(1), 3(2)

Modification of section 444ABA (relevant non-transferred assets)

- 8A In section 444ABA (relevant non-transferred assets) in subsection (1) for the definition of BTO substitute—
- “BTO is the lesser of VA and APL, where—
- (a) VA is the value of the assets transferred by the insurance business transfer scheme shown (or treated as shown) in the periodical return of the transferor for the period of account of the transferor including the transfer date, and
- (b) APL is the amount of the profit or loss for the financial year shown in the balance sheet in the periodical return for the last period of account of the transferor ending before the transfer date, together with—

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- (i) in the case of IAD accounts, the amount of profit or loss shown as being brought forward in that balance sheet, and
- (ii) in the case of IAS accounts, the amount of retained earnings shown as being brought forward in that balance sheet.”.

Modification of section 444ABB (retained assets)

- 8B (1) Modify section 444ABB (retained assets) as follows.
- (2) In subsection (1)—
- (a) for “RL13” (in both places) substitute “ RL ”, and
 - (b) in the definition of RL13 for “AL13” substitute “ APL ”.
- (3) In subsection (1A) for paragraphs (a) to (c) substitute—
- “(a) APL is the amount of the profit or loss for the financial year shown in the balance sheet in the periodical return for the last period of account of the transferor ending before the transfer date, together with—
 - (i) in the case of IAD accounts, the amount of profit or loss shown as brought forward in that balance sheet, and
 - (ii) in the case of IAS accounts, the amount of retained earnings shown as brought forward in that balance sheet;
 - (b) VE is the amount (if any) by which VA exceeds VTL where—
 - (i) VA is the value of the assets transferred by the insurance business transfer scheme shown (or treated as shown) in the periodical return of the transferor for the period of account of the transferor including the transfer date, and
 - (ii) VTL is the value of the liabilities transferred by the insurance business transfer scheme (but excluding those which arise from deposit back arrangements); and
 - (c) relevant retained liabilities are any liabilities of the company's long-term business which are owed by the company immediately after the transfer date and are shown (or treated as shown)—
 - (i) at items C3 (net of reinsurance) and G in IAD accounts, or
 - (ii) at equivalent items in the balance sheet in IAS accounts.”.

Modification of section 444ABD (transferor's period of account including transfer)

- 8C (1) Modify section 444ABD (transferor's period of account including transfer) as follows.
- (2) In subsection (1) for paragraphs (a) and (b) substitute—
- “(a) the value of the liabilities transferred by the insurance business transfer scheme (but excluding those which arise from deposit back arrangements), exceeds
 - (b) the value, immediately before the transfer, of the assets transferred by the insurance business transfer scheme,”.
- (3) In subsection (1E) for “amount” (in the first place) substitute “ value ”.

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Modification of section 444AC (transfer schemes: reduction of income of transferee)

8D (1) Modify section 444AC (transfer schemes: reduction of income of transferee) as follows.

(2) In subsection (4) for the words from “lesser of” to the end substitute—

“the amount of the profit or loss for the financial year shown in the balance sheet in the periodical return for the last period of account of the transferor ending before the transfer date, together with—

- (a) in the case of IAD accounts, the amount of profit or loss shown as being brought forward in that balance sheet, and
- (b) in the case of IAS accounts, the amount of retained earnings shown as being brought forward in that balance sheet.”

(3) Omit subsection (5).

Modification of section 444AE (transfers of business: FAFTS)

8E (1) In a case where the transferor or the transferee is a BLAGAB group reinsurer (or both are), omit section 444AE (transfers of business: FAFTS).

Modification of section 444AEA (transfer schemes: anti-avoidance rule)

8F In section 444AEA (transfer schemes: anti-avoidance rule), in subsection (6), in the definition of “surplus-increasing transfer of assets”, for “increases the amount of total surplus shown in line 39 of Form 58” substitute “ gives rise to an amount that increases the profits or reduces the losses shown ”.

F4087 . . .

Textual Amendments

F4087 Sch. 19ABA paras. 9-11 and cross-headings repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), Sch. 8 para. 34(2), [Sch. 10 Pt. 1](#) (with Sch. 9)

9

F4088

Textual Amendments

F4088 Sch. 19ABA paras. 9-11 and cross-headings repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), Sch. 8 para. 34(2), [Sch. 10 Pt. 1](#) (with Sch. 9)

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F4089 . . .

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Textual Amendments

F4089Sch. 19ABA paras. 9-11 and cross-headings repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 34(2), Sch. 10 Pt. 1 (with Sch. 9)

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F4090 . . .

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Textual Amendments

F4090Sch. 19ABA paras. 9-11 and cross-headings repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 34(2), Sch. 10 Pt. 1 (with Sch. 9)

F4091 . . .

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Textual Amendments

F4091Sch. 19ABA paras. 9-11 and cross-headings repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 34(2), Sch. 10 Pt. 1 (with Sch. 9)

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F4092 . . .

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Textual Amendments

F4092Sch. 19ABA paras. 9-11 and cross-headings repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 34(2), Sch. 10 Pt. 1 (with Sch. 9)

PART 3

MODIFICATION OF THE FINANCE ACT 1989

Modification of the Finance Act 1989

12

The Finance Act 1989 ^{M360} shall have effect with the following modifications.

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Marginal Citations

M360 1989 c. 26.

Modification of section 82B (unappropriated surplus on valuation)

- 13 Omit section 82B (unappropriated surplus on valuation).

Modification of section 82D (treatment of profits: life assurance— adjustment consequent on change in Insurance Prudential Sourcebook)

- 14 Omit section 82D (treatment of profits: life assurance—adjustment consequent on change in Insurance Prudential Sourcebook).

Modification of section 82E (section 82D: treatment of transferors under insurance business transfer schemes)

- 15 Omit section 82E (section 82D: treatment of transferors under insurance business transfer schemes).

Modification of section 82 (section 82D: treatment of transferees under insurance business transfer schemes)

- 16 Omit section 82F (section 82D: treatment of transferees under insurance business transfer schemes).

Modification of section 83 (receipts to be taken into account)

- 17 In section 83 (receipts to be taken into account)—
- (a) after paragraph (b) insert—
 - “(ba) a transfer from the fund for future appropriations.”;
 - (b) after subsection (2) insert—
 - “(2YA) A transfer to the fund for future appropriations shall be treated as brought into account for that period as a decrease in the value of non-linked assets and taken into account as an expense of the period of account.”;
 - (c) omit subsections (2A) to (2E).

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Modification of section 83XA (structural assets)

- 18 In section 83XA (structural assets) in subsection (3)) for the words from “means” to the end substitute “ means assets listed under 1 and 2 in C(II) in Article 6 of the Council Directive of 19th December 1991 on the annual accounts and consolidated accounts of insurance undertakings (No. 91/674/EEC) ^{M361} ”.

Marginal Citations

M361 O.J. L374, 31.12.1991, p.7.

Modification of section 83YA (changes in value of assets brought into account: non-profit companies)

- 19 Omit section 83YA (changes in value of assets brought into account: non-profit companies).

Modification of section 83YB (meaning of “appropriate line 51” amount for purposes of section 83YA)

- 20 Omit section 83YB (meaning of “appropriate line 51” amount for purposes of section 83YA).

Modification of section 83YC to 83YF (financing-arrangement-funded transfers)

- 20A Omit sections 83YC to 83YF (financing-arrangement-funded transfers).

Modification of section 83A (meaning of brought into account)

- 21 (1) Modify section 83A (meaning of “brought into account”) as follows.
(2) For subsection (2) substitute—
“(2) The accounts recognised for the purposes of those sections are—
(a) such technical accounts (or such parts of those accounts) included in the IAD accounts, or
(b) such parts of the income statements included in the IAS accounts, as relate to the whole of the company's long-term business.”.
(3) Omit subsections (3) to (4).

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Modification of section 83B (changes in recognised accounts: attribution of amounts carried forward under section 432F of Taxes Act 1988)

- 22 Omit section 83B (changes in recognised accounts: attribution of amounts carried forward under section 432F of Taxes Act 1988).

Modification of section 85A (excess adjusted [^{F4093}life assurance trade] profits)

Textual Amendments

F4093 Words in [Sch. 19ABA para. 23](#) cross-heading substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 282\(5\)](#) (with [Sch. 2 Pts. 1, 2](#))

- 23 In section 85A (excess adjusted [^{F4094}life assurance trade] profits) in subsection (8) (a) for “Step 8” substitute “ Step 7 ”.

Textual Amendments

F4094 Words in [Sch. 19ABA para. 23](#) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 282\(4\)](#) (with [Sch. 2 Pts. 1, 2](#))

Modification of section 86 (spreading of relief for acquisition expenses)

- 24 Omit section 86 (spreading of relief for acquisition expenses).

Modification of section 89 (policy holders' share of profits)

- 25 In section 89 (policy holders' share of profits) omit subsection (6).

PART 4

MODIFICATION OF PART 2 OF TIOPA 2010 (DOUBLE TAXATION RELIEF)

- 26 TIOPA 2010 shall have effect with the following modifications.

Modification of section 102 (interpreting sections 99 to 101 for life assurance or gross roll-up business)

- 27 Omit section 102.

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Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Modification of section 103 (interpreting sections 99 to 101 for other insurance business)

28 In section 103(1) omit the words from “if” to the end.

F4095F4095 [**F4096** SCHEDULE
19AC]

Textual Amendments

F4095 Sch. 19AC repealed (31.12.2006 with effect in accordance with reg. 1 of the repealing S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 43(1), **Sch. Pt. 1**

F4096 Sch. 19AC inserted (27.7.1993) by 1993 c. 34, s. 97, **Sch. 9 para.1**

F4173F4174 SCHEDULE 19A

Section 450.]

Textual Amendments

F4173 Sch. 19A inserted (1988-89 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), s. 58(4)(a)(5), **Sch. 5**

F4174 Sch. 19A repealed and superseded (with [Sch. 19](#) of the amending Act) (27.7.1993 with effect for the year 1992-93 and subsequent years of assessment) by 1993 c. 34, ss. 173(2), 213, **Sch. 23 Pt. III(12)** Note 5

F4190 SCHEDULE 19B

Section 496A

PETROLEUM EXTRACTION ACTIVITIES: EXPLORATION EXPENDITURE SUPPLEMENT

Textual Amendments

F4190 Sch. 19B inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), s. 286(3), **Sch. 38**

PART 1

INTRODUCTORY

About this Schedule

1 (1) This Schedule entitles a company carrying on a ring fence trade, on making a claim in respect of an accounting period ending on or after 1st January 2004 **F4191** but before

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- 1st January 2006], to a supplement (initially of 6%, but variable by Treasury order) in respect of—
- (a) qualifying capital expenditure incurred before the trade is set up and commenced,
 - (b) losses incurred in the trade, determined by reference to allowances under Part 6 of the Capital Allowances Act (expenditure on research and development) in respect of qualifying capital expenditure, and
 - (c) some or all of the supplement allowed in respect of earlier periods.
- (2) To qualify, the capital expenditure in question must be incurred on or after 1st January 2004 [^{F4192}but before 1st January 2006] in respect of oil and gas exploration and appraisal (as well as satisfying other conditions).
- (3) Part 2 makes provision about the application and interpretation of this Schedule.
- (4) Part 3 makes provision about supplement in relation to expenditure incurred by the company—
- (a) with a view to carrying on a ring fence trade, but
 - (b) in an accounting period before the company sets up and commences that trade.
- (5) Part 4 makes provision about supplement in relation to losses incurred in carrying on the ring fence trade.
- (6) There is a limit on the number of accounting periods (6) in respect of which a company may claim supplement.
- (7) In determining the amount of supplement allowable, reductions fall to be made in respect of—
- (a) disposal receipts by virtue of section 555 of the Capital Allowances Act (disposal of oil licence with exploitation value),
 - (b) ring fence losses that could be set off under section 393A [^{F4193}or 393B] against ring fence profits of earlier periods,
 - (c) ring fence losses incurred in earlier periods that fall to be set off under section 393 against profits of succeeding periods,
 - (d) unrelieved group ring fence profits.

Textual Amendments

F4191 Words in Sch. 19B para. 1(1) inserted (19.7.2006) by Finance Act 2006 (c. 25), s. 154(4)(a)

F4192 Words in Sch. 19B para. 1(2) inserted (19.7.2006) by Finance Act 2006 (c. 25), s. 154(4)(b)

F4193 Words in Sch. 19B para. 1(7)(b) inserted (with effect in accordance with 111(3) of the amending Act) by Finance Act 2008 (c. 9), Sch. 35 para. 8(2)

PART 2

APPLICATION AND INTERPRETATION

Qualifying companies

- 2 This Schedule applies in relation to any company which—

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- (a) carries on a ring fence trade, or
- (b) is engaged in oil and gas exploration and appraisal (see section 837B [^{F4194} of this Act and section 1003 of ITA 2007]) with a view to carrying on a ring fence trade,

and in this Schedule any such company is referred to as a “qualifying company”.

Textual Amendments

F4194 Words in Sch. 19B para. 2(b) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 236 (with Sch. 2)

Accounting periods

- 3 (1) In this Schedule, in the case of any qualifying company,—
- “the commencement period” means the accounting period in which the company sets up and commences its ring fence trade;
 - “post-commencement period” means any accounting period ending on or after 1st January 2004 [^{F4195} but before 1st January 2006]—
 - (a) which is the commencement period, or
 - (b) which ends after the commencement period;
 - “pre-commencement period” means any accounting period ending—
 - (a) on or after 1st January 2004 [^{F4196} but before 1st January 2006], and
 - (b) before the commencement period.
- (2) For the purposes of this Schedule a company not within the charge to corporation tax which incurs qualifying E&A expenditure is to be treated as having such accounting periods as it would have if—
- (a) it carried on a trade consisting of the activities in respect of which the expenditure is incurred, and
 - (b) it had started to carry on that trade when it started to carry on the research and development on which the expenditure is incurred.
- [In the case of an accounting period (a “straddling period”) of any qualifying company [^{F4197}(3) beginning before 1st January 2006 and ending on or after that date—
- (a) so much of the straddling period as falls before 1st January 2006, and
 - (b) so much of the straddling period as falls on or after that date,
- are treated as separate accounting periods for the purposes of this Schedule.
- (4) Special provision is made elsewhere in this Schedule in relation to straddling periods (see paragraphs 16, 18A and 22).]

Textual Amendments

F4195 Words in Sch. 19B para. 3(1) inserted (19.7.2006) by Finance Act 2006 (c. 25), s. 154(5)(a)

F4196 Words in Sch. 19B para. 3(1) inserted (19.7.2006) by Finance Act 2006 (c. 25), s. 154(5)(b)

F4197 Sch. 19B para. 3(3)(4) inserted (19.7.2006) by Finance Act 2006 (c. 25), s. 154(5)(c)

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The relevant percentage

- 4 (1) For the purposes of this Schedule, the relevant percentage for any accounting period ending on or after 1st January 2004 is 6%.
- (2) The Treasury may by order vary the percentage for the time being specified in subparagraph (1) for such accounting periods as may be specified in the order.

Limit on number of accounting periods for which supplement may be claimed

- 5 (1) A company may claim supplement under this Schedule in respect of no more than 6 accounting periods.
- (2) The accounting periods in respect of which claims are made need not be consecutive.

Qualifying E&A expenditure

- 6 (1) For the purposes of this Schedule “qualifying E&A expenditure” is any expenditure as respects which the following conditions are satisfied.
- (2) Condition 1 is that the expenditure is incurred on or after 1st January 2004 [^{F4198}but before 1st January 2006].
- (3) Condition 2 is that, for the purposes of Part 6 of the Capital Allowances Act, the expenditure is qualifying expenditure incurred on research and development consisting of oil and gas exploration and appraisal (see section 437(2)(b) of that Act).
- (4) Condition 3 is that an allowance under section 441 of that Act is claimed in respect of the expenditure.
- (5) Condition 4 is that the expenditure is incurred in the course of oil extraction activities.
- (6) Condition 5 is that—
- (a) those oil extraction activities are comprised in a ring fence trade, or
 - (b) after incurring the expenditure, the person incurring it sets up and commences a ring fence trade connected with the research and development [^{F4199}or starts to be within the charge to corporation tax in respect of such a ring fence trade.]

Textual Amendments

F4198 Words in Sch. 19B para. 6(2) inserted (19.7.2006) by Finance Act 2006 (c. 25), s. 154(6)

F4199 Words in Sch. 19B para. 6(6)(b) inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 283 (with Sch. 2 Pts. 1, 2)

Unrelieved group ring fence profits for accounting periods

- 7 (1) There is an amount of unrelieved group ring fence profits for an accounting period of a qualifying company (“company Q”) in any case where—
- (a) the company and any other company (“company X”) are members of the same group of companies, within the meaning given by section 413(3)(a), and
 - (b) company X has an amount of taxable ring fence profits (see paragraph 8) for a corresponding accounting period.

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- (2) An accounting period of company X corresponds to an accounting period of company Q if—
 - (a) it coincides with, or falls wholly within, the accounting period of company Q, or
 - (b) it falls partly within the accounting period of company Q.
- (3) Where an accounting period of company X—
 - (a) coincides with an accounting period of company Q, or
 - (b) falls wholly within an accounting period of company Q,there is, for the accounting period of company Q, an amount of unrelieved group ring fence profits equal to the whole of company X's taxable ring fence profits for its accounting period.
- (4) Where an accounting period of company X falls partly within an accounting period of company Q—
 - (a) there is an amount of unrelieved group ring fence profits for the accounting period of company Q, and
 - (b) that amount is an amount equal to the part of company X's taxable ring fence profits for its accounting period that is attributable, on an apportionment in accordance with section 834(4), to the part of that period which falls within the accounting period of company Q.
- (5) This paragraph applies for the purposes of this Schedule.

Taxable ring fence profits of an accounting period

- 8 For the purposes of this Schedule, a company has taxable ring fence profits for an accounting period if it has an amount of ring fence profits which is chargeable to corporation tax for that accounting period after any group relief claimed under Chapter 4 of Part 10.

PART 3

PRE-COMMENCEMENT SUPPLEMENT

Supplement in respect of a pre-commencement accounting period

- 9 (1) Where—
 - (a) a qualifying company claims an allowance under section 441 of the Capital Allowances Act (research and development allowances) for the commencement period, and
 - (b) the claim is for an allowance in respect of qualifying E&A expenditure incurred before that period,the company may also claim supplement under this Part of this Schedule (“pre-commencement supplement”) in respect of one or more pre-commencement periods.
- (2) Any pre-commencement supplement allowed on a claim in respect of a pre-commencement period shall be treated as an allowance under Part 6 of the Capital Allowances Act for the commencement period in respect of qualifying E&A expenditure incurred by the company.

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- (3) The amount of the supplement for any pre-commencement period in respect of which a claim under this paragraph is made is the relevant percentage for that period of the reference amount for that period.
- (4) If the pre-commencement period is a period of less than twelve months, the amount of the supplement for the period (apart from this sub-paragraph) shall be reduced proportionally.
- (5) Paragraphs 10 to 13 have effect for the purpose of determining the reference amount for a pre-commencement period.

The mixed pool of qualifying E&A expenditure and supplement previously allowed

- 10 (1) For the purpose of determining the amount of any pre-commencement supplement, a qualifying company shall be taken to have had, at all times in the pre-commencement periods of the company, a continuing mixed pool of qualifying E&A expenditure and pre-commencement supplement.
- (2) The pool shall be taken to have consisted of—
- (a) the company’s qualifying E&A expenditure, allocated to the pool for each pre-commencement period in accordance with sub-paragraph (3), and
 - (b) the company’s pre-commencement supplement, allocated to the pool for each pre-commencement period in accordance with sub-paragraph (4).
- (3) To allocate qualifying E&A expenditure to the pool for any pre-commencement period, take the following steps—
- (a) *Step 1:* count as eligible expenditure for that period so much of the qualifying E&A expenditure mentioned in paragraph 9(1)(b) as was incurred in that period,
 - (b) *Step 2:* find the total of all the eligible expenditure for that period (amount E),
 - (c) *Step 3:* if paragraph 11 applies, reduce amount E in accordance with that paragraph,
 - (d) *Step 4:* if paragraph 12 applies, reduce (or, as the case may be, further reduce) amount E in accordance with that paragraph,
- and so much of amount E as remains after making those reductions shall be taken to have been added to the pool in that period.
- (4) If any pre-commencement supplement is allowed on a claim in respect of a pre-commencement period, the amount of that supplement shall be taken to have been added to the pool in that period.

Treatment of disposal value on disposal of oil licence with exploitation value

- 11 (1) This paragraph applies in any case where—
- (a) the qualifying company disposes of an interest in an oil licence in a pre-commencement period,
 - (b) part of the value of the interest (the “deductible amount”) is attributable to qualifying E&A expenditure incurred by the company, and
 - (c) section 555 of the Capital Allowances Act (disposal of oil licence with exploitation value) has effect in relation to the disposal.

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- (2) For the purpose of allocating qualifying E&A expenditure to the pool for each pre-commencement period—
- (a) find the total of the deductible amounts in the case of all such disposals made by the company (amount D), and
 - (b) taking later periods before earlier periods, reduce (but not below nil) amount E for any pre-commencement period by setting against it so much of amount D as does not fall to be set against amount E for a later pre-commencement period.
- (3) In this paragraph “oil licence” has the same meaning as in section 555 of the Capital Allowances Act (see section 552 (1) of that Act).

Reduction in respect of unrelieved group ring fence profits

- 12 (1) This paragraph applies if there is an amount of unrelieved group ring fence profits for a pre-commencement period.
- (2) For the purpose of allocating qualifying E&A expenditure to the pool for that period—
- (a) find so much (if any) of amount E for that period as remains after any reduction falling to be made under paragraph 11, and
 - (b) reduce that amount (but not below nil) by setting against it a sum equal to the aggregate of the amounts of unrelieved group ring fence profits for the period.

The reference amount for a pre-commencement period

- 13 For the purposes of this Part of this Schedule, the reference amount for a pre-commencement period is the amount in the pool at the end of the period—
- (a) after the addition to the pool of any qualifying E&A expenditure allocated to the pool for that period in accordance with paragraph 10(3), but
 - (b) before determining, and adding to the pool, the amount of any pre-commencement supplement claimed in respect of the period.

Claims for pre-commencement supplement

- 14 (1) Any claim for pre-commencement supplement in respect of a pre-commencement period must be made at the same time as, and as if it were part of, the claim under section 441 of the Capital Allowances Act mentioned in paragraph 9(1)(a).
- (2) Subsection (3) of that section (claim for reduced amount) applies in relation to any such claim.

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PART 4

POST-COMMENCEMENT SUPPLEMENT

Supplement in respect of a post-commencement period

- 15 (1) A qualifying company which incurs a qualifying E&A loss (see paragraph 17) in a post-commencement period may claim supplement under this Part of this Schedule (“post-commencement supplement”) in respect of—
- (a) that period, or
 - (b) any subsequent accounting period in which it carries on its ring fence trade.
- (2) Any post-commencement supplement allowed on a claim in respect of a post-commencement period shall be treated for the purposes of the Corporation Tax Acts (other than this Part of [F4200 this Schedule or [F4201 sections 321 to 329 of CTA 2010]]) as if it were a loss—
- (a) incurred in carrying on the ring fence trade in that period,
 - (b) which falls in whole to be set off under section 393 against trading income from the ring fence trade in succeeding accounting periods.
- (3) Paragraph 74 of Schedule 18 to the Finance Act 1998 (company tax returns etc: time limit for claims for group relief) shall apply in relation to a claim for post-commencement supplement as it applies in relation to a claim for group relief.

Textual Amendments

F4200 Words in *Sch. 19B para. 15(2)* substituted (19.7.2006) by *Finance Act 2006 (c. 25), s. 154(7)*

F4201 Words in *Sch. 19B para. 15(2)* substituted (1.4.2010 with effect in accordance with *s. 1184(1)* of the amending Act) by *Corporation Tax Act 2010 (c. 4), Sch. 1 para. 142(2)* (with *Sch. 2*)

Amount of post-commencement supplement for a post-commencement period

- 16 (1) The amount of the post-commencement supplement for any post-commencement period in respect of which a claim under paragraph 15 is made is the relevant percentage for that period of the reference amount for that period.
- (2) If the post-commencement period is a period of less than twelve months, the amount of the supplement for the period (apart from this sub-paragraph) shall be reduced proportionally.
- [But, if the post-commencement period is the deemed accounting period under F4202(2A) paragraph 3(3) ending before 1st January 2006, sub-paragraph (2) has no effect in relation to the amount of the supplement for that period.]
- (3) Paragraphs 19 to 24 have effect for the purpose of determining the reference amount for a post-commencement period.

Textual Amendments

F4202 *Sch. 19B para. 16(2A)* inserted (19.7.2006) by *Finance Act 2006 (c. 25), s. 154(8)*

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Ring fence losses and qualifying E&A losses

- 17 (1) Where—
- (a) in any post-commencement period (“the period of the loss”) a qualifying company carrying on a ring fence trade incurs a loss in the trade, and
 - (b) some or all of the loss falls to be set off under section 393 against trading income from the trade in succeeding accounting periods,
- so much of the loss as falls to be so set off is a “ring fence loss” of the company.
- (2) In determining for the purposes of this Part of this Schedule how much of a loss incurred in a ring fence trade falls to be set off as mentioned in sub-paragraph (1) (b), it shall be assumed—
- [that every claim is made that could be made by the company under
 - ^{F4203}(a)] section 393A to set losses incurred in the ring fence trade against ring fence profits of earlier post-commencement periods, [^{F4204}and
 - (b) that (where appropriate) section 393B applies in relation to every such claim.]
- (3) So much of a ring fence loss as is attributable to qualifying E&A allowances for the period of the loss is a “qualifying E&A loss”.
- (4) A ring fence loss is attributable to qualifying E&A allowances to the extent that the amount of the ring fence loss does not exceed the amount of the qualifying E&A allowances for the period of the loss.
- (5) But a claim for post-commencement supplement may include an election for a ring fence loss to be treated—
- (a) as attributable to qualifying E&A allowances for the period of the loss to such lesser extent as may be specified in the election, or
 - (b) as not attributable to such allowances.
- (6) “Qualifying E&A allowances”, in the case of an accounting period, means allowances for that period under Part 6 of the Capital Allowances Act in respect of qualifying E&A expenditure incurred by the company (including any pre-commencement supplement treated under paragraph 9(2) as such an allowance).
- (7) This paragraph has effect for the purposes of this Part of this Schedule.

Textual Amendments

F4203 Words in [Sch. 19B para. 17\(2\)](#) renumbered as para. 17(2)(a) (with effect in accordance with 111(3) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 35 para. 8\(3\)\(a\)](#)

F4204 [Sch. 19B para. 17\(2\)\(b\)](#) and preceding word inserted (with effect in accordance with 111(3) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 35 para. 8\(3\)\(b\)](#)

Ring fence losses and non-qualifying losses

- 18 (1) So much of a ring fence loss as is not a qualifying E&A loss is a non-qualifying loss.
- (2) Where—
- (a) a loss was incurred by a qualifying company in its ring fence trade in an accounting period ending on or before 31st December 2003, and

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(b) some or all of that loss falls to be set off under section 393 against profits of that trade in accounting periods ending on or after that date,
so much of the loss as falls to be so set off is a ring fence loss and that loss is a non-qualifying loss.

(3) This paragraph has effect for the purposes of this Part of this Schedule.

Special rule for straddling periods

[^{F4205}18A (1) This paragraph applies in any case where the period of the loss in which a ring fence loss is incurred is the deemed accounting period under paragraph 3(3) ending before 1st January 2006.

(2) The following assumption shall be made for the purpose of calculating the amount of the qualifying E&A loss and the amount of the non-qualifying loss.

(3) The assumption is that the loss made in the trade is taken to be the loss incurred in the accounting period beginning before 1st January 2006 and ending on or after that date (disregarding paragraph 3(3)).

(4) The amount of the non-qualifying loss (found in accordance with that assumption) is then reduced (but not below nil) by the following amount.

(5) The amount is the amount of the ring fence loss in the deemed accounting period beginning on 1st January 2006 determined under [^{F4206}section 324 of CTA 2010].]

Textual Amendments

F4205Sch. 19B para. 18A inserted (19.7.2006) by Finance Act 2006 (c. 25), s. 154(9)

F4206Words in Sch. 19B para. 18A(5) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 142(3) (with Sch. 2)

The pool of qualifying E&A losses and the pool of non-qualifying losses

19 (1) For the purpose of determining the amount of any post-commencement supplement, a qualifying company shall be taken at all times in its post-commencement periods to have—

(a) a continuing pool of the company's non-qualifying losses (the “non-qualifying pool”), and

(b) a continuing mixed pool of the company's qualifying E&A losses and post-commencement supplement (the “qualifying pool”).

(2) A pool continues even if the amount in it is nil.

The non-qualifying pool

20 (1) The non-qualifying pool consists of the company's non-qualifying losses, allocated to the pool in accordance with sub-paragraph (2).

(2) A non-qualifying loss is allocated to the pool by adding the amount of the non-qualifying loss to the pool in the period of the loss.

(3) In the case of a non-qualifying loss incurred in an accounting period ending on or before 31st December 2003, the period of the loss shall be taken for the purposes of

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sub-paragraph (2) to be the first accounting period of the company that ends on or after 1st January 2004.

- (4) The amount in the non-qualifying pool is subject to reductions in accordance with the following provisions of this Part of this Schedule.
- (5) Where a reduction in the amount in the non-qualifying pool falls to be made in any accounting period—
 - (a) the reduction is to be made after the addition to the pool of any non-qualifying loss allocated to the pool in that period in accordance with sub-paragraph (2), and
 - (b) references to the amount in the non-qualifying pool shall be construed accordingly.

The qualifying pool

- 21
- (1) The qualifying pool consists of—
 - (a) the company's qualifying E&A losses, allocated to the pool in accordance with sub-paragraph (2)(a), and
 - (b) the company's post-commencement supplement, allocated to the pool in accordance with sub-paragraph (2)(b).
 - (2) The allocation of qualifying E&A losses and post-commencement supplement to the pool is as follows—
 - (a) the amount of a qualifying E&A loss is added to the pool in the period of the loss, and
 - (b) if any post-commencement supplement is allowed on a claim in respect of a post-commencement period, the amount of that supplement is added to the pool in that period.
 - (3) The amount in the qualifying pool is subject to reductions in accordance with the following provisions of this Part of this Schedule.
 - (4) Where a reduction in the amount in the qualifying pool falls to be made in any accounting period, the reduction is to be made—
 - (a) after the addition to the pool of the amount of any qualifying E&A losses allocated to the pool in that period in accordance with sub-paragraph (2)(a), but
 - (b) before determining, and adding to the pool, the amount of any supplement claimed in respect of the period,and references to the amount in the pool shall be construed accordingly.

Reductions in respect of utilised ring fence losses

- 22
- (1) If one or more ring fence losses are set off under section 393 against any profits of a post-commencement period, reductions shall be made in that period in accordance with this paragraph.
 - (2) The amount in the non-qualifying pool shall be reduced (but not below nil) by setting against it a sum equal to the total amount so set off.
 - (3) If any of that sum remains after being so set against the amount in the non-qualifying pool, the amount in the qualifying pool shall be reduced (but not below nil) by setting against it so much of that sum as so remains.

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- [If the post-commencement period is the deemed accounting period under paragraph F4207(4) 3(3) ending before 1st January 2006 (“the deemed accounting period”), the amount of the profits of the deemed accounting period is determined as follows.
- (5) The amount of the profits of the straddling period is apportioned to the deemed accounting period in proportion to the number of days in the deemed accounting period that fall in the straddling period.
 - (6) The apportioned amount is taken for the purposes of this paragraph to be the amount of the profits of the deemed accounting period.
 - (7) In this paragraph “the straddling period”, in relation to a qualifying company, means an accounting period of the company beginning before 1st January 2006 and ending on or after that date (disregarding paragraph 3(3)).]

Textual Amendments

F4207Sch. 19B para. 22(4)-(7) inserted (19.7.2006) by Finance Act 2006 (c. 25), s. 154(10)

Reductions in respect of unrelieved group ring fence profits

- 23
- (1) If there is an amount of unrelieved group ring fence profits for a post-commencement period, reductions shall be made in that period in accordance with this paragraph.
 - (2) In the following provisions of this paragraph, references to the remaining amount in a pool are references to so much (if any) of the amount in the pool as remains after making any reductions that fall to be made in accordance with paragraph 22.
 - (3) The remaining amount in the non-qualifying pool shall be reduced (but not below nil) by setting against it a sum equal to the aggregate of the amounts of unrelieved group ring fence profits for the period.
 - (4) If any of that sum remains after being so set against the remaining amount in the non-qualifying pool, the remaining amount in the qualifying pool shall be reduced (but not below nil) by setting against it so much of that sum as so remains.

The reference amount for a post-commencement period

- 24 For the purposes of this Part of this Schedule the reference amount for a post-commencement period is so much of the amount in the qualifying pool as remains after making any reductions required by paragraph 22 or 23.]

F4208F4208 [F4209] SCHEDULE 19C]

Textual Amendments

F4208Sch. 19C repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 143, Sch. 3 Pt. 1 (with Sch. 2)

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F4209Sch. 19C inserted (19.7.2006) by Finance Act 2006 (c. 25), s. 154(11), **Sch. 19**

F4217F4217SCHEDULE 20

Textual Amendments

F4217Sch. 20 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 144, **Sch. 3 Pt. 1** (with Sch. 2)

SCHEDULE 21

Sections 570 and 572.

TAX RELIEF IN CONNECTION WITH SCHEMES FOR RATIONALIZING
INDUSTRY AND OTHER REDUNDANCY SCHEMES ^{M366}

Marginal Citations

M366 Source—1970 c.10, **Sch.11**

PART I

PRELIMINARY

1 (1) In this Schedule—

“scheme” means a scheme which is for the time being certified or has at any time been certified by the Secretary of State under section 568;

“payment” means a payment made under a scheme, being a payment made to a person carrying on a trade to which the scheme relates and not being a payment made by way of repayment of contributions;

“the person chargeable” means, in relation to any such payment, the person liable to pay any tax which may fall to be paid by reason of the receipt of the payment;

“damage” includes any loss, liability, expense or other burden, and references to the amount of any damage are references to the sum which would be fair compensation for that damage;

“contribution” includes part of a contribution, and “deductible contribution” means a contribution allowed to be deducted under section 568, any reduction under Part III of this Schedule being left out of account; and

“asset” includes part of an asset.

(2) For the purposes of this Schedule, a sum received by any person by way of repayment of contributions shall be deemed to be by way of repayment of the last contribution

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paid by him, and, if the sum exceeds the amount of that contribution, by way of repayment of the penultimate contribution so paid, and so on.

PART II

RELIEF IN RESPECT OF CERTAIN PAYMENTS

- 2 The question whether any, and if so, what, relief is to be given shall be determined separately in relation to each payment made under the scheme in respect of the trade, but for the purpose of determining that question regard shall be had, as provided by the following provisions of this Part of this Schedule, to the sum (“the total payment”) produced by adding the amount of the payment to the amount of any payments previously so made.

3 F4235

Textual Amendments

F4235 Sch. 21 para. 3 repealed (with effect in accordance with s. 134(2) of the repealing Act) by Finance Act 1996 (c. 8), Sch. 20 para. 43, Sch. 41 Pt. 5(10), Note

- 4 No relief shall be given in respect of the payment unless the total payment, or the amount of the damage in respect of which the total payment has been made, whichever is the smaller, exceeds the aggregate amount of the deductible contributions which have been paid in furtherance of the scheme in respect of the trade in question before the payment is made, exclusive of any contributions which have been repaid before the payment is made.

- 5 The amount of the reduction to be made in respect of the payment shall be arrived at by—

- (a) ascertaining the sum which bears to the excess mentioned in paragraph 4 above the same proportion that the amount mentioned in paragraph 3(b) above bears to the amount mentioned in paragraph 3(a); and
- (b) deducting from that sum the total amount of any reductions which have been or fall to be made under this Schedule in respect of payments previously made under the scheme in respect of the trade.

- 6 (1) For the purposes of this Schedule, and subject to sub-paragraph (2) below, damage shall be deemed to be damage in respect of which relief may be given under the Tax Acts if and only if—

- (a) the damage is attributable to any of the following events, that is to say, the demolition, destruction or putting out of use of any asset, or the disposition or termination of an interest in any asset, and, by reason of that event, an allowance falls to be made under [F4236] Part 2 or 3 of the Capital Allowances Act in calculating the profits of a trade]; or
- (b) the damage consists of any loss, liability, expense or other burden in respect of which an allowance may be made in computing the [F4237] profits] of the trade for the purposes of the Tax Acts.

(2) F4238

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- (3) Where any event occurs which would give rise to an allowance under the Tax Acts in respect of any asset in taxing, or computing the [^{F4237}profits] of, a trade but for any of the following matters, that is to say—
- (a) that there are no [^{F4237}profits] against which the allowance could be made, or
 - (b) that account is required to be taken of allowances previously made or deemed to have been made in respect of the asset; or
 - (c) that account is required to be taken of any sum which falls to be written off the expenditure incurred on the asset for the purpose of determining whether any and if so what allowance may be given by reason of the event; or
 - (d) that account is required to be taken of any sum falling to be taken into account as sale, insurance, salvage or compensation moneys, the like consequences shall ensue under this Schedule as if an allowance had fallen to be made by reason of that event.
- (4) Where any damage is attributable to a permanent change in the purposes for which an asset is used, or the temporary or permanent putting out of use of an asset, the question whether the damage is damage in respect of which relief may be given under the Tax Acts shall be determined as if the damage had been attributable to a sale of the asset on the date upon which the change or putting out of use took place.

Textual Amendments

- F4236** Words in Sch. 21 para. 6(1)(a) substituted (with effect in accordance with s. 579 of the amending Act) by Capital Allowances Act 2001 (c. 2), Sch. 2 para. 65
- F4237** Words in Sch. 21 para. 6(1)(b)(3) substituted (31.7.1998) by Finance Act 1998 (c. 36), s. 46(3)(a), Sch. 7 para. 1
- F4238** Sch. 21 para. 6(2) repealed (with effect in accordance with s. 164(1)(2) of the repealing Act) by Capital Allowances Act 1990 (c. 1), s. 164(4)(5), Sch. 2

PART III

EXCLUSION OF RELIEF IN RESPECT OF CONTRIBUTIONS PAID AFTER RELIEF HAS BEEN GIVEN UNDER PART II

- 7 The provisions of this Part of this Schedule shall have effect where—
- (a) a contribution is paid under a scheme in respect of a trade; and
 - (b) before the contribution is paid, payments have been made under the scheme to the person carrying on the trade; and
 - (c) reductions have been made, under Part II of this Schedule, in the amounts which, by reason of those payments, are to be treated as trading receipts of the trade.
- 8 There shall be ascertained—
- (a) the total amount of those reductions; and
 - (b) the sum by which that total would have been decreased if the contribution, and any previous contributions to which this Part of this Schedule applies, had been paid before any of the payments were made.

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- 9 For the purpose of determining what deduction is to be made in respect of the contribution under section 568, the contribution shall be deemed to be reduced by the sum specified in paragraph 8(b) above, but—
- (a) for the purpose of the application of paragraph 8 above in relation to contributions subsequently paid under the scheme in respect of the trade, the total amount of the reductions referred to in that paragraph shall be treated as decreased by that sum; and
 - (b) for the purpose of the application of paragraph 5 above in relation to payments subsequently made under the scheme in respect of the trade, the total amount of the reductions referred to in that paragraph shall be treated as decreased by that sum.
- 10 When two or more contributions are paid at the same time, the provisions of this Part of this Schedule shall have effect as if they were a single contribution.

F4239F4239 SCHEDULE 22

Textual Amendments

F4239 Sch. 22 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

F4242F4242 SCHEDULE 23

Textual Amendments

F4242 Sch. 23 repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

F4245F4245 [F4246 SCHEDULE
23ZA]

Textual Amendments

F4245 Sch. 23ZA repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3, Note (with Sch. 36)

F4246 Sch. 23ZA inserted (28.7.2000) by Finance Act 2000 (c. 17), s. 61, Sch. 13 para. 27 (with Sch. 13 paras. 28, 29)

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F4247F4247 [F4248] SCHEDULE 23A]

Textual Amendments

F4247 Sch. 23A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 145, **Sch. 3 Pt. 1** (with Sch. 2)

F4248 Sch. 23A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 58, **Sch. 13 para. 1** (with effect as mentioned in s. 58(3) in relation to payments made on or after such day as may be specified: 26.2.1992 specified for certain purposes by S.I. 1992/173, **regs.2**; 30.6.1992 specified for certain purposes by S.I. 1992/1346, **regs.2, 3, 4**; 21.4.1993 specified for certain purposes by S.I. 1993/933, **regs.2, 3(b), 4**)

SCHEDULE 24

Section 747(6).

^{M371} ASSUMPTIONS FOR CALCULATING CHARGEABLE PROFITS, CREDITABLE TAX AND CORRESPONDING UNITED KINGDOM TAX OF FOREIGN COMPANIES

Modifications etc. (not altering text)

C332 Sch. 24 modified (28.7.2000) by Finance Act 2000 (c. 17), **Sch. 22 para. 54(2)-(5)**

Marginal Citations

M371 Source-1984 Sch. 16, 1985 Sch. 14 16

General

- 1 (1) The company shall be assumed to be resident in the United Kingdom.
- (2) Nothing in sub-paragraph (1) above requires it to be assumed that there is any change in the place or places at which the company carries on its activities.
- (3) For the avoidance of doubt, it is hereby declared that, if any sums forming part of the company's profits for an accounting period have been received by the company without any deduction of or charge to tax [F4360] and have been so received by virtue of [F4361]section 1279 of CTA 2009]] the effect of the assumption in sub-paragraph (1) above is that those sums are to be brought within the charge to tax for the purposes of calculating the company's chargeable profits or corresponding United Kingdom tax.

[F4362] (3A) In any case where—

- (a) it is at any time necessary for any purpose of Chapter IV of Part XVII to determine [F4363] in the case of any person] the chargeable profits of the company for an accounting period, and
- (b) at that time—
 - [F4364] (i) it has not been established in the case of that person that that or any earlier accounting period of the company is an accounting period in respect of which an apportionment under section 747(3) falls to be made, [F4365] . . .]

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(ii) ^{F4365}

[^{F4366}in determining the chargeable profits of the company for the accounting period mentioned in paragraph (a) above, it shall be assumed, for the purposes of those provisions of paragraphs 2 and 10 below which refer to the first accounting period in respect of which an apportionment under section 747(3) falls to be made ^{F4367} . . . , that that period (but not any earlier period) is an accounting period in respect of which such an apportionment falls to be made ^{F4367}]]

(4) In any case where—

(a) it is at any time necessary for any purpose of Chapter IV of Part XVII to determine [^{F4368}in the case of any person] the chargeable profits of the company for an accounting period, and

[^{F4369}(b) at that time it has not been established in the case of that person that that or any earlier accounting period of the company is an accounting period in respect of which an apportionment under section 747(3) falls to be made,]

[^{F4370}in determining the chargeable profits of the company for the accounting period mentioned in paragraph (a) above, it shall be assumed, for the purposes of those provisions of paragraph 9 below which refer to the first accounting period in respect of which an apportionment under section 747(3) falls to be made, that such an apportionment falls to be made in respect of that period (but not in respect of any earlier period).]

(5) Nothing in this Schedule affects any liability for, or the computation of, corporation tax in respect of a trade which is carried on by a company resident outside the United Kingdom through a [^{F4371}permanent establishment] in the United Kingdom.

[^{F4372}(6) ^{F4373}]

Textual Amendments

F4360 Words in Sch. 24 para. 1(3) substituted (with effect in accordance with s. 154(9) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 28 para. 6**

F4361 Words in Sch. 24 para. 1(3) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 286(2)** (with Sch. 2 Pts. 1, 2)

F4362 Sch. 24 para. 1(3A) inserted (with effect in accordance with s. 182 of the amending Act) by Finance Act 1996 (c. 8), **Sch. 36 para. 3(2)**

F4363 Words in Sch. 24A para. 1(3A)(a) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 17(3)**; S.I. 1998/3173, **art. 2**

F4364 Sch. 24 para. 1(3A)(b)(i) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 17(4)(a)**; S.I. 1998/3173, **art. 2**

F4365 Sch. 24 para. 1(3A)(b)(ii) and preceding word omitted (with effect in accordance with Sch. 16 para. 6 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 2(6)(a)** (with Sch. 16 paras. 7, 8)

F4366 Words in Sch. 24 para. 1(3A) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 17(5)**; S.I. 1998/3173, **art. 2**

F4367 Words in Sch. 24 para. 1(3A)(b) omitted (with effect in accordance with Sch. 16 para. 6 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 2(6)(a)** (with Sch. 16 paras. 7, 8)

F4368 Words in Sch. 24 para. 1(4)(a) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 17(7)**; S.I. 1998/3173, **art. 2**

F4369 Sch. 24 para. 1(4)(b) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 17(8)**; S.I. 1998/3173, **art. 2**

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F4370 Words in Sch. 24 para. 1(4) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 17(9)**; S.I. 1998/3173, **art. 2**

F4371 Words in Sch. 24 para. 1(5) substituted (with effect in accordance with s. 153(4) of the amending Act) by Finance Act 2003 (c. 14), **s. 153(1)(a)**

F4372 Sch. 24 para. 1(6) inserted (with effect in accordance with s. 182 of the amending Act) by Finance Act 1996 (c. 8), **Sch. 36 para. 3(3)**

F4373 Sch. 24 para. 1(6) omitted (with effect in accordance with Sch. 16 para. 6 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 2(6)(b)** (with Sch. 16 paras. 7, 8)

2 (1) The company shall be assumed to have become resident in the United Kingdom (and, accordingly, within the charge to corporation tax) at the beginning of the first accounting period—

[^{F4374}(a) in respect of which [^{F4375}an apportionment under section 747(3) falls to be made], ^{F4376} . . .

(b) ^{F4376}

and] that United Kingdom residence shall be assumed to continue throughout subsequent accounting periods of the company (whether or not [^{F4377}an apportionment falls to be made] in respect of all or any of them) until the company ceases to be controlled by persons resident in the United Kingdom.

(2) Except in so far as the following provisions of this Schedule otherwise provide, for the purposes of calculating a company's chargeable profits or corresponding United Kingdom tax for any accounting period which is not the first such period referred to in sub-paragraph (1) above (and, in particular, for the purpose of applying any relief which is relevant to two or more accounting periods), it shall be assumed that a calculation of chargeable profits or, as the case may be, corresponding United Kingdom tax has been made for every previous accounting period throughout which the company was, by virtue of sub-paragraph (1) above, assumed to have been resident in the United Kingdom.

Textual Amendments

F4374 Words in Sch. 24 para. 2(1) substituted (with effect in accordance with s. 182 of the amending Act) by Finance Act 1996 (c. 8), **Sch. 36 para. 3(4)**

F4375 Words in Sch. 24 para. 2(1)(a) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 18(a)**; S.I. 1998/3173, **art. 2**

F4376 Sch. 24 para. 2(1)(b) and preceding word omitted (with effect in accordance with Sch. 16 para. 6 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 2(6)(c)** (with Sch. 16 paras. 7, 8)

F4377 Words in Sch. 24 para. 2(1) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 18(b)**; S.I. 1998/3173, **art. 2**

3 The company shall be assumed not to be a close company.

4 (1) Subject to sub-paragraph (2) below, where any relief under the Corporation Tax Acts is dependent upon the making of a claim or election, the company shall be assumed to have made that claim or election which would give the maximum amount of relief and to have made that claim or election within any time limit applicable to it.

[^{F4378}(1A) Sub-paragraph (2) below applies to any accounting period of the company—

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- (a) in respect of which [^{F4379}an apportionment under section 747(3) falls to be made]; ^{F4380}
- (b) ^{F4380}]

(2) [^{F4381}Where this sub-paragraph applies to an accounting period of the company, then] if, by notice [^{F4382}given to an officer of the Board] at any time not later than the expiry of [^{F4383}the period of twenty months following the end of the accounting period] or within such longer period as the Board may in any particular case allow, the United Kingdom resident company which has or, as the case may be, any two or more United Kingdom resident companies which together have, a majority interest in the company so request, the company shall be assumed—

- (a) not to have made any claim or election specified in the notice; or
- (b) to have made a claim or election so specified, being different from one assumed by sub-paragraph (1) above but being one which (subject to compliance with any time limit) could have been made in the case of a company within the charge to corporation tax; or
- (c) to have disclaimed or required the postponement, in whole or in part, of an allowance if (subject to compliance with any time limit) a company within the charge to corporation tax could have disclaimed the allowance or, as the case may be, required such a postponement.

[^{F4384}(2A) ^{F4385}]

(3) For the purposes of this paragraph, a United Kingdom resident company has, or two or more United Kingdom resident companies together have, a majority interest in the company if on the apportionment of the company's chargeable profits for the relevant accounting period under section 747(3) more than half of the amount of those profits—

- (a) which are apportioned to all United Kingdom resident companies, and
- (b) which give rise to [^{F4386}any liability] on any such companies under subsection (4)(a) of that section,

are apportioned to the United Kingdom resident company or companies concerned.

[^{F4387}(3A) ^{F4388}]

(4) In sub-paragraph (3) above “the relevant accounting period” means the accounting period or, as the case may be, the first accounting period in which the relief in question is or would be available in accordance with sub-paragraph (1) above.

Textual Amendments

F4378Sch. 24 para. 4(1A) inserted (with effect in accordance with s. 182 of the amending Act) by Finance Act 1996 (c. 8), **Sch. 36 para. 3(5)**

F4379Words in Sch. 24 para. 4(1A)(a) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 19(2)**; S.I. 1998/3173, **art. 2**

F4380Sch. 24 para. 4(1A)(b) and preceding word omitted (with effect in accordance with Sch. 16 para. 6 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 2(6)(d)** (with Sch. 16 paras. 7, 8)

F4381Words in Sch. 24 para. 4(2) inserted (with effect in accordance with s. 182 of the amending Act) by Finance Act 1996 (c. 8), **Sch. 36 para. 3(6)(a)**

F4382Words in Sch. 24 para. 4(2) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 19(3)(a)**; S.I. 1998/3173, **art. 2**

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- F4383** Words in Sch. 24 para. 4(2) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 19(3)(b)**; S.I. 1998/3173, **art. 2**
- F4384** Sch. 24 para. 4(2A) inserted (with effect in accordance with s. 182 of the amending Act) by Finance Act 1996 (c. 8), **Sch. 36 para. 3(7)**
- F4385** Sch. 24 para. 4(2A) repealed (with effect in accordance with Sch. 17 para. 37 of the repealing Act by Finance Act 1998 (c. 36), Sch. 17 para. 19(4), **Sch. 27 Pt. 3(27)**, Note; S.I. 1998/3173, **art. 2**
- F4386** Words in Sch. 24 para. 4(3)(b) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 19(5)**; S.I. 1998/3173, **art. 2**
- F4387** Sch. 24 para. 4(3A) inserted (with effect in accordance with s. 182 of the amending Act) by Finance Act 1996 (c. 8), **Sch. 36 para. 3(8)**
- F4388** Sch. 24 para. 4(3A) omitted (with effect in accordance with Sch. 16 para. 6 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 2(6)(e)** (with Sch. 16 paras. 7, 8)

Modifications etc. (not altering text)

- C333** Sch. 24 para. 4(1) excluded (with effect in accordance with Sch. 29 Pt. 14 of the affecting Act) by Finance Act 2002 (c. 23), **Sch. 29 para. 116(3)**
- C334** Sch. 24 para. 4(1) restricted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **s. 870(4)(5)** (with Sch. 2 Pts. 1, 2)
- C335** Sch. 24 para. 4(2) modified (29.5.2001 with effect in accordance with reg. 1 of the modifying S.I.) by The General Insurance Reserves (Tax) Regulations 2001 (S.I. 2001/1757), **reg. 8(3)**
- C336** Sch. 24 para. 4(3)(4) applied (with modifications) (23.3.1995) by The Exchange Gains and Losses (Alternative Method of Calculation of Gain or Loss) Regulations 1994 (S.I. 1994/3227), **regs. 1(2), 6**

[^{F4389}4A ^{F4390}.....]

Textual Amendments

- F4389** Sch. 24 para. 4A inserted (27.7.1993 with effect as mentioned in s. 96(2) of the amending act in relation to any accounting period on or after such day as may be appointed under s. 165(7)(b) of the amending Act) by 1993 c. 34, **ss. 96(1)(2), 165(7)(b)**
- F4390** Sch. 24 para. 4A deemed never to have been inserted, by virtue of Finance Act 1995 (c. 4), Sch. 25 para. 6(3), **Sch. 29 Pt. 8(18)**, Note

Group relief etc.

5[^{F4391}(1)] The company shall be assumed to be neither a member of a group of companies nor a member of a consortium for the purposes of any provision of the Tax Acts.

[^{F4392}(2) Where, under [^{F4393}Part 5 of CTA 2010], any relief is in fact surrendered by the company and allowed to another company by way of group relief, it shall be assumed that the chargeable profits of the company, apart from this paragraph, are to be increased by an amount of additional profits equal to the amount of the relief so surrendered and allowed.]

Textual Amendments

- F4391** Sch. 24 para. 5 renumbered as para. 5(1) (with effect in accordance with Sch. 27 para. 12(1) of the amending Act) by virtue of Finance Act 2000 (c. 17), **Sch. 27 para. 10**
- F4392** Sch. 24 para. 5(2) inserted (with effect in accordance with Sch. 27 para. 12(1) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 27 para. 10**
- F4393** Words in Sch. 24 para. 5(2) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 146(2)** (with Sch. 2)

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Modifications etc. (not altering text)

C337 Sch. 24 para. 5(1) excluded by Corporation Tax Act 2010 (c. 4), s. 938M(1) (as inserted (19.7.2011) by Finance Act 2011 (c. 11), Sch. 5 para. 2)

6 **F4394**

Textual Amendments

F4394 Sch. 24 para. 6 repealed (with application in accordance with Sch. 33 Pt. 2(10) Note of the repealing Act) by Finance Act 2001 (c. 9), Sch. 33 Pt. 2(10)

7 **F4395**

Textual Amendments

F4395 Sch. 24 para. 7 repealed (with effect in accordance with Sch. 3 para. 43(4) of the repealing Act) by Finance Act 1998 (c. 36), Sch. 3 para. 43(3), Sch. 27 Pt. 3(2), Note

Company reconstructions

8 Without prejudice to the operation of [^{F4396}Chapter 1 of Part 22 of CTA 2010] in a case where the company is the predecessor, within the meaning of [^{F4397}that Chapter], and a company resident in the United Kingdom is the successor, within the meaning of [^{F4397}that Chapter]—

(a) the assumption that the company is resident in the United Kingdom shall not be regarded as requiring it also to be assumed that the company is within the charge to tax in respect of a trade for the purposes of [^{F4397}that Chapter], and

(b) except in so far as the company is actually within that charge (by carrying on the trade through a [^{F4398}permanent establishment] in the United Kingdom), it shall accordingly be assumed that the company can never be the successor, within the meaning of [^{F4397}that Chapter], to another company (whether resident in the United Kingdom or not).

Textual Amendments

F4396 Words in Sch. 24 para. 8 substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 146(3)(a) (with Sch. 2)

F4397 Words in Sch. 24 para. 8 substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 146(3)(b) (with Sch. 2)

F4398 Words in Sch. 24 para. 8(b) substituted (with effect in accordance with s. 153(4) of the amending Act) by Finance Act 2003 (c. 14), s. 153(1)(a)

Losses in pre-direction accounting periods

9 (1) ^{F4399} . . . This paragraph applies in any case where the company incurred a loss in a trade in an accounting period—

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- (a) which precedes the first accounting period in respect of which [^{F4400}an apportionment under section 747(3) falls to be made] (“the starting period”); and
- (b) which ended less than six years before the beginning of the starting period; and
- (c) in which the company was not resident [^{F4401F4402} . . .] in the United Kingdom; and in this paragraph any such accounting period is referred to as a “[^{F4403}pre-apportionment] period”.
- (2) ^{F4404}
- (3) If a claim is made for the purpose by the United Kingdom resident company or companies referred to in paragraph 4(2) above, the chargeable profits (if any) of the company for accounting periods beginning with that [^{F4403}pre-apportionment] period which is specified in the claim and in which a loss is incurred as mentioned in sub-paragraph (1) above shall be determined (in accordance with the provisions of this Schedule other than this paragraph) on the assumption that that [^{F4403}pre-apportionment] period was the first accounting period in respect of which [^{F4405}an apportionment under section 747(3) fell to be made].
- [^{F4406}(4) A claim under sub-paragraph (3) above shall be made by notice given to an officer of the Board within the period of twenty months following the end of the starting period or within such longer period as the Board may in any particular case allow.]
- (5) ^{F4404}
- (6) ^{F4404}
- [^{F4407}(7) Nothing in—
- (a) paragraph 10 of Schedule 18 to the Finance Act 1998 (claims or elections in company tax returns), or
- (b) Schedule 1A to the Management Act (claims or elections not included in returns),
- shall apply, whether by virtue of section 754 or otherwise, to a claim under sub-paragraph (3) above.]

Textual Amendments

F4399 Words in Sch. 24 para. 9(1) repealed (with effect in accordance with Sch. 17 para. 37 of the repealing Act) by Finance Act 1998 (c. 36), Sch. 17 para. 20(3)(a), Sch. 27 Pt. 3(27), Note; S.I. 1998/3173, art. 2

F4400 Words in Sch. 24 para. 9(1)(a) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 20(3)(b); S.I. 1998/3173, art. 2

F4401 Words in Sch. 24 para. 9(1)(c) inserted (with effect in accordance with s. 182 of the amending Act) by Finance Act 1996 (c. 8), Sch. 36 para. 3(9)

F4402 Words in Sch. 24 para. 9(1)(c) omitted (with effect in accordance with Sch. 16 para. 6 of the repealing Act) by virtue of Finance Act 2009 (c. 10), Sch. 16 para. 2(6)(f) (with Sch. 16 paras. 7, 8)

F4403 Words in Sch. 24 para. 9(1)(3) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 20(2); S.I. 1998/3173, art. 2

F4404 Sch. 24 para. 9(2)(5)(6) repealed (with effect in accordance with Sch. 17 para. 37 of the repealing Act) by Finance Act 1998 (c. 36), Sch. 17 para. 20(4)(7)(8), Sch. 27 Pt. 3(27), Note; S.I. 1998/3173, art. 2

F4405 Words in Sch. 24 para. 9(3) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 20(5); S.I. 1998/3173, art. 2

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F4406Sch. 24 para. 9(4) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 20(6)**; S.I. 1998/3173, **art. 2**

F4407Sch. 24 para. 9(7) added (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 20(9)**; S.I. 1998/3173, **art. 2**

Capital allowances^{F4408} and expenditure on car hire]

Textual Amendments

F4408Words in cross-heading relating to Sch. 24 para. 11A inserted (with effect in accordance with s. 579 of the amending Act) by virtue of **Capital Allowances Act 2001 (c. 2), Sch. 2 para. 66(3)(a)**

10 (1) [^{F4409}Subject to paragraph 12 below,] if, in an accounting period falling before the beginning of the first accounting period—

[^{F4410}(a) in respect of which [^{F4411}an apportionment under section 747(3) falls to be made],^{F4412} . . .

(b) ^{F4412}

the] company incurred any capital expenditure on the provision of [^{F4413}plant or machinery for the purposes of its trade, that plant or machinery shall be assumed, for the purposes of Part 2 of the Capital Allowances Act], to have been provided for purposes wholly other than those of the trade and not to have been brought into use for the purposes of that trade until the beginning of that first accounting period, and [^{F4414}section 13 of that Act (use for qualifying activity of plant or machinery provided for other purposes)] shall apply accordingly.

(2) This paragraph shall be construed as one with [^{F4415}Part 2 of the Capital Allowances Act].

Textual Amendments

F4409Words in Sch. 24 para. 10(1) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 21(a)**; S.I. 1998/3173, **art. 2**

F4410Words in Sch. 24 para. 10(1) substituted (with effect in accordance with s. 182 of the amending Act) by Finance Act 1996 (c. 8), **Sch. 36 para. 3(10)**

F4411Words in Sch. 24 para. 10(1)(a) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 21(b)**; S.I. 1998/3173, **art. 2**

F4412Sch. 24 para. 10(1)(b) and preceding word omitted (with effect in accordance with Sch. 16 para. 6 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 2(6)(g)** (with Sch. 16 paras. 7, 8)

F4413Words in Sch. 24 para. 10(1) substituted (with effect in accordance with s. 579 of the amending Act) by **Capital Allowances Act 2001 (c. 2), Sch. 2 para. 66(1)(a)**

F4414Words in Sch. 24 para. 10(1) substituted (with effect in accordance with s. 579 of the amending Act) by **Capital Allowances Act 2001 (c. 2), Sch. 2 para. 66(1)(b)**

F4415Words in Sch. 24 para. 10(2) substituted (with effect in accordance with s. 579 of the amending Act) by **Capital Allowances Act 2001 (c. 2), Sch. 2 para. 66(2)**

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Textual Amendments

F4416Sch. 24 para. 11 repealed (with effect in accordance with Sch. 17 para. 37 of the repealing Act) by [Finance Act 1998 \(c. 36\)](#), Sch. 17 para. 22, **Sch. 27 Pt. 3(27)**, Note; S.I. 1998/3173, **art. 2**

[^{F4417}11A ^{F4418}.....]

Textual Amendments

F4417Sch. 24 para. 11A inserted (1.5.1995) by [Finance Act 1995 \(c. 4\)](#), **Sch. 25 para. 6(4)**
F4418Sch. 24 para. 11A repealed (with effect in accordance with Sch. 4 para. 24(2) of the repealing Act) by [Finance Act 2005 \(c. 7\)](#), **Sch. 11 Pt. 2(6)**, Note

Unremittable overseas income

- 12 For the purposes of the application of [^{F4419}Part 18 of CTA 2009] to the company's income it shall be assumed—
- (a) that any reference in [^{F4420}section 1274(3) or (4) of that Act] to the United Kingdom is a reference to both the United Kingdom and the territory in which the company is in fact resident; and
 - (b) that [^{F4421}a claim under section 1275 of that Act (claim for relief for unremittable income) may be made] on behalf of the company by the United Kingdom resident company or companies referred to in paragraph 4(2) above.

Textual Amendments

F4419Words in [Sch. 24 para. 12](#) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 286(3)(a)** (with Sch. 2 Pts. 1, 2)
F4420Words in [Sch. 24 para. 12\(a\)](#) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 286(3)(b)** (with Sch. 2 Pts. 1, 2)
F4421Words in [Sch. 24 para. 12\(b\)](#) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **Sch. 1 para. 286(3)(c)** (with Sch. 2 Pts. 1, 2)

[^{F4422} *Exchange gains and losses*

Textual Amendments

F4422Sch. 24 paras. 13-19 and cross-heading inserted (1.5.1995) by [Finance Act 1995 \(c. 4\)](#), **Sch. 25 para. 6(5)**

13 ^{F4423}.....

Textual Amendments

F4423Sch. 24 paras. 13-19 repealed (with effect in accordance with s. 79(3) of the repealing Act) by [Finance Act 2002 \(c. 23\)](#), **Sch. 40 Pt. 3(10)**, Note

14 ^{F4424}.....

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Textual Amendments
F4424 Sch. 24 paras. 13-19 repealed (with effect in accordance with s. 79(3) of the repealing Act) by Finance Act 2002 (c. 23), Sch. 40 Pt. 3(10), Note

15 F4425

Textual Amendments
F4425 Sch. 24 paras. 13-19 repealed (with effect in accordance with s. 79(3) of the repealing Act) by Finance Act 2002 (c. 23), Sch. 40 Pt. 3(10), Note

16 F4426

Textual Amendments
F4426 Sch. 24 paras. 13-19 repealed (with effect in accordance with s. 79(3) of the repealing Act) by Finance Act 2002 (c. 23), Sch. 40 Pt. 3(10), Note

17 F4427

Textual Amendments
F4427 Sch. 24 paras. 13-19 repealed (with effect in accordance with s. 79(3) of the repealing Act) by Finance Act 2002 (c. 23), Sch. 40 Pt. 3(10), Note

18 F4428

Textual Amendments
F4428 Sch. 24 paras. 13-19 repealed (with effect in accordance with s. 79(3) of the repealing Act) by Finance Act 2002 (c. 23), Sch. 40 Pt. 3(10), Note

19 F4429

Textual Amendments
F4429 Sch. 24 paras. 13-19 repealed (with effect in accordance with s. 79(3) of the repealing Act) by Finance Act 2002 (c. 23), Sch. 40 Pt. 3(10), Note

^{F4430} Transfer pricing

Textual Amendments
F4430 Sch. 24 para. 20 and cross-heading inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 24; S.I. 1998/3173, art. 2

20 F4431

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Textual Amendments

F4431 Sch. 24 para. 20 repealed (with effect in accordance with s. 37 of the repealing Act) by Finance Act 2004 (c. 12), Sch. 5 para. 4, **Sch. 42 Pt. 2(1)**, Note

SCHEDULE 25

Section 748.

[^{F4432}CASES WHERE SECTION 747(3) DOES NOT APPLY]

Textual Amendments

F4432 Sch. 25 heading substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 25**; S.I. 1998/3173, **art. 2**

^{F4433F4433}PART I

ACCEPTABLE DISTRIBUTION POLICY

Textual Amendments

F4433 Sch. 25 Pt. 1 (paras. 1-4A) omitted (with effect in accordance with Sch. 16 para. 6 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 1(3)** (with Sch. 16 paras. 7-9) (subject, as saved, to amendment by Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 1 para. 147(2) (with **Sch. 2**))

1 The provisions of this Part of this Schedule have effect for the purposes of paragraph (a) of subsection (1) of section 748 and the other provisions of Chapter IV of Part XVII which refer to a company pursuing an acceptable distribution policy.

- 2 (1) Subject to paragraph 2A below, a controlled foreign company pursues an acceptable distribution policy in respect of a particular accounting period if, and only if—
- (a) a dividend which is not paid out of specified profits is paid for that accounting period . . . ; and
 - (b) the dividend is paid during, or not more than eighteen months after the expiry of, that period or at such later time as the Board may, in any particular case, allow; and
 - (c) *the dividend is paid at a time when the company is not resident in the United Kingdom (whether or not it is at that time a controlled foreign company); and*
 - (d) the amount of the dividend or, if there is more than one, of the aggregate of those dividends which is paid to persons resident in the United Kingdom is not less than 90 per cent. of the company's net chargeable profits for the accounting period referred to in paragraph (a) above or, where subparagraph (4) or (5) below applies, of the appropriate portion of those profits;

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.....

(1A) A payment of dividend to a company shall not fall within sub-paragraph (1)(d) above unless it is taken into account in computing the company's income for corporation tax and—

- (a) it is chargeable neither under Chapter 2 of Part 3 of CTA 2009 as profits of a trade carried on wholly or partly in the United Kingdom nor under section 436A (gross roll-up business: separate charge on profits); or
- (b) if it is chargeable under Chapter 2 of Part 3 of CTA 2009 as profits of a trade carried on wholly or partly in the United Kingdom, or under section 436A, it is not involved in a UK tax avoidance scheme;

and paragraph 2B below has effect for the purposes of paragraph (b) above.

(1B) A dividend paid by a company shall not fall within sub-paragraph (1)(d) above if, and to the extent that, the profits which are the relevant profits in relation to the dividend derive from dividends or other distributions paid to the company at any time which are dividends or other distributions—

- (a) to which section 1285 of CTA 2009 applied; or
- (b) to which that section would have applied if the company had been resident in the United Kingdom at that time.

Subsections (3) and (4) of section 799 (double taxation relief: computation of underlying tax) apply for the purposes of this sub-paragraph as they apply for the purposes of subsection (1) of that section.

(2)

(3) For the purposes of this paragraph and paragraph 2A below, a dividend which is not paid for the period or periods the profits of which are, in relation to the dividend, the relevant profits for the purposes of section 799 shall be treated (subject to sub-paragraph (3A) below) as so paid.

(3A) For the purposes of this paragraph and paragraph 2A below—

- (a) where a dividend is paid for a period which is not an accounting period but falls wholly within an accounting period, it shall be treated as paid for that accounting period, and
- (b) where a dividend (“the actual dividend”) is paid for a period which falls within two or more accounting periods—
 - (i) it shall be treated as if it were a number of separate dividends each of which is paid for so much of the period as falls wholly within an accounting period, and
 - (ii) the necessary apportionment of the amount of the actual dividend shall be made to determine the amount of the separate dividends.

(4) This sub-paragraph applies where—

- (a) throughout the accounting period in question all the issued shares of the controlled foreign company are of a single class, and
- (b) at the end of that accounting period some of those shares are held by persons resident outside the United Kingdom, and
- (c) at no time during that accounting period does any person have an interest in the company other than an interest derived from the issued shares of the company;

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and in a case where this sub-paragraph applies the appropriate portion for the purposes of sub-paragraph (1)(d) above is the fraction of which the denominator is the total number of the issued shares of the company at the end of the accounting period in question and, subject to sub-paragraph (8) below, the numerator is the number of those issued shares by virtue of which persons resident in the United Kingdom have interests in the company at that time.

- (5) This sub-paragraph applies where—
- (a) throughout the accounting period in question there are only two classes of issued shares of the controlled foreign company and, of those classes, one (“non-voting shares”) consists of non-voting fixed-rate preference shares and the other (“voting shares”) consists of shares which carry the right to vote in all circumstances at general meetings of the company; and
 - (b) at the end of that accounting period some of the issued shares of the company are held by persons resident outside the United Kingdom; and
 - (c) at no time during that accounting period does any person have an interest in the company other than an interest derived from non-voting or voting shares;
- and in a case where this sub-paragraph applies the appropriate portion of the profits referred to in sub-paragraph (1)(d) above is the amount determined in accordance with sub-paragraph (6) below.

- (6) The amount referred to in sub-paragraph (5) above is that given by the formula—

$$\frac{PyQ}{R} + \frac{(X-P)yY}{Z}$$

where—

P is the amount of any dividend falling within (a) and (b) of sub-paragraph (1) above which is paid in respect of the non-voting shares or, if there is more than one such dividend, of the aggregate of them;

Q is, subject to sub-paragraph (8) below, the number of the non-voting shares by virtue of which persons resident in the United Kingdom have interests in the company at the end of the accounting period in question;

R is the total number at that time of the issued non-voting shares;

X is the net chargeable profits for the accounting period in question;

Y is, subject to sub-paragraph (8) below, the number of voting shares by virtue of which persons resident in the United Kingdom have interests in the company at the end of that accounting period; and

Z is the total number at that time of the issued voting shares.

- (7) For the purposes of sub-paragraph (5)(a) above, non-voting fixed-rate preference shares are shares—
- (a) which are fixed-rate preference shares as defined in paragraph 1 of Schedule 18; and
 - (b) which either carry no right to vote at a general meeting of the company or carry such a right which is contingent upon the non-payment of a dividend on the shares and which has not in fact become exercisable at any time prior to the payment of a dividend for the accounting period in question.
- (8) In any case where the immediate interests held by persons resident in the United Kingdom who have indirect interests in a controlled foreign company at the end of

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a particular accounting period do not reflect the proportion of the shares or, as the case may be, shares of a particular class in the company by virtue of which they have those interests (as in the case where they hold, directly or indirectly, part of the shares in a company which itself holds, directly or indirectly, some or all of the shares in the controlled foreign company) the number of those shares shall be treated as reduced for the purposes of sub-paragraph (4) or (6) above, as the case may be, to such number as may be appropriate having regard to—

- (a) the immediate interests held by the persons resident in the United Kingdom; and
- (b) any intermediate shareholdings between those interests and the shares in the controlled foreign company.

- (9) The definition of “profits” in section 747(6)(b) does not apply to any reference in this paragraph to specified profits or to relevant profits for the purposes of section 799.

.....

2A (1) Paragraph 2 above shall have effect in accordance with this paragraph to determine whether a controlled foreign company . . . pursues an acceptable distribution policy in respect of a particular accounting period (“the relevant accounting period”).

- (2) Subject to sub-paragraphs (4) and (4A) below, where the distribution condition is satisfied in relation to the relevant accounting period, then, in addition to any dividend which falls within paragraph 2(1)(a) above apart from this paragraph—

- (a) any dividend which is paid for the accounting period (“the preceding period”) immediately preceding the relevant accounting period and which is not an excluded dividend shall be treated as falling within that paragraph, and
- (b) if the distribution condition is satisfied in relation to the preceding period, any dividend which is paid for the accounting period immediately preceding the preceding period and which is not an excluded dividend shall be treated as falling within that paragraph,

and so on; and in this sub-paragraph “dividend” means a dividend not paid out of specified profits.

- (3) For the purposes of this paragraph, the distribution condition is satisfied in relation to any accounting period if—

- (a) a dividend or dividends are paid for the period to persons resident in the United Kingdom,
- (b) the amount or, as the case may be, aggregate amount of any dividends falling within paragraph (a) above is not less than—
 - (i) the relevant profits for that period, or
 - (ii) where paragraph 2(4) or (5) above applies (with the modifications of paragraph 2 made by sub-paragraph (5) below), the appropriate portion of those profits, and
- (c) any dividends falling within that paragraph are paid not later than the time by which any dividend paid for the relevant accounting period is required by paragraph 2(1)(b) above to be paid;

or if there are no relevant profits for the period.

- (4) Where, by reason only of the fact that a company pursued an acceptable distribution policy in respect of any accounting period (“the earlier period”) earlier than the relevant accounting period, no apportionment under section 747(3) fell to be made

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in respect of the earlier period, sub-paragraph (2) above shall apply to any dividend required to be taken into account for the purpose of showing that the company pursued an acceptable distribution policy in respect of the earlier period only to the extent (if any) to which that dividend was not required to be taken into account for that purpose.

- (4A) Sub-paragraph (2) does not apply where the distribution condition is satisfied in relation to the relevant accounting period, but—
- (a) the relevant profits for that period do not include income within sub-paragraph (4B), and
 - (b) if that income were included, the distribution condition would not be satisfied in relation to that period.
- (4B) The income within this sub-paragraph is—
- (a) any income which accrues during the relevant accounting period to the trustees of a settlement in relation to which the company is a settlor or a beneficiary, and
 - (b) any income which accrues during that period to a partnership of which the company is a partner, apportioned between the company and the other partners on a just and reasonable basis.
- (4C) Where there is more than one settlor or beneficiary in relation to the settlement mentioned in sub-paragraph (4B)(a), the income is to be apportioned between the company and the other settlors or beneficiaries on a just and reasonable basis.
- (4D) In sub-paragraph (4B)(b) “partnership” includes an entity established under the law of a country or territory outside the United Kingdom of a similar character to a partnership; and “partner” is to be read accordingly.
- (5) The modifications of paragraph 2 above referred to in sub-paragraph (3)(b) above are that—
- (a) the references in sub-paragraphs (4) and (5) to the accounting period in question are to be read as references to the accounting period for which the dividend or dividends are paid,
 - (b) the references in those sub-paragraphs to sub-paragraph (1)(d) are to be read as references to sub-paragraph (3)(b) above, and
 - (c) the reference in the definition of “X” in sub-paragraph (6) to net chargeable profits is to be read as a reference to relevant profits.
- (6)
- (7)
- (8) For the purposes of this paragraph—
- (aa) a dividend is an excluded dividend if it is paid, in whole or in part, out of the total profits from which (in accordance with section 747(6)(a)) the chargeable profits for an excluded period are derived,
 - (a) a period is an excluded period if it is an accounting period in respect of which an apportionment under section 747(3) falls to be made, and
 - (b) relevant profits for any accounting period are the profits which would be the relevant profits of that period for the purposes of section 799 if a dividend were actually paid for that period.

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- 2B (1) This paragraph has effect for the purposes of paragraph 2(1A)(b) above.
- (2) No payment of dividend by a controlled foreign company for an accounting period shall be regarded as involved in a UK tax avoidance scheme by reason only that there is no charge to tax under section 747(4)(a) if the controlled foreign company pursues an acceptable distribution policy for that accounting period.
- (3) “UK tax avoidance scheme” means a scheme or arrangement the purpose, or one of the main purposes, of which is to achieve a reduction in United Kingdom tax.
- (4) A scheme or arrangement achieves a reduction in United Kingdom tax if, apart from the scheme or arrangement, any company—
- (a) would have been liable for any such tax or for a greater amount of any such tax; or
 - (b) would not have been entitled to a relief from or repayment of any such tax or would have been entitled to a smaller relief from or repayment of any such tax.
- (5) In this paragraph—
- “arrangement” means an arrangement of any kind, whether in writing or not;
- “United Kingdom tax” means corporation tax or any tax chargeable as if it were corporation tax.

-
- 3 (1)
- (2)
- (3)
- (4)
- (4A) Subject to sub-paragraph (5) below, for the purposes of this Part of this Schedule, the net chargeable profits of a controlled foreign company for any accounting period are—
- (a) its chargeable profits for that period, less
 - (b) the amount (if any) which, if an apportionment under section 747(3) fell to be made in respect of the period, would be the company’s unrestricted creditable tax for that period;
- and for the purposes of this sub-paragraph “unrestricted creditable tax” in relation to a company’s accounting period means the amount which would be its creditable tax for that period if the reference in section 751(6)(a) to Part XVIII did not include section 797.
- (5) In any case where—
- (a) a controlled foreign company pays a dividend for any period out of specified profits, and
 - (b) those profits represent dividends received by the company, directly or indirectly, from another controlled foreign company,

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so much of those specified profits as is equal to the dividend referred to in paragraph (a) above shall be left out of account in determining, for the purposes of this Part of this Schedule, . . . the chargeable profits of the controlled foreign company referred to in that paragraph for any accounting period.

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- 4 (1) For the purposes of this Part of this Schedule, where—
- (a) a controlled foreign company pays a dividend (“the initial dividend”) to another company which is also not resident in the United Kingdom, and
 - (b) that other company or another company which is related to it pays a dividend (“the subsequent dividend”) to a United Kingdom resident, and
 - (c) *the subsequent dividend is paid at a time when the company paying it is not resident in the United Kingdom; and*
 - (d) the subsequent dividend is paid out of profits which are derived, directly or indirectly, from the whole or part of the initial dividend,

so much of the initial dividend as is represented by the subsequent dividend shall be regarded as paid to the United Kingdom resident and shall be taken to satisfy the conditions in paragraph 2(1A) above.

- (1A) A payment to a company shall not be a subsequent dividend within the meaning of sub-paragraph (1)(b) above unless it is taken into account in computing the company’s income for corporation tax and—
- (a) it is chargeable neither under Chapter 2 of Part 3 of CTA 2009 as profits of a trade carried on wholly or partly in the United Kingdom nor under section 436A (gross roll-up business: separate charge on profits); or
 - (b) if it is chargeable under Chapter 2 of Part 3 of CTA 2009 as profits of a trade carried on wholly or partly in the United Kingdom, or under section 436A, it is not involved in a UK tax avoidance scheme;

and paragraph 4A below has effect for the purposes of paragraph (b) above.

- (2) For the purposes of this paragraph, one company is related to another if neither is resident in the United Kingdom and the other—
- (a) controls directly or indirectly, or
 - (b) is a subsidiary of a company which controls directly or indirectly,
- at least 10 per cent. of the voting power in the first-mentioned company; and where one company is so related to another and that other is so related to a third company, the first company is for the purposes of this paragraph related to the third, and so on where there is a chain of companies, each of which is related to the next.

-
- 4A (1) This paragraph has effect for the purposes of paragraph 4(1A)(b) above.

- (2) No payment to a company resident in the United Kingdom which represents the whole or part of a dividend paid by a controlled foreign company for an accounting period shall be regarded as involved in a UK tax avoidance scheme by reason only that—
- (a) there is no charge to tax under section 747(4)(a) if the controlled foreign company pursues an acceptable distribution policy for that accounting period, and

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- (b) so much of the dividend as is represented by that payment will (if paragraph 4(1) above has effect) fall to be brought into account in determining whether the controlled foreign company has done so.
- (3) “UK tax avoidance scheme” means a scheme or arrangement the purpose, or one of the main purposes, of which is to achieve a reduction in United Kingdom tax.
- (4) A scheme or arrangement achieves a reduction in United Kingdom tax if, apart from the scheme or arrangement, any company—
 - (a) would have been liable for any such tax or for a greater amount of any such tax; or
 - (b) would not have been entitled to a relief from or repayment of any such tax or would have been entitled to a smaller relief from or repayment of any such tax.
- (5) In this paragraph—
 - “arrangement” means an arrangement of any kind, whether in writing or not;
 - “United Kingdom tax” means corporation tax or any tax chargeable as if it were corporation tax.

PART II

EXEMPT ACTIVITIES

Modifications etc. (not altering text)

C338 Sch. 25 Pt. 2 modified (21.7.2009) by Finance Act 2009 (c. 10), Sch. 16 para. 17 (with Sch. 16 paras. 13-16, 18-20)

5 (1) The provisions of this Part of this Schedule have effect for the purposes of paragraph (b) of subsection (1) of section 748.

[^{F4472}(1A) Except as provided in paragraph 8 below, the provisions of this Part of this Schedule apply in relation to a company which is resident in an EEA territory in the same way as they apply in relation to a company which is resident elsewhere.]

- (2) In the case of a controlled foreign company—
 - (a) which is, by virtue of section [^{F4473}749(5)], presumed to be resident in a territory in which it is subject to a lower level of taxation, and
 - (b) the business affairs of which are, throughout the accounting period in question, effectively managed in a territory outside the United Kingdom other than one in which companies are liable to tax by reason of domicile, residence or place of management,

references in the following provisions of this Part of this Schedule to the territory in which that company is resident shall be construed as references to the territory falling within paragraph (b) above, or, if there is more than one, to that one of them which may be notified to the Board by the United Kingdom resident company or companies referred to in paragraph 4(2) of Schedule 24.

[^{F4474}(3) In the case of a controlled foreign company—

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- (a) which is, by virtue of section 749(5), presumed to be resident in a territory in which it is subject to a lower level of taxation,
- (b) the business affairs of which are, throughout the accounting period in question, effectively managed in a special administrative region, and
- (c) which is liable to tax for that period in that region,

references in the following provisions of this Part of this Schedule to the territory in which that company is resident shall be construed as references to that region.

- (4) In sub-paragraph (3) above “special administrative region” means the Hong Kong or the Macao Special Administrative Region of the People’s Republic of China.
- (5) Where sub-paragraph (3) above applies, it applies in place of sub-paragraph (2).]

Textual Amendments

F4472Sch. 25 para. 5(1A) inserted (with effect in accordance with Sch. 15 para. 10 of the amending Act) by Finance Act 2007 (c. 11), Sch. 15 para. 7(2)

F4473Words in Sch. 25 para. 5(2)(a) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 29; S.I. 1998/3173, art. 2

F4474Sch. 25 para. 5(3)-(5) inserted (with effect in accordance with s. 201(2) of the amending Act) by Finance Act 2003 (c. 14), s. 201(1)

- 6 (1) Throughout an accounting period a controlled foreign company is engaged in exempt activities if, and only if, each of the following conditions is fulfilled—
- (a) that, throughout that accounting period, the company has a business establishment in the territory in which it is resident; and
 - (b) that, throughout that accounting period, its business affairs in that territory are effectively managed there; and
 - (c) that any of sub-paragraphs [F4475 (2) or (3)] below applies to the company.
- (2) This sub-paragraph applies to a company if—
- (a) at no time during the accounting period in question does the main business of the company consist of either—
 - (i) investment business, or
 - (ii) dealing in goods for delivery to or from the United Kingdom or to or from connected or associated persons; and
 - (b) in the case of a company which is mainly engaged in wholesale, distributive [F4476 financial or service] business in that accounting period, less than 50 per cent. of its gross trading receipts from that business is derived directly or indirectly from [F4477 persons falling within sub-paragraph (2A) below.]

[F4478 (2A) Those persons are—

- (a) persons who are connected or associated with the company;
- (b) persons who have a 25 per cent assessable interest in the company in the case of the accounting period in question; [F4479 . . .
- (c) if the company is a controlled foreign company in that accounting period by virtue of subsection (1A) of section 747, persons who are connected or associated with either or both of the two persons mentioned in that subsection [F4480,

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- (d) persons not falling within paragraphs (a) to (c) above which are companies resident in the United Kingdom;
- (e) persons not falling within paragraphs (a) to (c) above which are companies not resident in the United Kingdom which carry on business through a [F4481 permanent establishment] in the United Kingdom;
- (f) persons not falling within paragraphs (a) to (c) above who are individuals habitually resident in the United Kingdom;

but where the company is a controlled foreign company falling within sub-paragraph (2B) below, paragraphs (d) to (f) above shall be disregarded.]]

[F4482(2B) A controlled foreign company falls within this sub-paragraph if either—

- (a) its main business is the effecting or carrying out of contracts of long-term insurance, other than protection business; or
- (b) it is a member of an insurance group and its main business is insuring or reinsuring large risks.

Paragraph 11A below has effect for the interpretation of this sub-paragraph.

(2C) For the purposes of sub-paragraph (2)(b) above, a company’s gross trading receipts from a business shall be regarded as directly or indirectly derived from a person falling within sub-paragraph (2A)(e) above only to the extent that they are derived directly or indirectly from contracts or other arrangements relating to that person’s [F4481 permanent establishment] in the United Kingdom.]

(3) This sub-paragraph applies to a company which is a holding company if at least 90 per cent. of its gross income during the accounting period in question [F4483 is received by it in the territory in which it is resident and] is derived directly from companies which it controls and which, throughout that period—

- (a) are resident in the territory in which the holding company is resident; and
- (b) are not themselves holding companies [F4484F4485 . . .], but otherwise are, in terms of this Schedule, engaged in exempt activities [F4486 or are, in terms of sub-paragraph (5A) below, exempt trading companies] ;

and a holding company to which this sub-paragraph applies is in this Part of this Schedule referred to as a “local holding company”.

(4) F4487

[F4488(4ZA) F4487

[F4489(4A) F4487

[F4487
 F4490(4AA)

(4B) F4487

[F4491(4BB) F4487

[F4492(4C) For the purposes of sub-paragraph [F4493(2A)(b)] above, a person has a 25 per cent. assessable interest in a controlled foreign company in the case of an accounting period of the company if, on an apportionment of the chargeable profits and creditable tax (if any) of the company for that accounting period under section 747(3),

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at least 25 per cent. of the controlled foreign company's chargeable profits for the accounting period would be apportioned to that person.]

(5) Any reference in [^{F4494}sub-paragraph (3)] above to a company which a holding company [^{F4495F4496} . . .] controls includes a reference to a trading company [^{F4497} to which sub-paragraph (5ZA) or (5ZB) below applies.

(5ZA) This sub-paragraph applies to a trading company] in which the holding company [^{F4495F4498} . . .] holds the maximum amount of ordinary share capital which is permitted under the law of the territory—

- (a) in which the trading company is resident; and
- (b) from whose laws the trading company derives its status as a company.

[^{F4499}(5ZB) This sub-paragraph applies to a trading company if—

- (a) it is a controlled foreign company by virtue of subsection (1A) of section 747; and
- (b) the person who satisfies the requirement in paragraph (b) of that subsection in relation to the company also controls the holding company ^{F4500}]

[^{F4501}(5A) For the purposes of [^{F4502}sub-paragraph (3)] above, a company is an exempt trading company throughout any period if—

- (a) it is a trading company throughout each of its accounting periods which falls wholly or partly within that period; and
- (b) each of those accounting periods is one as regards which—
 - (i) the condition in section 747(1)(c) is not satisfied; or
 - (ii) the conditions in section 748(1)(e) are satisfied; or
 - (iii) the conditions in section 748(3)(a) and (b) are satisfied.]

[^{F4503}(5B) ^{F4504}]

[^{F4505}(5C) For the purposes of this paragraph, the gross income of a holding company ^{F4506} . . . during an accounting period includes—

- (a) any income which accrues during that period to the trustees of a settlement in relation to which the company is a settlor or a beneficiary, and
- (b) any income which accrues during that period to a partnership of which the company is a partner, apportioned between the company and the other partners on a just and reasonable basis.

(5D) Where there is more than one settlor or beneficiary in relation to the settlement mentioned in sub-paragraph (5C)(a), the income is to be apportioned between the company and the other settlors or beneficiaries on a just and reasonable basis.

(5E) In sub-paragraph (5C)(b) “partnership” includes an entity established under the law of a country or territory outside the United Kingdom of a similar character to a partnership; and “partner” is to be read accordingly.]

(6) The following provisions of this Part of this Schedule have effect in relation to [^{F4507}this paragraph].

Textual Amendments

F4475 Words in [Sch. 25 para. 6\(1\)\(c\)](#) substituted (with effect in accordance with [Sch. 16 para. 12](#) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 16 para. 10\(2\)\(a\)](#) (with [Sch. 16 paras. 13-20](#))

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- F4476** Words in Sch. 25 para. 6(2)(b) substituted (with effect in accordance with Sch. 31 para. 9(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 31 para. 5(2)(a)**
- F4477** Words in Sch. 25 para. 6(2)(b) substituted (with effect in accordance with Sch. 31 para. 9(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 31 para. 5(2)(b)**
- F4478** Sch. 25 para. 6(2A) inserted (with effect in accordance with Sch. 31 para. 9(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 31 para. 5(3)**
- F4479** Word in Sch. 25 para. 6(2A) repealed (retrospective to 27.11.2002 with effect in accordance with s. 200(2)(3) of the repealing Act) by Finance Act 2003 (c. 14), s. 200(4), Sch. 42 para. 2(3), **Sch. 43 Pt. 5(2)**
- F4480** Sch. 25 para. 6(2A)(d)-(f) and words inserted (retrospective to 27.11.2002 with effect in accordance with s. 200(2)(3) of the amending Act) by Finance Act 2003 (c. 14), s. 200(4), **Sch. 42 para. 2(3)**
- F4481** Words in Sch. 25 para. 6(2A)(e)(2C) substituted (with effect in accordance with s. 153(4) of the amending Act) by Finance Act 2003 (c. 14), **s. 153(1)(a)**
- F4482** Sch. 25 para. 6(2B)(2C) inserted (retrospective to 27.11.2002 with effect in accordance with s. 200(2)(3) of the amending Act) by Finance Act 2003 (c. 14), s. 200(4), **Sch. 42 para. 2(4)**
- F4483** Words in Sch. 25 para. 6(3) inserted (with effect in accordance with Sch. 31 para. 9(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 31 para. 6(2)**
- F4484** Words in Sch. 25 para. 6(3)(b) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 30(4)(a)**; S.I. 1998/3173, **art. 2**
- F4485** Words in Sch. 25 para. 6(3)(b) omitted (with effect in accordance with Sch. 16 para. 12 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 10(2)(b)** (with Sch. 16 paras. 13-20)
- F4486** Words in Sch. 25 para. 6(3)(b) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 30(4)(b)**; S.I. 1998/3173, **art. 2**
- F4487** Sch. 25 para. 6(4)-(4BB) omitted (with effect in accordance with Sch. 16 para. 12 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 10(2)(c)** (with Sch. 16 paras. 13-20)
- F4488** Sch. 25 para. 6(4ZA) inserted (with effect in accordance with Sch. 31 para. 9(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 31 para. 7(3)**
- F4489** Sch. 25 para. 6(4A)(4B) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 30(6)**; S.I. 1998/3173, **art. 2**
- F4490** Sch. 25 para. 6(4AA) inserted (with effect in accordance with Sch. 31 para. 9(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 31 para. 7(5)**
- F4491** Sch. 25 para. 6(4BB) inserted (with effect in accordance with Sch. 31 para. 9(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 31 para. 7(7)**
- F4492** Sch. 25 para. 6(4C) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 30(7)**; S.I. 1998/3173, **art. 2**
- F4493** Words in Sch. 25 para. 6(4C) substituted (retrospective to 27.11.2002 with effect in accordance with s. 200(2)(3) of the amending Act) by Finance Act 2003 (c. 14), s. 200(4), **Sch. 42 para. 2(5)**
- F4494** Words in Sch. 25 para. 6(5) substituted (with effect in accordance with Sch. 16 para. 12 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 16 para. 10(2)(d)(i)** (with Sch. 16 paras. 13-20)
- F4495** Words in Sch. 25 para. 6(5) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 30(8)(b)**; S.I. 1998/3173, **art. 2**
- F4496** Words in Sch. 25 para. 6(5) omitted (with effect in accordance with Sch. 16 para. 12 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 10(2)(d)(ii)** (with Sch. 16 paras. 13-20)
- F4497** Words in Sch. 25 para. 6 inserted (with effect in accordance with Sch. 31 para. 9(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 31 para. 7(8)**
- F4498** Words in Sch. 25 para. 6(5ZA) omitted (with effect in accordance with Sch. 16 para. 12 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 10(2)(e)** (with Sch. 16 paras. 13-20)
- F4499** Sch. 25 para. 6(5ZB) inserted (with effect in accordance with Sch. 31 para. 9(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 31 para. 7(9)**
- F4500** Words in Sch. 25 para. 6(5ZB)(b) omitted (with effect in accordance with Sch. 16 para. 12 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 10(2)(f)** (with Sch. 16 paras. 13-20)
- F4501** Sch. 25 para. 6(5A) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 30(9)**; S.I. 1998/3173, **art. 2**

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- F4502** Words in Sch. 25 para. 6(5A) substituted (with effect in accordance with Sch. 16 para. 12 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 16 para. 10(2)(g)** (with Sch. 16 paras. 13-20)
- F4503** Sch. 25 para. 6(5B) inserted (with effect in accordance with Sch. 31 para. 9(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 31 para. 7(10)**
- F4504** Sch. 25 para. 6(5B) omitted (with effect in accordance with Sch. 16 para. 12 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 10(2)(h)** (with Sch. 16 paras. 13-20)
- F4505** Sch. 25 para. 6(5C)-(5E) inserted (with effect in accordance with s. 64(6)(9) of the amending Act) by Finance Act 2008 (c. 9), **s. 64(5)**
- F4506** Words in Sch. 25 para. 6(5C) omitted (with effect in accordance with Sch. 16 para. 12 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 10(2)(i)** (with Sch. 16 paras. 13-20)
- F4507** Words in Sch. 25 para. 6(6) substituted (with effect in accordance with Sch. 16 para. 12 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 16 para. 10(2)(j)** (with Sch. 16 paras. 13-20)

- 7 (1) For the purposes of paragraph 6(1)(a) above, a “business establishment”, in relation to a controlled foreign company, means premises—
- (a) which are, or are intended to be, occupied and used with a reasonable degree of permanence; and
 - (b) from which the company’s business in the territory in which it is resident is wholly or mainly carried on.
- (2) For the purposes of sub-paragraph (1) above the following shall be regarded as premises—
- (a) an office, shop, factory or other building or part of a building; or
 - (b) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources; or
 - (c) a building site or the site of a construction or installation project;
- but such a site as is referred to in paragraph (c) above shall not be regarded as premises unless the building work or the project, as the case may be, has a duration of at least twelve months.
- 8 (1) Subject to sub-paragraph (4) below, the condition in paragraph 6(1)(b) above shall not be regarded as fulfilled [^{F4508}in relation to a company which is not resident in an EEA territory] unless—
- (a) the number of persons employed by the company in the territory in which it is resident is adequate to deal with the volume of the company’s business; and
 - (b) any services provided by the company for persons resident outside that territory are not in fact performed in the United Kingdom.
- (2) For the purposes of sub-paragraph (1)(a) above, persons who are engaged wholly or mainly in the business of the company and whose remuneration is paid by a person connected with, and resident in the same territory as, the company shall be treated as employed by the company.
- (3) In the case of a holding company [^{F4509F4510} . . .], sub-paragraph (2) above shall apply with the omission of the words “wholly or mainly”.
- (4) For the purposes of sub-paragraph (1)(b) above, no account shall be taken of services—
- (a) provided through a [^{F4511}permanent establishment] of the controlled foreign company if the profits or gains of the business carried on through the [^{F4511}permanent establishment] are within the charge to tax in the United Kingdom; or

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- (b) provided through any other person whose profits or gains from the provision of the services are within the charge to tax in the United Kingdom and who provides the services for a consideration which is, or which is not dissimilar from what might reasonably be expected to be, determined under a contract entered into at arm's length; or
- (c) which are no more than incidental to services provided outside the United Kingdom.

[^{F4512}(5) The condition in paragraph 6(1)(b) above shall not be regarded as fulfilled in relation to a company which is resident in an EEA territory unless there are sufficient individuals working for the company in the territory who have the competence and authority to undertake all, or substantially all, of the company's business.

- (6) For the purposes of sub-paragraph (5) above, individuals are not to be regarded as working for a company in any territory unless—
- (a) they are employed by the company in the territory, or
 - (b) they are otherwise directed by the company to perform duties on its behalf in the territory.]

Textual Amendments

F4508 Words in Sch. 25 para. 8(1) inserted (with effect in accordance with Sch. 15 para. 10 of the amending Act) by Finance Act 2007 (c. 11), Sch. 15 para. 7(3)

F4509 Words in Sch. 25 para. 8(3) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 31(2); S.I. 1998/3173, art. 2

F4510 Words in Sch. 25 para. 8(3) omitted (with effect in accordance with Sch. 16 para. 12 of the repealing Act) by virtue of Finance Act 2009 (c. 10), Sch. 16 para. 10(3) (with Sch. 16 paras. 13-20)

F4511 Words in Sch. 25 para. 8(4)(a) substituted (with effect in accordance with s. 153(4) of the amending Act) by Finance Act 2003 (c. 14), s. 153(1)(a)

F4512 Sch. 25 para. 8(5)(6) inserted (with effect in accordance with Sch. 15 para. 10 of the amending Act) by Finance Act 2007 (c. 11), Sch. 15 para. 7(4)

- 9 (1) Subject to sub-paragraph (3) below, for the purposes of paragraph 6(2)(a)(i) above, each of the following activities constitutes investment business—
- (a) the holding of securities, [^{F4513}or intellectual property];
 - (b) dealing in securities, other than in the capacity of a broker;
 - (c) the leasing of any description of property or rights; and
 - (d) the investment in any manner of funds which would otherwise be available, directly or indirectly, for investment by or on behalf of any person (whether resident in the United Kingdom or not) who has, or is connected or associated with a person who has, control, either alone or together with other persons, of the controlled foreign company in question.

[^{F4514}[^{F4515}(1A) In sub-paragraph (1)(a) above “intellectual property” includes (in particular)—

- (a) any industrial, commercial or scientific information, knowledge or expertise;
- (b) any patent, trade mark, registered design, copyright or design right;
- (c) any licence or other right in respect of intellectual property;
- (d) any rights under the law of a country outside the United Kingdom which correspond or are similar to those falling within paragraph (b) or (c) above.]]

(2) In sub-paragraph (1)(b) above “broker” includes any person offering to sell securities to, or purchase securities from, members of the public generally.

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- (3) For the purposes of paragraph 6(2) above, in the case of a company which is mainly engaged in [^{F4516}business] falling within paragraph 11(1)(c) below, nothing in sub-paragraph (1) above shall require the main business of the company to be regarded as investment business.

Textual Amendments

F4513 Words in Sch. 25 para. 9(1)(a) substituted (1.8.1989) by Copyright, Designs and Patents Act 1988 (c. 48), s. 305(3), Sch. 7 para. 36(9); S.I. 1989/816, art. 2

F4514 Sch. 25 para. 9(1A) inserted (1.8.1989) by Copyright, Designs and Patents Act 1988 (c. 48), s. 305(3), Sch. 7 para. 36(9); S.I. 1989/816, art. 2

F4515 Sch. 25 para. 9(1A) substituted (with effect in accordance with s. 112(5) of the amending Act) by Finance Act 1998 (c. 36), s. 112(2)

F4516 Word in Sch. 25 para. 9(3) substituted (with effect in accordance with s. 112(5) of the amending Act) by Finance Act 1998 (c. 36), s. 112(4)(a)

- 10 Goods which are actually delivered into the territory in which the controlled foreign company is resident shall not be taken into account for the purposes of paragraph 6(2)(a)(ii) above.

- 11 (1) For the purposes of paragraph 6(2)(b) above, each of the following activities constitutes wholesale, distributive [^{F4517}financial or service] business—

- (a) dealing in any description of goods wholesale rather than retail;
- (b) the business of shipping or air transport, that is to say, the business carried on by an owner of ships or the business carried on by an owner of aircraft (“owner” including, for this purpose, any charterer);
- [^{F4518}(c) banking, deposit-taking, money-lending or debt-factoring, or any business similar to banking, deposit-taking, money-lending or debt-factoring;]
- (d) the administration of trusts;
- (e) dealing in securities in the capacity of a broker, as defined in paragraph 9(2) above;
- (f) dealing in commodity or financial futures,^{F4519} . . .

[^{F4520}(g) the effecting or carrying out of contracts of insurance; and]

[^{F4521}(h) the provision of services not falling within any of the preceding paragraphs.]

- [^{F4522}(1A) For the purposes of sub-paragraph (1)(g) above “contract of insurance” has the meaning given by Article 3(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.]

- (2) In a case where the gross trading receipts of a company include an amount in respect of the proceeds of sale of any description of property or rights, the cost to the company of the purchase of that property or those rights shall be a deduction in calculating the company’s gross trading receipts for the purposes of paragraph 6(2)(b) above.

- (3) In the case of a controlled foreign company engaged in a [^{F4523}business] falling within sub-paragraph (1)(c) above—

[^{F4524}(a) no payment of interest received from a company resident in the United Kingdom which is connected or associated with the controlled foreign company shall be regarded for the purposes of paragraph 6(2)(b) above as a

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- receipt derived directly or indirectly from a person falling within paragraph 6(2A) above, but]
- (b) it shall be conclusively presumed that the condition in paragraph 6(2)(b) above is not fulfilled if, at any time during the accounting period in question, the amount by which the aggregate value of the capital interests in the company held directly or indirectly by—
- (i) the persons who have control of the company, and
 - (ii) any person connected or associated with those persons,
- exceeds the value of the company's fixed assets is 15 per cent. or more of the amount by which the company's outstanding capital exceeds that value [F4525], and
- (c) it shall also be conclusively presumed that the condition in paragraph 6(2)(b) is not fulfilled if 10% or more of the company's gross trading receipts from all businesses carried on by it in the accounting period in question, taken together, are receipts other than interest and are directly or indirectly derived from persons—
- (i) which are companies resident in the United Kingdom,
 - (ii) which are companies not resident in the United Kingdom but which carry on business through a [F4526] permanent establishment] in the United Kingdom, or
 - (iii) who are individuals habitually resident in the United Kingdom,
- but for this purpose a company's gross trading receipts shall be regarded as directly or indirectly derived from a person falling within sub-paragraph (ii) above only to the extent that they are derived directly or indirectly from contracts or other arrangements relating to that person's [F4526] permanent establishment] in the United Kingdom.]
- (4) For the purposes of this paragraph, in relation to a controlled foreign company—
- (a) “capital interest” means an interest in the issued share capital or reserves of the company or in a loan to or deposit with the company or the liability of a guarantor under a guarantee given to or for the benefit of the company;
 - (b) except in the case of the liability of a guarantor, the value of a capital interest is its value as shown in the company's accounts;
 - (c) in the case of the liability of a guarantor, the value shall be taken to be the market value of the benefit which the controlled foreign company derives from the provision of the guarantee;
 - (d) the value of the company's fixed assets means the value, as shown in the company's accounts, of the plant, premises and trade investments employed in the company's business; and
 - (e) “outstanding capital” means the total value of all the capital interests in the company, less the value, as shown in the company's accounts, of any advances made by the company to persons resident outside the United Kingdom and falling within paragraph (i) or paragraph (ii) of sub-paragraph (3)(b) above.
- (5) For the purposes of sub-paragraph (4) above—
- (a) “trade investments”, in relation to a controlled foreign company, means securities any profit on the sale of which would not be brought into account as a trading receipt in computing the chargeable profits of an accounting period in which that profit arose; and

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- (b) the reference in paragraph (e) to advances made to a person by the controlled foreign company includes, in the case of a company which is a person resident outside the United Kingdom and falling within paragraph (i) or paragraph (ii) of sub-paragraph (3)(b) above, any securities of that company which are held by the controlled foreign company but are not trade investments, as defined in paragraph (a) above;
- and in this sub-paragraph “securities” includes stocks and shares.
- (6) In the application of paragraph 6(2)(b) above in the case of a controlled foreign company engaged in insurance business of any kind—
- (a) the reference to gross trading receipts which are derived directly or indirectly from connected or associated persons is a reference to those which, subject to sub-paragraph (7) below, are attributable, directly or indirectly, to liabilities undertaken in relation to any of those persons or their property;
- (b) the only receipts to be taken into account are commissions and premiums received under insurance contracts;
- (c) so much of any such commission or premium as is returned is not to be taken into account; and
- (d) when a liability under an insurance contract is reinsured, in whole or in part, the amount of the premium which is attributable, directly or indirectly, to that liability shall be treated as reduced by so much of the premium under the reinsurance contract as is attributable to that liability.
- (7) In determining, in relation to a controlled foreign company to which sub-paragraph (6) above applies, the gross trading receipts referred to in paragraph (a) of that sub-paragraph, there shall be left out of account any receipts under a local reinsurance contract which are attributable to liabilities which—
- (a) are undertaken under an insurance contract made in the territory in which the company is resident; and
- (b) are not reinsured under any contract other than a local reinsurance contract; and
- (c) relate either to persons who are resident in that territory and are neither connected nor associated with the company or to property which is situated there and belongs to persons who are not so connected or associated;
- and in paragraph (a) above “insurance contract” does not include a reinsurance contract.
- (8) In sub-paragraph (7) above “local reinsurance contract” means a reinsurance contract—
- (a) which is made in the territory in which the controlled foreign company is resident; and
- (b) the parties to which are companies which are resident in that territory.
- (9) For the purposes of sub-paragraphs (7) and (8) above, any question as to the territory in which a company is resident shall be determined in accordance with section 749 and, where appropriate, paragraph 5(2) above; and, for the purpose of the application of those provisions in accordance with this sub-paragraph, the company shall be assumed to be a controlled foreign company.

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Textual Amendments

- F4517** Words in Sch. 25 para. 11(1) substituted (with effect in accordance with Sch. 31 para. 9(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 31 para. 8(2)(a)**
- F4518** Sch. 25 para. 11(1)(c) substituted (with effect in accordance with s. 112(5) of the amending Act) by Finance Act 1998 (c. 36), **s. 112(3)**
- F4519** Word preceding Sch. 25 para. 11(1)(g) repealed (with effect in accordance with Sch. 31 para. 9(4) of the repealing Act) by Finance Act 2000 (c. 17), Sch. 31 para. 8(2)(b), **Sch. 40 Pt. 2(14)**, Note
- F4520** Sch. 25 para. 11(1)(g) substituted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2000/3629), **art. 51(2)**
- F4521** Sch. 25 para. 11(1)(h) and preceding word added (with effect in accordance with Sch. 31 para. 9(4) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 31 para. 8(2)(c)**
- F4522** Sch. 25 para. 11(1A) inserted (1.12.2001 with effect in accordance with art. 1(2)(a) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2000/3629), **art. 51(3)**
- F4523** Word in s. 11(3) substituted (with effect in accordance with s. 112(5) of the amending Act) by Finance Act 1998 (c. 36), **s. 112(4)(b)**
- F4524** Sch. 25 para. 11(3)(a) substituted (retrospective to 27.11.2002 with effect in accordance with s. 200(2)(3) of the amending Act) by Finance Act 2003 (c. 14), s. 200(4), **Sch. 42 para. 3(2)**
- F4525** Sch. 25 para. 11(3)(c) and preceding word added (retrospective to 27.11.2002 with effect in accordance with s. 200(2)(3) of the amending Act) by Finance Act 2003 (c. 14), s. 200(4), **Sch. 42 para. 3(3)**
- F4526** Words in Sch. 25 para. 11(3)(c) substituted (with effect in accordance with s. 153(4) of the amending Act) by Finance Act 2003 (c. 14), **s. 153(1)(a)**

[^{F4527}1(1A) This paragraph has effect for the interpretation of paragraph 6(2B) above.

- (2) “Contract of long-term insurance” means any contract falling within Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.
- (3) “Protection business” means contracts of long-term insurance where—
- (a) either—
 - (i) the contract has no surrender value; or
 - (ii) the consideration consists of a single premium and the surrender value does not exceed the amount of that premium; and
 - (b) the contract makes no provision for its conversion or extension in a manner which would result in its ceasing to fall within paragraph (a) above;
- and references to protection business include a reference to reinsurance of protection business.

[^{F4528}(4) “Insurance group” shall be construed in accordance with section 1165(5) of the Companies Act 2006, but does not include such an insurance group if it falls within sub-paragraph (5) below.]

- (5) Such an insurance group falls within this sub-paragraph if ^{F4529} . . . the parent company is a subsidiary undertaking of a parent company which is neither—
- (a) the parent company of an insurance group; nor
 - (b) a subsidiary undertaking of the parent company of an insurance group.
- (6) A controlled foreign company is, in accordance with sub-paragraphs (4) and (5) above, a “member of an insurance group” if (within the meaning of that Part as so

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read) it is the parent company, or a subsidiary undertaking of the parent company, of an insurance group which is by virtue of sub-paragraph (4) above an insurance group for the purposes of paragraph 6(2B) above.

- (7) A company's main business is "insuring or reinsuring large risks" if (and only if)—
- (a) the company's main business is the effecting or carrying out of contracts of insurance; and
 - (b) 50% or more of its gross trading receipts from that business are derived from insuring or reinsuring large risks.

"Large risks" is defined in paragraph 11B below.

- (8) In this paragraph—

"contract of insurance" has the meaning given by article 3(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;

"contract of long-term insurance" has the meaning given by sub-paragraph (2) above.

Textual Amendments

F4527Sch. 25 paras. 11A, 11B inserted (retrospective to 27.11.2002 with effect in accordance with s. 200(2) (3) of the amending Act) by Finance Act 2003 (c. 14), s. 200(4), Sch. 42 para. 4

F4528Sch. 25 para. 11A(4) substituted (6.4.2008 with effect in accordance with art. 1(2) of the amending S.I.) by The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2008 (S.I. 2008/954), arts. 1(1), 14(2)(a) (with art. 4)

F4529Words in Sch. 25 para. 11A(5) repealed (6.4.2008 with effect in accordance with art. 1(2) of the repealing S.I.) by The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2008 (S.I. 2008/954), arts. 1(1), 14(2)(b), Sch. (with art. 4)

- 11B (1) In paragraph 11A above "large risks" means—

- (a) risks falling within classes 4, 5, 6, 7, 11 and 12 of Part I of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;
- (b) risks falling within classes 14 and 15 of that Part which relate to a business carried on by the policy holder;
- (c) risks falling within classes 3, 8, 9, 10, 13 and 16 of that Part where the policy holder carries on a business in respect of which the condition specified in sub-paragraph (2) below is satisfied.

- (2) The condition referred to in sub-paragraph (1)(c) above is that, in the case of that business of the policy holder, at least two of the three following criteria were exceeded in the most recent financial year beginning on or after 1st January 1999 for which the information is available—

- (a) balance sheet total: 6.2 million euros;
- (b) net turnover: 12.8 million euros;
- (c) number of employees: 250.

- (3) For the purposes of sub-paragraph (2) above as it applies where the policy holder is a company, within the meaning of section [F4530]1 of the Companies Act [F4530]2006[F4531] . . . ,—

- (a) "balance sheet total" has the meaning given by [F4532]sections 382(5) and 465(5) of the Companies Act 2006];

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- (b) “net turnover” has the meaning given to “turnover” by [^{F4533}section 474(1) of that Act]; and
- (c) “number of employees” has the meaning given by [^{F4534}sections 382(6) and 465(6) of that Act];

and for a financial year which is a company’s financial year but not in fact a year, the net turnover of the company shall be proportionately reduced.

- (4) Where the policy holder is a member of a group for which consolidated accounts (within the meaning of Directive 83/349/EEC) are drawn up, the question whether the condition in sub-paragraph (2) above is met shall be determined by reference to those accounts.
- (5) For the purposes of sub-paragraph (1)(c) above as it applies where the policy holder is a professional association, joint venture or temporary grouping, the question whether the condition in sub-paragraph (2) above is met shall be determined by reference to the aggregate of the figures of the description in question for all the members of the professional association, joint venture or temporary grouping.
- (6) In sub-paragraphs (1) to (5) above “business” includes a trade or profession and, for the purposes of sub-paragraph (1)(c) above, any activity of a professional association, joint venture or temporary grouping.
- (7) For the purposes of this paragraph, where an amount is denominated in any accounts in a currency other than the euro, it shall be converted into its equivalent in euros using the London closing exchange rate for that currency and the euro for the last day of the period to which the accounts relate.
- (8) In this paragraph—
 - “euro” means the single currency adopted or proposed to be adopted as its currency by a member State in accordance with the Treaty establishing the European Community;
 - “financial year”, in relation to any person, means the period (not exceeding 12 months) for which that person makes up accounts.]

Textual Amendments

- F4527**Sch. 25 paras. 11A, 11B inserted (retrospective to 27.11.2002 with effect in accordance with s. 200(2) (3) of the amending Act) by Finance Act 2003 (c. 14), s. 200(4), **Sch. 42 para. 4**
- F4530**Words in Sch. 25 para. 11B(3) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2009 (S.I. 2009/1890), **arts. 1, 3(5)(c)**
- F4531**Words in Sch. 25 para. 11B(3) omitted (1.10.2009) by virtue of The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2009 (S.I. 2009/1890), **arts. 1, 3(5)(c)**
- F4532**Words in Sch. 25 para. 11B(3)(a) substituted (6.4.2008 with effect in accordance with art. 1(2) of the amending S.I.) by The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2008 (S.I. 2008/954), **arts. 1(1), 14(3)(a)** (with art. 4)
- F4533**Words in Sch. 25 para. 11B(3)(b) substituted (6.4.2008 with effect in accordance with art. 1(2) of the amending S.I.) by The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2008 (S.I. 2008/954), **arts. 1(1), 14(3)(b)** (with art. 4)
- F4534**Words in Sch. 25 para. 11B(3)(c) substituted (6.4.2008 with effect in accordance with art. 1(2) of the amending S.I.) by The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2008 (S.I. 2008/954), **arts. 1(1), 14(3)(c)** (with art. 4)

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- 12 (1) Subject to sub-paragraph (2) below, in paragraphs 6 and 8(3) above and [F4535[F4536;in]] sub-paragraphs (4) and (5) below “holding company” means—
- (a) a company the business of which consists wholly or mainly in the holding of shares or securities of companies which are either local holding companies and its 90 per cent. subsidiaries or trading companies and either its 51 per cent. subsidiaries or companies falling within paragraph 6(5) above; or
 - (b) a company which would fall within paragraph (a) above if there were disregarded so much of its business as consists in the holding of property or rights of any description for use wholly or mainly by companies which it controls and which are resident in the territory in which it is resident.
- (2) In determining whether a company is a holding company for the purposes of paragraph 6(3) above (and, accordingly, whether the company is or may be a local holding company), sub-paragraph (1) above shall have effect with the omission from paragraph (a) thereof of the words “either local holding companies and its 90 per cent. subsidiaries or”.
- (3) In its application for the purposes of this paragraph, [F4537 section 1154 of CTA 2010 has effect with the omission of the following—
- (a) in subsection (2), the words “or indirectly”, and
 - (b) subsection (5).]
- (4) For the purposes of sub-paragraph (3) F4538 . . . of paragraph 6 above, as it applies in relation to a holding company part of whose business consists of activities other than the holding of shares or securities or the holding of property or rights as mentioned in paragraph (a) or (b) of sub-paragraph (1) above, the company’s gross income during any accounting period shall be determined as follows—
- (a) there shall be left out of account so much of what would otherwise be the company’s gross income as is derived from any activity which, if it were the business in which the company is mainly engaged, would be such that paragraph 6(2) above would apply to the company; and
 - (b) to the extent that the receipts of the company from any other activity include receipts from the proceeds of sale of any description of property or rights, the cost to the company of the purchase of that property or those rights shall (to the extent that the cost does not exceed the receipts) be a deduction in calculating the company’s gross income, and no other deduction shall be made in respect of that activity.
- (5) For the purposes of [F4539 sub-paragraph (3)] of paragraph 6 above, so much of the income of a holding company as—
- (a) is derived directly from another company which it controls and which is not a holding company [F4540F4541 . . .] but otherwise is, in terms of this Schedule, engaged in exempt activities [F4542 or, in terms of sub-paragraph (5A) of that paragraph, is an exempt trading company], and
 - (b) was or could have been paid out of any non-trading income of that other company which is derived directly or indirectly from a third company connected or associated with it,
- shall be treated, in relation to the holding company, as if it were not derived directly from companies which it controls.
- (6) The reference in sub-paragraph (5) above to the non-trading income of a company is a reference to so much of its income as, if the company were carrying on its trade

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in the United Kingdom, would not be within the charge to corporation tax under ^{F4543}section 35 of CTA 2009].

Textual Amendments

- F4535** Words in Sch. 25 para. 12(1) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 32(2)**; S.I. 1998/3173, **art. 2**
- F4536** Word in Sch. 25 para. 12(1) substituted (with effect in accordance with Sch. 16 para. 12 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 16 para. 10(4)(a)** (with Sch. 16 paras. 13-20)
- F4537** Words in Sch. 25 para. 12(3) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 147(3)** (with Sch. 2)
- F4538** Words in Sch. 25 para. 12(4) omitted (with effect in accordance with Sch. 16 para. 12 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 10(4)(b)** (with Sch. 16 paras. 13-20)
- F4539** Words in Sch. 25 para. 12(5) substituted (with effect in accordance with Sch. 16 para. 12 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 16 para. 10(4)(c)(i)** (with Sch. 16 paras. 13-20)
- F4540** Words in Sch. 25 para. 12(5)(a) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 32(3)(a)**; S.I. 1998/3173, **art. 2**
- F4541** Words in Sch. 25 para. 12(5)(a) omitted (with effect in accordance with Sch. 16 para. 12 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 10(4)(c)(ii)** (with Sch. 16 paras. 13-20)
- F4542** Words in Sch. 25 para. 12(5)(a) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 32(3)(b)**; S.I. 1998/3173, **art. 2**
- F4543** Words in Sch. 25 para. 12(6) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 287(5)** (with Sch. 2 Pts. 1, 2)

^{F4544}12A ^{F4545}.....]

Textual Amendments

- F4544** Sch. 25 para. 12A inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 33**; S.I. 1998/3173, **art. 2**
- F4545** Sch. 25 para. 12A omitted (with effect in accordance with Sch. 16 para. 12 of the repealing Act) by virtue of Finance Act 2009 (c. 10), **Sch. 16 para. 10(5)** (with Sch. 16 paras. 13-20)

VALID FROM 19/07/2011

^{F4546}PART 2A

TRADING COMPANIES WITH LIMITED UK CONNECTION

Textual Amendments

- F4546** Sch. 25 Pts. 2A, 2B (paras. 12B-12N) inserted (with effect in accordance with Sch. 12 para. 14(2) of the amending Act) by Finance Act 2011 (c. 11), **Sch. 12 para. 3**

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Introductory

- 12B (1) For the purposes of section 748(1)(ba), a controlled foreign company (“C”) is exempt for an accounting period if the requirements of this Part of this Schedule are satisfied.
- (2) The requirements are those imposed as to C's—
- (a) business establishment (see paragraph 12C),
 - (b) business activities (see paragraph 12D),
 - (c) UK connection (see paragraph 12E), and
 - (d) finance income and relevant IP income (see paragraph 12F).

Business establishment

- 12C (1) The requirement of this paragraph is that throughout the accounting period C has a business establishment in the territory in which it is resident.
- (2) For the purposes of sub-paragraph (1)—
- (a) paragraph 5(2) to (5) (special rules about residence of the company) applies as it applies for the purposes of Part 2 of this Schedule, and
 - (b) paragraph 7 (meaning of “business establishment”) applies as it applies for the purposes of paragraph 6(1)(a).

Business activities

- 12D (1) The requirement of this paragraph is that—
- (a) C's business does not, at any time during the accounting period, include to a substantial extent non-exempt activities, or
 - (b) if C is wholly engaged in business falling within paragraph 11(1)(c) (banking etc), C's business does not, at any time during the accounting period, include to a substantial extent non-exempt activities which do not constitute investment business.
- (2) For this purpose—
- “non-exempt activities” means—
- (a) the holding or managing of shares or securities,
 - (b) the holding of intellectual property,
 - (c) dealing in securities, other than in the capacity of a broker,
 - (d) the leasing of any description of property or rights,
 - (e) the investment in any manner of funds which would otherwise be available, directly or indirectly, for investment by or on behalf of any person (whether resident in the United Kingdom or not) who has, or is connected or associated with a person who has, control, either alone or together with other persons, of C, and
 - (f) if C is not a member of an insurance group throughout the accounting period, the effecting or carrying out of contracts of insurance between C and persons related to C;
- “investment business” means activities within paragraphs (a) to (d) of paragraph 9(1).
- (3) For the purposes of sub-paragraph (2)(f), a person is “related” to C if—
- (a) the person is connected or associated with C,

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- (b) the person has a 25 per cent assessable interest in C in the case of the accounting period in question (within the meaning of paragraph 6(4C)), or
- (c) if C is a controlled foreign company in that accounting period by virtue of subsection (1A) of section 747, the person is connected or associated with either or both of the two persons mentioned in that subsection.

(4) In sub-paragraph (2)—

“broker” includes any person offering to sell securities to, or purchase securities from, members of the public generally;

“contract of insurance” has the meaning given by Article 3(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;

“insurance group” has the meaning given by paragraph 11A(4);

“intellectual property” is to be construed in accordance with paragraph 9(1A);

“member of an insurance group” has the meaning given by paragraph 11A(6).

UK connection

- 12E (1) The requirement of this paragraph is that C does not have a significant connection with the United Kingdom during the accounting period.
- (2) C has a significant connection with the United Kingdom during the accounting period if Condition A or B is met.
- (3) Condition A is that—
- (a) the UK-connected gross income of C's business for that period exceeds 10% of the gross income of that business for that period, and
 - (b) sub-paragraph (4) does not apply.
- (4) This sub-paragraph applies if—
- (a) at all times in the accounting period there are sufficient individuals working for C in the territory in which it is resident, or in any other territory outside of the United Kingdom, who have the competence and authority to undertake all, or substantially all, of C's business,
 - (b) C's relevant profits for the accounting period do not exceed 10% of C's relevant operating expenses for that period, and
 - (c) the UK-connected gross income of C's business for that period does not exceed 50% of the gross income of that business for that period.
- (5) Condition B is that—
- (a) the UK-connected related-party business expenditure of C's business for that period exceeds 50% of the total related-party business expenditure of C's business for that period, and
 - (b) during the accounting period C has been involved in a scheme where the main purpose, or one of the main purposes, of any party to the scheme in entering into the scheme is to achieve a reduction in corporation tax or any tax chargeable as if it were corporation tax.
- (6) For the purposes of sub-paragraph (4)(a), individuals are not to be regarded as working for C in any territory unless—

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- (a) they are employed by C in the territory, or
- (b) they are otherwise directed by C to perform duties on its behalf in the territory.

(7) In this paragraph—

“related-party business expenditure” means any expenditure, other than capital expenditure, which gives rise, directly or indirectly, to income of a person related to C;

“relevant profits”, for an accounting period, means the total profits of C for that period calculated in accordance with generally accepted accounting practice (disregarding any capital gains or losses), but before any deduction for interest or tax;

“relevant operating expenses” of C means operating expenses of C other than—

- (a) the cost of goods sold, and
- (b) related-party business expenditure;

“scheme” means any scheme, arrangements or understanding of any kind whatever, whether or not legally enforceable, involving one or more transactions;

“UK-connected gross income” means the gross income derived, directly or indirectly, from persons who are within the charge to United Kingdom tax for all or part of the accounting period;

“UK-connected related-party business expenditure” means related-party business expenditure which gives rise, directly or indirectly, to income of a person within the charge to United Kingdom tax in respect of that income;

“United Kingdom tax” means income tax or corporation tax;

and paragraph 12D(3) (persons “related” to C) applies for the purposes of this paragraph as it applies for the purposes of paragraph 12D(2)(f).

(8) In the case of a company which is within the charge to United Kingdom tax only because it carries on a trade in the United Kingdom through a permanent establishment there, for the purposes of sub-paragraph (7)—

- (a) the gross income derived from that company is so much of the gross income as is attributable to that establishment, and
- (b) the income received by that company is such of its income as is attributable to that establishment.

Finance income and relevant IP income

12F (1) The requirement of this paragraph is that not more than 5% of C's gross income for the accounting period falls within sub-paragraph (2).

(2) Gross income falls within this sub-paragraph to the extent that it is—

- (a) finance income, or
- (b) relevant IP income.

(3) “Finance income” means—

- (a) any amount which in accordance with UK generally accepted accounting practice falls to be recognised as arising from a financial asset, and
- (b) any return, in relation to an amount, which—
 - (i) is produced for C by an arrangement to which C is party, and

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(ii) is economically equivalent to interest,
except to the extent that the return is taken into account in determining an amount within paragraph (a).

- (4) “Relevant IP income” means royalties and receipts of a similar nature arising from intellectual property.
- (5) For the purposes of sub-paragraph (3)(b), the amount of a return is the amount which by virtue of the return would, in calculating C's chargeable profits, be treated under section 486B of CTA 2009 (disguised interest to be regarded as profit from loan relationship) as a profit arising to C from a loan relationship.
- (6) But, in calculating that profit for the purposes of sub-paragraph (5), sections 486B(7) and 486C to 486E of CTA 2009 are to be ignored.
- (7) In this paragraph—
“economically equivalent to interest” is to be construed in accordance with section 486B(2) and (3) of CTA 2009;
“financial asset” means a financial asset as defined for the purposes of UK generally accepted accounting practice or international accounting standards;
“intellectual property” is to be construed in accordance with paragraph 9(1A).

Gross income

- 12G (1) References in this Part of this Schedule to C's gross income are to be construed in accordance with this paragraph.
- (2) C's gross income for an accounting period does not include—
(a) any distribution that would not be included in C's chargeable profits by reason of it being exempt for the purposes of Part 9A of CTA 2009 (see section 931A of that Act), or
(b) any amount that would be taken into account in computing chargeable gains if C were within the charge to corporation tax.
- (3) C's gross income for an accounting period includes—
(a) any income which accrues during that period to the trustees of a settlement in relation to which C is a settlor or a beneficiary, and
(b) any income which accrues during that period to a partnership of which C is a partner, apportioned between C and the other partners on a just and reasonable basis.
- (4) Where there is more than one settlor or beneficiary in relation to the settlement mentioned in sub-paragraph (3)(a), the income is to be apportioned between C and the other settlors or beneficiaries on a just and reasonable basis.
- (5) In this paragraph—
“distribution” has the same meaning as in the Corporation Tax Acts (see Part 23 of CTA 2010);
“partnership” includes an entity established under the law of a country or territory outside the United Kingdom of a similar character to a partnership; and “partner” is to be read accordingly.

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PART 2B

COMPANIES EXPLOITING INTELLECTUAL PROPERTY WITH LIMITED UK CONNECTION

Introductory

- 12H (1) For the purposes of section 748(1)(bb), a company (“C”) is exempt for an accounting period if the requirements of this Part of this Schedule are satisfied.
- (2) The requirements are those imposed as to C's—
- (a) business establishment (see paragraph 12I),
 - (b) intellectual property business (see paragraph 12J),
 - (c) other business activities (see paragraph 12K),
 - (d) UK connection (see paragraph 12L), and
 - (e) finance income (see paragraph 12M).

Business establishment

- 12I (1) The requirement of this paragraph is that throughout the accounting period C has a business establishment in the territory in which it is resident.
- (2) For the purposes of sub-paragraph (1)—
- (a) paragraph 5(2) to (5) (special rules about residence of the company) applies as it applies for the purposes of Part 2 of this Schedule, and
 - (b) paragraph 7 (meaning of “business establishment”) applies as it applies for the purposes of paragraph 6(1)(a).

Intellectual property business

- 12J (1) The requirement of this paragraph is that C's main business, throughout the accounting period, consists of the exploitation of intellectual property which does not have a relevant UK connection.
- (2) For the purposes of sub-paragraph (1), if any part of C's main business consists of the exploitation of intellectual property which has a relevant UK connection, that part is to be ignored if it is an insignificant part of C's main business.
- (3) Intellectual property has a relevant UK connection if—
- (a) at any time during the accounting period or the 6 years immediately preceding that period, it has been held by a person resident in the United Kingdom, or
 - (b) activities relating to the creation, maintenance or enhancement of the intellectual property (other than activities of an incidental or insignificant nature) have been carried on by a person who for some or all of the period—
 - (i) beginning when the activities were first carried on by the person, and
 - (ii) ending at the end of the accounting period,was related to C and within the charge to United Kingdom tax.

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Other business activities

- 12K (1) The requirement of this paragraph is that—
- (a) C does not, at any time during the accounting period, carry on any activities otherwise than in the course of its main business, or
 - (b) if it carries on any such activities (“secondary activities”), the secondary activities condition is met.
- (2) The secondary activities condition is that either—
- (a) the secondary activities do not, at any time during the accounting period, constitute a substantial part of the activities of C's business taken as a whole, or
 - (b) section 748(1)(b) or (ba) would apply to prevent an apportionment under section 747(3) falling to be made as regards that period, if C's business consisted only of the secondary activities carried on by it during the accounting period.

UK connection

- 12L (1) The requirement of this paragraph is that C does not have a significant connection with the United Kingdom during the accounting period.
- (2) C has a significant connection with the United Kingdom during the accounting period if—
- (a) all or a substantial proportion of C's gross income for that period consists of income from the exploitation of intellectual property which derives from persons within the charge to United Kingdom tax, or
 - (b) during that period C incurs expenditure (other than expenditure of an incidental or insignificant nature) on—
 - (i) R&D sub-contractor payments, or
 - (ii) the creation, development or maintenance of relevant intellectual property,
 and that expenditure forms part of the income of a person who for some or all of that period is related to C and within the charge to United Kingdom tax.
- (3) In this paragraph—
- “R&D sub-contractor payment” means a payment made by C to another person in respect of research and development contracted out by C to that person;
 - “relevant intellectual property” means intellectual property which does not have a relevant UK connection (see paragraph 12J(3)) and which C exploits in the course of its main business.

Finance income

- 12M The requirement of this paragraph is that not more than 5% of C's gross income for the accounting period consists of finance income (within the meaning of paragraph 12F(3)).

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Interpretation of Part 2B

- 12N (1) For the purpose of this Part of this Schedule—
- “intellectual property” is to be construed in accordance with paragraph 9(1A);
 - “United Kingdom tax” means corporation tax or income tax;
- and paragraph 12G (meaning of “gross income”) applies as it applies for the purposes of Part 2A of this Schedule.
- (2) For the purposes of this Part of this Schedule a person is “related” to C at a particular time if at that time—
- (a) the person is connected or associated with C,
 - (b) the person has a 25 per cent assessable interest in C in the case of the accounting period of C in which that time falls (within the meaning of paragraph 6(4C)), or
 - (c) if C is a controlled foreign company in the accounting period in which that time falls by virtue of subsection (1A) of section 747, the person is connected or associated with either or both of the two persons mentioned in that subsection.
- (3) In the case of a company which is within the charge to United Kingdom tax only because it carries on a trade in the United Kingdom through a permanent establishment there—
- (a) for the purposes of paragraph 12J(3)(b), the activities carried on by the company are such of the activities as are carried on through that establishment,
 - (b) for the purposes of paragraph 12L(2)(a), the income derived from that company is such of the income so derived as is attributable to that establishment, and
 - (c) for the purposes of paragraph 12L(2)(b), the income of that company is such of its income as is attributable to that establishment.]

F4547F4547 PART III

THE PUBLIC QUOTATION CONDITION

Textual Amendments

F4547Sch. 25 Pt. 3 (paras. 13-15) repealed (with effect in accordance with Sch. 15 para. 10 of the repealing Act) by Finance Act 2007 (c. 11), Sch. 15 para. 8(2), **Sch. 27 Pt. 2(15)**, Note

- 13 (1) The provisions of this Part of this Schedule have effect for the purposes of section 748(1)(c).
- (2) Subject to paragraph 14 below, a controlled foreign company fulfils the public quotation condition with respect to a particular accounting period if—
- (a) shares in the company carrying not less than 35 per cent. of the voting power in the company (and not being shares entitled to a fixed rate of dividend,

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whether with or without a further right to participate in profits) have been allotted unconditionally to, or acquired unconditionally by, the public and, throughout that accounting period, are beneficially held by the public; and

- (b) within the period of 12 months ending at the end of the accounting period, any such shares have been the subject of dealings on a recognised stock exchange situated in the territory in which the company is resident; and
- (c) within that period of 12 months the shares have been listed in the official list of such a recognised stock exchange.

.....

14 (1) The condition in paragraph 13(2) above is not fulfilled with respect to an accounting period of a controlled foreign company if at any time in that period the total percentage of the voting power in the company possessed by all of the company's principal members exceeds 85 per cent.

(2) For the purposes of paragraph 13(2) above shares in a controlled foreign company shall be deemed to be beneficially held by the public if they are held by any person other than—

- (a) a person connected or associated with the company; or
- (b) a principal member of the company;

and a corresponding construction shall be given to the reference to shares which have been allotted unconditionally to, or acquired unconditionally by, the public.

.....

15 (1) References in this Part of this Schedule to shares held by any person include references to any shares the rights or powers attached to which could, for the purposes of section 416, be attributed to that person under subsection (5) of that section.

(2) For the purposes of this Part of this Schedule—

(a) a person is a principal member of a controlled foreign company if he possesses a percentage of the voting power in the company of more than 5 per cent. and—

- (i) where there are more than five such persons, if he is one of the five persons who possess the greatest percentages, or
- (ii) if, because two or more persons possess equal percentage of the voting power in the company, there are no such five persons, he is one of six or more persons (so as to include those two or more who possess the equal percentages) who possess the greatest percentages; and

(b) a principal member's holding consists of the shares which carry the voting power possessed by him.

(3) In arriving at the voting power which a person possesses, there shall be attributed to him any voting power which, for the purposes of section 416, would be attributed to him under subsection (5) or (6) of that section.

(4) In this Part of this Schedule "shares" include "stock".

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^{F4549}PART 3A

EXEMPT PERIODS

Textual Amendments

F4549Sch. 25 Pt. 3A (paras. 15A-15G) inserted (with effect in accordance with Sch. 12 para. 14(2) of the amending Act) by Finance Act 2011 (c. 11), Sch. 12 para. 8

Introductory

15A The provisions of this Part of this Schedule have effect for the purposes of section 748(1)(f).

Beginning of exempt period

15B (1) An exempt period begins in relation to a company (“X”) at a time (“the relevant time”) when—

- (a) X is resident outside the United Kingdom,
- (b) X is controlled by persons resident in the United Kingdom,
- (c) there is at least one relevant UK corporate investor in X, and
- (d) the requirements of paragraph 15C or 15D are met.

(2) There is a “relevant UK corporate investor in X” at a particular time if, at that time, there is a company which—

- (a) is resident in the United Kingdom, and
- (b) would, on the assumptions set out in sub-paragraph (3), be a company to which an apportionment of X's chargeable profits for the relevant accounting period would fall to be made in circumstances where section 747(5) would not prevent tax being chargeable on the company under section 747(4).

(3) The assumptions are—

- (a) X has chargeable profits for the relevant accounting period,
- (b) an apportionment of those profits falls to be made under section 747(3) for that period, and
- (c) no reduction of those profits arises under section 751A, 751AA or 751AB.

(4) “The relevant accounting period” means the accounting period of X in which the time mentioned in sub-paragraph (2) falls.

15C (1) The requirements of this paragraph are that—

- (a) no company was, at any time before the relevant time, a relevant UK corporate investor in X,
- (b) no asset owned by X, or part of the business carried on by X, at the relevant time was previously owned, or carried on, by a company which—

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- (i) was under the control of persons resident in the United Kingdom at any time it owned the asset or carried on the part of the business, and
 - (ii) is or has been related to X,
 - (c) condition A, B, C or D is met, and
 - (d) no disqualifying relevant transaction occurs (see paragraph 15E).
- (2) Condition A is that, immediately before the relevant time, X—
- (a) was in existence, but
 - (b) was not a member of the same group of companies as any person who, at the relevant time, was a controlling UK person.
- (3) Condition B is that—
- (a) at the relevant time X is controlled by a company which is resident in the United Kingdom, and
 - (b) immediately before that time, X was controlled by that same company but that company was not then resident in the United Kingdom.
- (4) Condition C is that—
- (a) at the relevant time—
 - (i) X is controlled by a company which is resident in the United Kingdom (“the intermediate parent”), and
 - (ii) the intermediate parent is controlled by a company which is not resident in the United Kingdom (“the parent”), and
 - (b) immediately before that time X was controlled by the parent but not the intermediate parent.
- (5) Condition D is that X—
- (a) is a controlled foreign company at the time it is formed, and
 - (b) is formed by one or more persons for the purpose of controlling one or more companies in circumstances where it is expected that an exempt period will begin in relation to one or more of those companies at the time when X begins to control the company or companies.
- (6) In this paragraph “controlling UK person” means a person resident in the United Kingdom who alone, or together with other such persons, controls X.
- 15D (1) The requirements of this paragraph are that—
- (a) the relevant time falls after 23 March 2011,
 - (b) X has an accounting period during which 23 March 2011 falls,
 - (c) no company was, at any time during that accounting period, a relevant UK corporate investor in X,
 - (d) no company was, immediately before the relevant time, a relevant UK corporate investor in X,
 - (e) at the relevant time X is controlled by a company which—
 - (i) is resident in the United Kingdom, and
 - (ii) is not under the control of another body corporate, or two or more other bodies corporate taken together, and
 - (f) no disqualifying relevant transaction occurs (see paragraph 15E).
- (2) In determining for the purposes of sub-paragraph (1)(e)(ii) whether a company is under the control of two or more bodies corporate taken together, a body corporate

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which holds less than 10% of the issued ordinary shares of that company is to be disregarded.

- (3) For the purposes of sub-paragraph (2), a body corporate is treated as holding any shares held by persons who are connected or associated with the body corporate.

Disqualifying relevant transactions

15E (1) This paragraph applies for the purposes of paragraph 15C and 15D.

(2) A disqualifying relevant transaction occurs if—

- (a) a relevant transaction occurs at the relevant time (whether or not the transaction occurs pursuant to an agreement entered into by X before that time), or
- (b) a relevant transaction occurs on or after 9 December 2010 but before the relevant time and that transaction forms part of an avoidance scheme.

(3) “Relevant transaction” means—

- (a) the making by X of a loan or advance of an amount (other than a negligible amount) to a person who, at the time it is made, is related to X and subject to United Kingdom tax,
- (b) an increase (other than an increase of a negligible amount) in the amount of an existing loan or advance made by X to a person who, at the time of the increase, is related to X and subject to United Kingdom tax,
- (c) a change in the terms or conditions of an existing loan or advance made by X where—
 - (i) the loan or advance is to a person who, at the time the change is made, is related to X and subject to United Kingdom tax, and
 - (ii) the change has an effect (other than a negligible effect) on the amount of interest payable, or
- (d) a transaction to which sub-paragraph (4) applies.

(4) This sub-paragraph applies to a transaction if—

- (a) it is referable to an activity carried on by X as part, or the whole, of any non-exempt activities carried on by X,
- (b) the results of the transaction are reflected in the profits arising in an accounting period of X and are not negligible in value, and
- (c) the results of the transaction alone, or together with the results of one or more other transactions, achieves a reduction in United Kingdom tax.

(5) A transaction achieves, or two or more transactions together achieve, a reduction in United Kingdom tax if, had the transaction or transactions not been effected, any person—

- (a) would have been liable for any such tax or for a greater amount of any such tax, or
- (b) would not have been entitled to a relief from or repayment of any such tax or would have been entitled to a smaller relief from or repayment of any such tax.

(6) In this paragraph—

“avoidance scheme” means a scheme the main purpose, or one of the main purposes, of any party to which in entering into the scheme is to secure

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that section 748(1)(f) prevents an apportionment falling to be made under section 747(3) as regards an accounting period, or accounting periods, of X;
“non-exempt activities” has the meaning given by paragraph 12D(2);
“scheme” means any scheme, arrangements or understanding of any kind whatever, whether or not legally enforceable, involving one or more transactions;
“United Kingdom tax” means corporation tax (or any tax chargeable as if it were corporation tax) or income tax.

Ending of exempt period

- 15F (1) An exempt period ends on the expiry of the period of 24 months which begins immediately after the first accounting period of X to end after the relevant time, unless sub-paragraph (2) applies.
- (2) If an early termination event occurs after the relevant time but before the time the exempt period would end under sub-paragraph (1), the exempt period ends immediately before that event.
- (3) An early termination event occurs if and when—
- (a) a relevant transaction occurs, whether or not the transaction occurs pursuant to an agreement entered into by X before that time, or
 - (b) where the exempt period began because Condition D was met, X's business does not consist wholly in the holding of shares of companies which X controls, together with activities incidental to the holding of such shares.

Interpretation of Part 3A

- 15G (1) In this Part of this Schedule—
- “group” means a company and any other companies it controls;
“the relevant time” has the meaning given by paragraph 15B;
“relevant transaction” has the meaning given by paragraph 15E;
“relevant UK corporate investor in X” has the meaning given by paragraph 15B(2);
“X” is to be construed in accordance with paragraph 15B.
- (2) For the purposes of this Part of this Schedule a person is “related” to X at a particular time if—
- (a) the person is connected or associated with X at that time,
 - (b) the person has a 25 per cent assessable interest in X in the case of the accounting period in which that time falls (within the meaning of paragraph 6(4C)), or
 - (c) if X is a controlled foreign company in the accounting period in which that time falls by virtue of subsection (1A) of section 747, the person is connected or associated with either or both of the two persons mentioned in that subsection.]

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PART IV

REDUCTIONS IN UNITED KINGDOM TAX AND DIVERSION OF PROFITS

- 16 (1) The provisions of this Part of this Schedule have effect for the purposes of section 748(3).
- (2) Any reference in paragraphs 17 and 18 below to a transaction—
- (a) is a reference to a transaction [^{F4550}the results of which are] reflected in the profits arising in an accounting period of a controlled foreign company; and
 - (b) includes a reference to [^{F4551}two or more transactions taken together, the results of at least one of which are so reflected].

Textual Amendments

F4550 Words in Sch. 25 para. 16(2)(a) inserted (with effect in accordance with s. 182 of the amending Act) by Finance Act 1996 (c. 8), Sch. 36 para. 4(6)(a)

F4551 Words in Sch. 25 para. 16(2)(b) substituted (with effect in accordance with s. 182 of the amending Act) by Finance Act 1996 (c. 8), Sch. 36 para. 4(6)(b)

- 17 (1) A transaction achieves a reduction in United Kingdom tax if, had the transaction not been effected, any person—
- (a) would have been liable for any such tax or for a greater amount of any such tax; or
 - (b) would not have been entitled to a relief from or repayment of any such tax or would have been entitled to a smaller relief from or repayment of any such tax.
- (2) In this Part of this Schedule and section 748(3) “United Kingdom tax” means income tax, corporation tax or capital gains tax.
- 18 It is the main purpose or one of the main purposes of a transaction to achieve a reduction in United Kingdom tax if this is the purpose or one of the main purposes—
- (a) of the controlled foreign company concerned; or
 - (b) of a person who has an interest in that company at any time during the accounting period concerned.
- 19 (1) The existence of a controlled foreign company achieves a reduction in United Kingdom tax by a diversion of profits from the United Kingdom in an accounting period if it is reasonable to suppose that, had neither the company nor any company related to it been in existence—
- (a) the whole or a substantial part of the receipts which are reflected in the controlled foreign company’s profits in that accounting period would have been received by a company or individual resident in the United Kingdom; and
 - (b) that company or individual or any other person resident in the United Kingdom either—
 - (i) would have been liable for any United Kingdom tax or for a greater amount of any such tax; or
 - (ii) would not have been entitled to a relief from or repayment of any such tax or would have been entitled to a smaller relief from or repayment of any such tax.

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- (2) For the purposes of sub-paragraph (1) above, a company is related to a controlled foreign company if—
- (a) it is resident outside the United Kingdom; and
 - (b) it is connected or associated with the controlled foreign company; and
 - (c) in relation to any company or companies resident in the United Kingdom, it fulfils or could fulfil, directly or indirectly, substantially the same functions as the controlled foreign company.
- (3) Any reference in sub-paragraph (1) above to a company resident in the United Kingdom includes a reference to such a company which, if the controlled foreign company in question were not in existence, it is reasonable to suppose would have been established.

SCHEDULE 26

Section 754(5).

RELIEFS AGAINST LIABILITY FOR TAX IN RESPECT OF CHARGEABLE PROFITS

Trading losses and group relief etc. ^{M372}**Marginal Citations**

M372 Source—1984 Sch.18.

- 1 (1) In any case where—
- (a) an amount of chargeable profits is apportioned to a company resident in the United Kingdom, and
 - (b) the company is entitled, or would on the making of a claim be entitled, in computing its profits for the appropriate accounting period, to a deduction in respect of any relevant allowance, ^{F4552} . . .
 - (c) ^{F4552}
- then, on the making of a claim, a sum equal to corporation tax at the appropriate rate on so much of the relevant allowance ^{F4553} . . . as is specified in the claim shall be set off against the company's liability to tax under section 747(4)(a) in respect of the chargeable profits apportioned to it.
- (2) In this paragraph—
- (a) “the appropriate accounting period” means the accounting period for which, by virtue of section 754(2), the company is [^{F4554}chargeable to tax by virtue of this Chapter] in respect of the chargeable profits concerned; and
 - (b) “the appropriate rate” means the rate of corporation tax applicable to profits of the appropriate accounting period or, if there is more than one such rate, the average rate over the whole accounting period.
- (3) In this paragraph “relevant allowance” means—
- (a) any loss to which [^{F4555}section 37 or 62(1) to (3) of CTA 2010] applies;
 - (b) any [^{F4556}qualifying charitable donation];

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- (c) any expenses of management to which [^{F4557}section 1219(1) of CTA 2009] applies;
 - [^{F4558}(cc) any expenses deduction under section 76(1);]
 - (d) so much of any allowance to which section 74 of the 1968 Act applies as falls within subsection (3) of that section; ^{F4559} . . .
 - (e) any amount available to the company by way of group relief; [^{F4560}and
 - (f) any non-trading deficit on its loan relationships.]
- (4) ^{F4561}
- (5) Where, by virtue of sub-paragraph (1) above, a sum is set off against a liability to tax, so much of the relevant allowance as gives rise to the amount set off shall be regarded for the purposes of the Tax Acts as having been allowed as a deduction against the company's profits in accordance with the appropriate provisions of those Acts.
- (6) ^{F4561}

Textual Amendments

- F4552**Sch. 26 para. 1(1)(c) and preceding word repealed (with effect in accordance with Sch. 17 para. 37 of the repealing Act) by Finance Act 1998 (c. 36), Sch. 17 para. 34(2)(a), **Sch. 27 Pt. 3(27)**, Note; S.I. 1998/3173, **art. 2**
- F4553**Words in Sch. 26 para. 1(1) repealed (with effect in accordance with Sch. 17 para. 37 of the repealing Act) by Finance Act 1998 (c. 36), Sch. 17 para. 34(2)(b), **Sch. 27 Pt. 3(27)**, Note; S.I. 1998/3173, **art. 2**
- F4554**Words in Sch. 26 para. 1(2)(a) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 34(3)**; S.I. 1998/3173, **art. 2**
- F4555**Words in Sch. 26 para. 1(3)(a) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 148(2)** (with Sch. 2)
- F4556**Words in Sch. 26 para. 1(3)(b) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 148(3)** (with Sch. 2)
- F4557**Words in Sch. 26 para. 1(3)(c) substituted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), **Sch. 1 para. 288** (with Sch. 2 Pts. 1, 2)
- F4558**Sch. 26 para. 1(3)(cc) inserted (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), art. 2, Sch. para. 38(2)
- F4559**Word at the end of Sch. 26 para. 1(3)(d) repealed (with effect in accordance with s. 105(1) of the repealing Act) by Finance Act 1996 (c. 8), **Sch. 41 Pt. 5(3)**, Note (with Sch. 15)
- F4560**Sch. 26 para. 1(3)(f) and preceding word inserted (with effect in accordance with s. 105(1) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 14 para. 53** (with Sch. 15)
- F4561**Sch. 26 para. 1(4)(6) repealed (with effect in accordance with Sch. 17 para. 37 of the repealing Act) by Finance Act 1998 (c. 36), Sch. 17 para. 34(4)(5), **Sch. 27 Pt. 3(27)**, Note; S.I. 1998/3173, **art. 2**

Advance corporation tax

- 2 ^{F4562}

Textual Amendments

- F4562**Sch. 26 para. 2 repealed (with effect in accordance with Sch. 3 para. 44(3) of the repealing Act) by Finance Act 1998 (c. 36), Sch. 3 para. 44(2), **Sch. 27 Pt. 3(2)**, Note (with Sch. 3 para. 44(4))

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Gains on disposal of shares in controlled foreign companies

- 3 (1) This paragraph applies in any case where—
- ^{F4563}(a) an accounting period of a controlled foreign company (“the apportionment period”) is one in respect of which an apportionment under section 747(3) falls to be made; and]
 - (b) the company’s chargeable profits for ^{F4564}the apportionment period] have been apportioned among the persons in subsection (3) of that section; and
 - (c) a company resident in the United Kingdom (“the claimant company”) disposes of—
 - (i) shares in the controlled foreign company, or
 - (ii) shares in another company which, in whole or in part, give rise to the claimant company’s interest in the controlled foreign company, being, in either case, shares acquired before the end of ^{F4564}the apportionment period]; and
 - (d) by virtue of the apportionment referred to in paragraph (b) above, a sum is, under section 747(4)(a), ^{F4565}chargeable on] the claimant company as if it were an amount of corporation tax; and
 - (e) the claimant company makes a claim for relief under this paragraph;
- and in this paragraph the disposal mentioned in paragraph (c) above is referred to as “the relevant disposal”.
- (2) Subject to the following provisions of this paragraph, in the computation under Chapter ^{F4566}III of Part II of the 1992] Act of the gain accruing on the relevant disposal, the appropriate fraction of the sum referred to in sub-paragraph (1)(d) above shall be allowable as a deduction; but to the extent that any sum has been allowed as a deduction under this sub-paragraph it shall not again be allowed as a deduction on any claim under this paragraph (whether made by the claimant company or another company).
- (3) In relation to the relevant disposal, the appropriate fraction is—

$$\frac{A}{B}$$

where—

A is the average market value in ^{F4567}the apportionment period] of the shares disposed of, and

B is the average market value in that period of the interest in the controlled foreign company which, in the case of the claimant company, was taken into account in the apportionment referred to in sub-paragraph (1)(b) above.

- (4) Where, before the relevant disposal—
- (a) a dividend is paid by the controlled foreign company, and
 - (b) the profits out of which the dividend is paid are those from which the chargeable profits referred to in sub-paragraph (1)(b) above are derived, and
 - (c) at least one of the two conditions in sub-paragraph (5) below is fulfilled,

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this paragraph does not apply in relation to a sum [^{F4568}chargeable under section 747(4)(a)] in respect of so much of the chargeable profits as corresponds to the profits which the dividend represents.

- (5) The conditions referred to in sub-paragraph (4) above are—
- (a) that the effect of the payment of the dividend is such that the value of the shares disposed of by the relevant disposal is less after the payment than it was before it; and
 - (b) that, in respect of a dividend paid or payable on the shares disposed of by the relevant disposal, the claimant company is, by virtue of paragraph 4(2) below, entitled under [^{F4569}Part 2 of TIOPA 2010] to relief (by way of underlying tax) by reference to sums which include the sum referred to in sub-paragraph (1)(d) above.
- (6) A claim for relief under this paragraph shall be made before the expiry of the period of three months beginning—
- (a) at the end of the accounting period in which the relevant disposal occurs; or
 - (b) if it is later, on the date on which the assessment to tax for which the claimant company is liable by virtue of section 747(4)(a) becomes final and conclusive.

[^{F4570}(6A) Nothing in—

- (a) paragraph 10 of Schedule 18 to the Finance Act 1998 (claims or elections in company tax returns), or
- (b) Schedule 1A to the Management Act (claims or elections not included in returns),

shall apply, whether by virtue of section 754 or otherwise, to a claim under sub-paragraph (6) above.]

- (7) In identifying for the purposes of this paragraph shares in a company with shares of the same class which are disposed of by the relevant disposal, shares acquired at an earlier time shall be deemed to be disposed of before shares acquired at a later time.

Textual Amendments

F4563Sch. 26 para. 3(1)(a) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 35(2)**; S.I. 1998/3173, **art. 2**

F4564Words in Sch. 26 para. 3(1)(b)(c) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 35(3)**; S.I. 1998/3173, **art. 2**

F4565Words in Sch. 26 para. 3(1)(d) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 35(4)**; S.I. 1998/3173, **art. 2**

F4566Words in Sch. 26 para. 3 substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 10 para. 14(62)** (with ss. 60, 101(1), 171, 201(3))

F4567Words in Sch. 26 para. 3(3) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 35(5)**; S.I. 1998/3173, **art. 2**

F4568Words in Sch. 26 para. 3(4) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), **Sch. 17 para. 35(6)**; S.I. 1998/3173, **art. 2**

F4569Words in Sch. 26 para. 3(5)(b) substituted (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), **Sch. 8 para. 35(2)** (with Sch. 9)

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F4570 Sch. 26 para. 3(6A) inserted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 35(7); S.I. 1998/3173, art. 2

Dividends from the controlled foreign company

- 4 (1) This paragraph applies in any case where—
- ^{F4571}(a) an accounting period of a controlled foreign company is one in respect of which an apportionment under subsection (3) of section 747 falls to be made; and
 - (b) the company's chargeable profits for that period have been apportioned among the persons referred to in ^{F4572}that subsection], and
 - (c) the controlled foreign company pays a dividend in whole or in part out of the total profits from which (in accordance with subsection (6)(a) of that section) those chargeable profits are derived.
- (2) Subject to paragraphs 5 and 6 below, where this paragraph applies, the aggregate of the sums ^{F4573}chargeable on] companies resident in the United Kingdom in accordance with section 747(4)(a) in respect of the chargeable profits referred to in sub-paragraph (1)(b) above shall be treated for the purposes of ^{F4574}Part 2 of TIOPA 2010 (double taxation relief)] as if it were an amount of tax paid in respect of the profits concerned under the law of the territory in which the controlled foreign company was resident and, accordingly, as underlying tax for the purposes of Chapter II of that Part.
- (3) In the following provisions of this paragraph and in paragraphs 5 and 6 below, the aggregate of the sums which, under sub-paragraph (2) above, fall to be treated as underlying tax is referred to as the “gross attributed tax”.
- (4) If, in the case of a person who receives the dividend, ^{F4575}section 36, 40, 41 or 42 of TIOPA 2010] has the effect of reducing the amount which (apart from that section) would have been the amount of the credit for foreign tax which is to be allowed to that person, then, for the purposes of sub-paragraph (5) below, the amount of that reduction shall be determined and so much of it as does not exceed the amount of the foreign tax, exclusive of underlying tax, for which credit is to be allowed in respect of the dividend is in that sub-paragraph referred to as “the wasted relief”.
- (5) Except for the purpose of determining the amount of the wasted relief, the gross attributed tax shall be treated as reduced by the aggregate of the wasted relief arising in the case of all the persons falling within sub-paragraph (4) above and, on the making of a claim by any of the companies referred to in sub-paragraph (2) above—
- (a) the amount of tax ^{F4573}chargeable on] the company in accordance with section 747(4)(a) in respect of the chargeable profits referred to in sub-paragraph (1) (b) above shall, where appropriate, be reduced; and
 - (b) all such adjustments (whether by repayment of tax or otherwise) shall be made as are appropriate to give effect to any reduction under paragraph (a) above.

Textual Amendments

F4571 Sch. 26 para. 4(1)(a) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 36(2); S.I. 1998/3173, art. 2

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F4572 Words in Sch. 26 para. 4(1)(b) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 36(3); S.I. 1998/3173, art. 2

F4573 Words in Sch. 26 para. 4(2)(5)(a) substituted (with effect in accordance with Sch. 17 para. 37 of the amending Act) by Finance Act 1998 (c. 36), Sch. 17 para. 36(4)(5); S.I. 1998/3173, art. 2

F4574 Words in Sch. 26 para. 4(2) substituted (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 35(3) (with Sch. 9)

F4575 Words in Sch. 26 para. 4(4) substituted (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 35(4) (with Sch. 9)

5 (1) In so far as any provision of—

- [^{F4576}(a) arrangements which have effect under section 2(1) of TIOPA 2010 (double taxation relief by agreement with territories outside the United Kingdom), or
- (b) unilateral relief arrangements for a territory outside the United Kingdom (as defined by section 8 of that Act),]

makes relief which is related to foreign dividends received by a company resident in the United Kingdom conditional upon that company either having a particular degree of control of the company paying the dividend or being a subsidiary of another company which has that degree of control, that condition shall be treated as fulfilled in considering whether any such company is by virtue of paragraph 4(2) above entitled to relief under [^{F4577}Part 2 of TIOPA 2010] in respect of any of the gross attributed tax.

- (2) Notwithstanding anything in paragraph 4(2) above, in [^{F4578}section 31(2)(b) and (3) of TIOPA 2010] the expression “underlying tax” does not include gross attributed tax.
- (3) In a case where the controlled foreign company pays a dividend otherwise than out of specified profits and, on the apportionment referred to in paragraph 4(1) above, less than the whole of the chargeable profits of the controlled foreign company concerned is apportioned to companies which are resident in the United Kingdom and liable for tax thereon as mentioned in section 747(4)(a)—
 - (a) the gross attributed tax shall be regarded as attributable to a corresponding proportion of the profits in question, and in this sub-paragraph the profits making up that proportion are referred to as “taxed profits”;
 - (b) so much of the dividend as is received by, or by a successor in title of, any such company shall be regarded as paid primarily out of taxed profits; and
 - (c) so much of the dividend as is received by any other person shall be regarded as paid primarily out of profits which are not taxed profits.
- (4) The reference in sub-paragraph (3)(b) above to a successor in title of a company resident in the United Kingdom is a reference to a person who is such a successor in respect of the whole or any part of that interest in the controlled foreign company by virtue of which an amount of its chargeable profits was apportioned to that company.

Textual Amendments

F4576 Sch. 26 para. 5(1)(a)(b) substituted (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 35(5) (with Sch. 9)

F4577 Words in Sch. 26 para. 5(1) substituted (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 35(6) (with Sch. 9)

F4578 Words in Sch. 26 para. 5(2) substituted (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), Sch. 8 para. 35(7) (with Sch. 9)

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- 6 (1) In any case where—
 - (a) on a claim for relief under paragraph 3 above, the whole or any part of any sum has been allowed as a deduction on a disposal of shares in any company; and
 - (b) that sum forms part of the gross attributed tax in relation to a dividend paid by that company; and
 - (c) a person receiving the dividend in respect of the shares referred to in paragraph (a) above (“the primary dividend”) or any other relevant dividend is, by virtue of paragraph 4(2) above, entitled under ^{F4579}Part 2 of TIOPA 2010] to relief (by way of underlying tax) by reference to the whole or any part of the gross attributed tax;

the amount which, apart from this paragraph, would be available by way of any such relief to the person referred to in paragraph (c) above shall be reduced or, as the case may be, extinguished by deducting therefrom the amount allowed by way of relief as mentioned in paragraph (a) above.
- (2) For the purposes of sub-paragraph (1)(c) above, in relation to the primary dividend, another dividend is a relevant dividend if—
 - (a) it is a dividend in respect of shares in a company which is resident outside the United Kingdom; and
 - (b) it represents profits which, directly or indirectly, consist of or include the primary dividend.

Textual Amendments
F4579 Words in [Sch. 26 para. 6\(1\)\(c\)](#) substituted (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), [Sch. 8 para. 35\(8\)](#) (with [Sch. 9](#))

F4580F4580 SCHEDULE 27

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Textual Amendments
F4580 [Sch. 27](#) repealed (1.12.2009 with effect in accordance with reg. 1(2) of the repealing S.I.) by [The Offshore Funds \(Tax\) Regulations 2009 \(S.I. 2009/3001\)](#), regs. 1(1), 13(2)(3), [Sch. 2](#) (with saving in [Sch. 1 para. 3\(4\)](#)) (subject, as saved, to modification by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 9 para. 24](#))

F4628F4628 SCHEDULE 28

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Textual Amendments

F4628Sch. 28 repealed (1.12.2009 with effect in accordance with reg. 1(2) of the repealing S.I.) by [The Offshore Funds \(Tax\) Regulations 2009](#) (S.I. 2009/3001), regs. 1(1), 13(2)(3), **Sch. 2** (with saving in Sch. 1 para. 3(4))

F4634F4634 | F4635 SCHEDULE 28A

Textual Amendments

F4634Sch. 28A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010](#) (c. 4), Sch. 1 para. 149, **Sch. 3 Pt. 1** (with Sch. 2)

F4635Sch. 28A inserted (with effect in accordance with Sch. 26 para. 5 of the amending Act) by [Finance Act 1995](#) (c. 4), **Sch. 26 para. 3**

F4636Sch. 28A heading substituted (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by virtue of [The Finance Act 2004](#), Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), art. 2, Sch. para. 39(11)

F4709F4709 | F4710 SCHEDULE 28AA

Textual Amendments

F4709Sch. 28AA repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010](#) (c. 8), Sch. 8 para. 111, **Sch. 10 Pt. 2** (with Sch. 9)

F4710Sch. 28AA inserted (with effect in accordance with s. 108(5)-(7) of the amending Act) by [Finance Act 1998](#) (c. 36), s. 108(2), **Sch. 16**

F4770F4770 | F4771 SCHEDULE 28AB

Textual Amendments

F4770Sch. 28AB repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010](#) (c. 8), Sch. 8 para. 36, **Sch. 10 Pt. 1** (with Sch. 9)

F4771Sch. 28AB inserted (with effect in accordance with s. 87(3)-(5) of the amending Act) by [Finance Act 2005](#) (c. 7), s. 87(2), **Sch. 5**

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F4775F4775 F4776 SCHEDULE 28B

Textual Amendments

F4775 Sch. 28B repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 240](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))
F4776 Sch. 28B inserted (1.5.1995) by [Finance Act 1995 \(c. 4\)](#), s. 70(2), [Sch. 14](#)

SCHEDULE 29

s.844

CONSEQUENTIAL AMENDMENTS

THE CAPITAL ALLOWANCES ACTS

F4843 1 and
2

Textual Amendments

F4843 Sch. 29 paras. 1, 2 repealed by [Capital Allowances Act 1990 \(c. 1\)](#), s. 164, [Sch. 2](#)

TAXES MANAGEMENT ACT 1970 c.9

3 The Taxes Management Act 1970 shall have effect subject to the amendments made by paragraphs 4 to 10 below.

F4844 4

Textual Amendments

F4844 Sch. 29 para. 4 repealed (with effect in accordance with s. 90 of the repealing Act) by [Finance Act 1990 \(c. 29\)](#), [Sch. 19 Pt. 5](#), Note 2

F4845 5

Textual Amendments

F4845 Sch. 29 para. 5 repealed by [Copyright, Designs and Patents Act 1988 \(c. 48\)](#), [Sch. 8](#); S.I. 1989/816

6 F4846

Textual Amendments

F4846 Sch. 29 para. 6 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

7 F4847 (1)

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(2) In subsection (2) and (3) of that section for the words “this section” there shall be substituted the words “ subsection (1) above ”.

^{F4847}(3)

Textual Amendments

^{F4847}Sch. 29 para. 7(1)(3) repealed (1988-89 and subsequent years) by Finance Act 1988 (c. 39), s. 148, Sch. 14 Pt. 4, Note 9

8 (1) In subsection (1) of section 55 (recovery of tax not postponed) the following paragraph shall be [^{F4848}substituted for paragraph (g)]—[for text see Taxes Management Act 1970 (c. 9), s. 55(1)(g)].

(2) The following subsection shall be inserted in that section after subsection (6)—[for text see Taxes Management Act 1970 (c. 9), s. 55(6A)].

Textual Amendments

^{F4848}Words in Sch. 29 para. 8 substituted (retrospectively) by Finance Act 1988 (c. 39), s. 146, Sch. 13 paras. 1, 13

9 The following Table shall be substituted for the Table in section 98—[for text see Taxes Management Act 1970 (c. 9), s. 98].

10 (1) The Taxes Management Act 1970, as amended by the Finance (No.2) Act 1987, shall have effect, after the day appointed under section 95 of the 1987 Act for the purposes of the provision in question, subject to the following amendments.

(2) In section 11(8) for “286” there shall be substituted “ 419 ”.

(3) In section 30(2A) ^{F4849}. . . for “87 of the Finance (No.2) Act 1987” there shall be substituted “ 826 of the principal Act ”.

(4) In section 87A—

(a) in subsection (1) for “243(4)” there shall be substituted “ 10 ”;

^{F4850}(b)

(c) in subsection (4), in paragraph (a) for “85 of the Finance Act 1972” there shall be substituted “ 239 of the principal Act ”, and in paragraph (b) for “85” there shall be substituted “ 239 ”; and

(d) in subsection (5) for the words from “subsection” to “1972” there shall be substituted “ section 252(5) of the principal Act ”.

(5) In section 89 for “87 of the Finance (No.2) Act 1987” there shall be substituted “ 826 of the principal Act ”.

(6) In section 91(2A) for “90 of the Finance (No.2) Act 1987” there shall be substituted “ 10 of the principal Act ”.

^{F4851}(7)

(8) In section 109—

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- (a) in subsection (3) for “286” and “(4)” there shall be substituted “ 419 ” and “ (3) ”;
- (b) in subsection (3A) for “(5)” and “286” (twice) there shall be substituted “ (4) ” and “ 419 ”.

Textual Amendments
F4849 Words in Sch. 29 para. 10(3) repealed (with effect in accordance with Sch. 27 Pt. 3(28) Note of the repealing Act) by Finance Act 1998 (c. 36), **Sch. 27 Pt. 3(28)**
F4850 Sch. 29 para. 10(4)(b) repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 22, 26(2), 27)
F4851 Sch. 29 para. 10(7) repealed (with effect in accordance with Sch. 27 Pt. 3(28) Note of the repealing Act) by Finance Act 1998 (c. 36), **Sch. 27 Pt. 3(28)**

THE FRIENDLY SOCIETIES ACT (NORTHERN IRELAND) 1970 c.31 (N.I.)

F4852 11

Textual Amendments
F4852 Sch. 29 para. 11 repealed (1.1.1994) by Friendly Societies Act 1992 (c. 40), s. 120(2), **Sch. 22 Pt. I** (with ss. 7(5), 93(4)); S.I. 1993/2213, art. 2(1), **Sch.6** Appendix

THE FINANCE ACT 1973 c.51

F4853 12

Textual Amendments
F4853 Sch. 29 para. 12 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 22, 26(2), 27)

FRIENDLY SOCIETIES ACT 1974 c.46

13 In section 7 of the Friendly Societies Act 1974 at the end of subsection (3) there shall be added the following—

- “but nothing in this subsection shall apply with respect to—
- (a) policies issued in respect of insurances made on or after 19th March 1985; or
 - (b) policies issued in respect of insurances made before that date which are varied on or after that date.”

THE SOCIAL SECURITY ACTS

F4854 14

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Textual Amendments

F4854Sch. 29 para. 14 repealed (1.7.1992) by Social Security (Consequential Provisions) (Northern Ireland) Act 1992 (c. 9), ss. 3, 7(2), **Sch.1** (with Sch. 3 paras. 2, 4)

CAPITAL GAINS TAX ACT 1979 C.14

F485515

Textual Amendments

F4855Sch. 29 para. 15 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 22, 26(2), 27)

F485616

Textual Amendments

F4856Sch. 29 para. 16 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 22, 26(2), 27)

F485717

Textual Amendments

F4857Sch. 29 para. 17 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 22, 26(2), 27)

F485818

Textual Amendments

F4858Sch. 29 para. 18 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 22, 26(2), 27)

F485919

Textual Amendments

F4859Sch. 29 para. 19 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 22, 26(2), 27)

F486020

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Textual Amendments
F4860Sch. 29 para. 20 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 22, 26(2), 27)

F4861²¹

Textual Amendments
F4861Sch. 29 para. 21 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 22, 26(2), 27)

F4862²²

Textual Amendments
F4862Sch. 29 para. 22 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 22, 26(2), 27)

F4863²³

Textual Amendments
F4863Sch. 29 para. 23 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 22, 26(2), 27)

F4864²⁴

Textual Amendments
F4864Sch. 29 para. 24 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 22, 26(2), 27)

F4865²⁵

Textual Amendments
F4865Sch. 29 para. 25 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 22, 26(2), 27)

F4866²⁶

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Textual Amendments

F4866Sch. 29 para. 26 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 22, 26(2), 27)

F486727

Textual Amendments

F4867Sch. 29 para. 27 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 22, 26(2), 27)

F486828

Textual Amendments

F4868Sch. 29 para. 28 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 12** (with ss. 60, 101(1), 171, 201(3), Sch. 11 paras. 22, 26(2), 27)

ADMINISTRATION OF JUSTICE ACT 1985 c.61

30 In paragraph 36(3) of Schedule 2 to the Administration of Justice Act 1985 for all the words preceding “any reference” there shall be substituted the words “ (3) In sections 745(3) and 778(3) of, and paragraph 14(5) of Schedule 15 to, the Income and Corporation Taxes Act 1988 ”.

LAW REFORM (MISCELLANEOUS PROVISIONS) (SCOTLAND) ACT 1985 c.73

31 In Schedule 1 to the Law Reform (Miscellaneous Provisions) (Scotland) Act 1985 for the heading preceding paragraph 41 there shall be substituted the following—

“ Income and Corporation Taxes Act 1988; ” and in paragraph 41 for “30(5)” there shall be substituted the words “ (3) and 778(3) of, and paragraph 14(5) of Schedule 15 to, the Income and Corporation Taxes Act 1988 ”.

TRANSLATION OF REFERENCES TO ENACTMENTS REPEALED AND RE-ENACTED

32 In the enactments specified in Column 1 of the following Table for the words set out or referred to in Column 2 there shall be substituted the words set out in the corresponding entry in Column 3.

<i>Enactment amended</i>	<i>Words to be omitted</i>	<i>Words to be substituted</i>
<i>In the Provisional Collection of Taxes Act 1968 c. 2</i>		
Section 1(1A)(a)	343 of the Income and Corporation Taxes Act 1970	476 of the Income and Corporation Taxes Act 1988

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1(1A)(b)	27 of the Finance Act 1984	479 of that Act
5(1)(c)	from “243(6)” to “1972”	8(5) of the Income and Corporation Taxes Act 1988
5(2)	from “the said” to “1972”	sections 8(5) and 822 of the 1988 Act (over-deductions from preference dividends before passing of annual Act)

In the Capital Allowances Act 1968 c.3

F4869	F4869	F4869
...

In the Finance Act 1969 c. 32

Section 58(1)(a)	204 of the Income and Corporation Taxes Act 1970	203 of the Income and Corporation Taxes Act 1988
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In the Taxes Management Act 1970 c. 9

Section 6(1)(c)	463	706
F4870	F4870	F4870
...
F4870	F4870	F4870
...
F4870	F4870	F4870
...
11(6)	85(4) of the Finance Act 1972	239(4) of the principal Act
F4871	F4871	F4871
...
15(7)(a)	from “section 196” to “1977”	sections 141, 142, 143, 145 or 154 to 165 of the principal Act
15(11)(b)	Part II of the Finance Act 1976	Part V of the principal Act
	80 to 82	34 to 36
F4872	F4872	F4872
...
F4873	F4873	F4873

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...
F4874	F4874	F4874
...
30	47 or 48 (twice)	824 or 825 of the principal Act or section 47
31	all of subsection (3)	(3) The appeal shall be to the Special Commissioners if the assessment is made— (a) by the Board; or (b) under section 350, 426, 445, 740, 743(1) or 747(4)(a) of the principal Act; or (c) under section 38 of the Finance Act 1973 or section 830 of the principal Act and is not an assessment to tax under Schedule E; or if the appeal involves any question as to the application of Part XV or XVI of the principal Act.
35(2)(b)	187	148
42(3)(a)	27	278
42(3)(c)	section 218	subsection (5) of section 614
42(3)(c)	that section	section 615(3) of that Act
47B	Schedule 5 to the Finance Act 1983	Chapter III of Part VII of the principal Act
47B	paragraph 5A(5) of that Schedule	section 294(5) of that Act
55(1)(b)	204	203
55(1)(c)	Schedule 20 to the Finance Act 1972	Schedule 16 to the principal Act
55(1)(e)	Schedule 14 to the Finance Act 1972	Schedule 13 to the principal Act
F4875	F4875	F4875
...
F4875	F4875	F4875
...

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F4876	F4876	F4876
...
63(3) (as substituted by Schedule 4 to the Debtors (Scotland) Act 1987 c.18)	204	203
71(1)	Part XI	sections 6 to 12 and Parts VIII and XI
78(1)	89	43
F4877	F4877	F4877
...
78(5)	533	839
86(2)(b)	204	203
86(2)(d)	14 to the Finance Act 1972	13 to the principal Act
86(4)	5 (three times)	3
86(4)	4(3)	5(4)
86(4)	14 to the Finance Act 1972	13 to the principal Act
86(4)	243(4)	10(1)
86(4)	344	478
87	14 (four times)	13
87	20 (four times)	16
87	the Finance Act 1972	the principal Act
F4878	F4878	F4878
...
F4878	F4878	F4878
...
F4878	F4878	F4878
...
91(3)(c)	204	203
F4874	F4874	F4874
...
93(3)	204	203
94(2)	240(5) or 246(3)	7(2) or 11(3)
F4874	F4874	F4874
...
109(4)	286(5)	419(4)
109(1)-(3),(5)	section 286	sections 419 and 420

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118(1)	526(5)	832(1)
118(1)	354	468
118(1)	1970	1988
Schedule 2, para.2(2), in column 1 of the Table	II of Part I	I of Part VII
	65(4)	351(5)
	3	2
para.2(2), in column 2 of the Table	158(1)	121(1), (2)
	315(3)	441(3)
	331	459
	332	460
	338	467
	339	484
	384	527
	389	534
	391	536
	392	538
3, para.3,5	204 (three times)	203
para.5B	65 of the Finance Act 1976	159 of the principal Act
para.8	section 286	sections 419 and 420
para.8	15 of Schedule 16 to the Finance Act 1972	13 of Schedule 19 to the principal Act
last para.	from “11” to “to the principal Act”	102, 113(5), 263(5) and (6), 343(10) and 783(9) of the principal Act, to paragraph 22 of Schedule 7 to the Income and Corporation Taxes Act 1970

F4879

...

F4879

...

In the Friendly Societies Act (Northern Ireland) 1970 c. 31 (N.I.)

Section 1(5) (2) and (3) respectively of section 337 of the Income (1) and (2) respectively of section 466 of the Income

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	and Corporation Taxes Act 1970	and Corporation Taxes Act 1988
82(4)	226(13) of the Income and Corporation Taxes Act 1970	620(9) of the Income and Corporation Taxes Act 1988
<i>In the Finance Act 1971</i>		
<i>c. 68</i>		
Section 21	the whole of subsection (6)	(6) Part II of Schedule 3 to this Act shall have effect.
F4880	F4880	F4880
...
F4880	F4880	F4880
...
F4880	F4880	F4880
...
F4880	F4880	F4880
...
F4880	F4880	F4880
...
F4880	F4880	F4880
...
F4880	F4880	F4880
...
69(2)	1970	1988
Schedule 3, para.8(1), (5)	the Taxes Act	the Income and Corporation Taxes Act 1970
para.8(3)	the words from “sub- paragraphs” to “this Schedule)”	section 598(2) to (4) of the Taxes Act
para.8(4)	1970	1970 or Chapter I of Part XIV of the Taxes Act
F4881	F4881	F4881
...
F4881	F4881	F4881
...
F4882	F4882	F4882
F4881	F4881	F4881
...
F4882	F4882	F4882
F4881	F4881	F4881

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...
<i>In the Finance Act 1972</i>		
<i>c. 41</i>		
F4883	F4883	F4883
...
F4883	F4883	F4883
...
F4883	F4883	F4883
...
134(2)	1970	1988
<i>In the Finance Act 1973</i>		
<i>c. 51</i>		
F4884	F4884	F4884
...
F4884	F4884	F4884
...
F4884	F4884	F4884
...
F4884	F4884	F4884
...
F4884	F4884	F4884
...
		F4884
		...
		F4884
		...
		F4884
		...
F4884	F4884	F4884
...
38(2)(d)	237(5) of the Taxes Act	254(1) of the Taxes Act 1988
38(3)	from beginning to “such rights”	Any gains accruing on the disposal of exploration or exploitation rights
38(3B)	533 of the Taxes Act	839 of the Taxes Act 1988
38(5)	the Taxes Act	the Taxes Act 1970
59	all of subsection (2)	(2) In this Act— (a) “the Taxes Act 1970” means the Income and

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		Corporation Taxes Act 1970; and
		(b) “the Taxes Act 1988” means the Income and Corporation Taxes Act 1988.
F4885	F4885	F4885
...
F4885	F4885	F4885
...
<i>In the Friendly Societies Act 1974 c. 46</i>		
Section 7(5)	(2) and (3) respectively of section 337 of the Income and Corporation Taxes Act 1970	(1) and (2) respectively of section 466 of the Income and Corporation Taxes Act 1988
93(4)	226(13) of the Income and Corporation Taxes Act 1970	620(9) of the Income and Corporation Taxes Act 1988
F4886	F4886	F4886
...
F4879	F4879	F4879
...
<i>In the Finance Act 1976 c. 40</i>		
F4887	F4887	F4887
...
F4887	F4887	F4887
...
F4887	F4887	F4887
...
F4887	F4887	F4887
...
131(2)	from beginning to “such a security”	A security issued by the Inter-American Development Bank
<i>In the Finance Act 1978 c. 42</i>		
F4888	F4888	F4888
...
F4888	F4888	F4888
...

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<i>F4879</i>	<i>F4879</i>	<i>F4879</i>
...
<i>In the European Parliament (Pay and Pensions) Act 1979 c. 50</i>		
Section 8(1)	subsections (1A) and (1B) of section 229 of the Income and Corporation Taxes Act 1970	section 629(2) and (3) of the Income and Corporation Taxes Act 1988
<i>In the Finance Act 1980 c.48</i>		
Section		
<i>F4889</i>	<i>F4889</i>	<i>F4889</i>
...
<i>F4889</i>	<i>F4889</i>	<i>F4889</i>
...
<i>F4889</i>	<i>F4889</i>	<i>F4889</i>
...
<i>F4889</i>	<i>F4889</i>	<i>F4889</i>
...
118	the whole of subsection (3)	(3) The trustees of the National Heritage Memorial Fund shall be treated for the purposes of section 49(2) of the Finance Act 1974 and section 99 above as a body of persons established for charitable purposes only.
122(2)	1970	1970 and “the Taxes Act 1988” means the Income and Corporation Taxes Act 1988
Schedule		
<i>F4879</i>	<i>F4879</i>	<i>F4879</i>
...
<i>In the Finance Act 1981 c. 35</i>		
<i>F4879</i>	<i>F4879</i>	<i>F4879</i>
...
139(2)	1970	1988

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In the Housing (Northern Ireland) Order 1981 (S.I. No.156 N.I.3)

Article 146(3)	341 (three times)	488
146(3)	1970 (three times)	1988

In the Iron and Steel Act 1982 c. 25

Section 13(3)	252(3) of the Income and Corporation Taxes Act 1970	343(3) of the Income and Corporation Taxes Act 1988
13(4)	265(1) of the Income and Corporation Taxes Act 1970	345(1) of the Income and Corporation Taxes Act 1988

In the Finance Act 1982 c. 39

Section 27	this Act (three times)	this Act or the Taxes Act 1988
F4890	F4890	F4890
...
F4890	F4890	F4890
...
F4890	F4890	F4890
...
88(9)(a)	Chapter IV of Part II of the Finance Act 1985	section 710 of the Taxes Act 1988
88(9)(b)	section 36 of the Finance Act 1984	Schedule 4 to that Act
88(9)(c)	VII of Part II of that Act	V of Part XVII of the Taxes Act 1988
147(1)	532(1)(b) of the Taxes Act	838 of the Taxes Act 1988
147(2), (3)	the Taxes Act	the Taxes Act 1970
157	the whole of subsection (2)	(2) In this Act—

(a) “the Taxes Act 1970” means the Income and Corporation Taxes Act 1970; and

(b) “the Taxes Act 1988” means the Income and Corporation Taxes Act 1988.

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F4890	F4890	F4890
...
	F4890	F4890

F4890	F4890	F4890
...
F4890	F4890	F4890
...
F4890	F4890	F4890
...
F4890	F4890	F4890
...
13, para.3(3)(a)	463 of the Taxes Act	706 of the Taxes Act 1988
21, para.3(2)		
<i>In the Finance Act 1983</i>		
<i>c. 28</i>		
Section 46(3)	Commission	Historic Buildings and Monuments Commission
F4879	F4879	F4879
...
		(ab) deep discount securities (within the meaning of Schedule 4 to the Income and Corporation Taxes Act 1988); nor
<i>In the</i>		
<i>Telecommunications Act</i>		
<i>1984 c. 12</i>		
F4891	F4891	F4891
...
72(3)(b)	paragraph (a) of the proviso to section 21(3) of the Finance Act 1970	section 592(5) of the Income and Corporation Taxes Act 1988
72(3)	II of Part II of the said Act of 1970	I of Part XIV of that Act
F4891	F4891	F4891
...
<i>In the Finance Act 1984</i>		
<i>c. 43</i>		
F4879	F4879	F4879
...

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F4892	F4892	F4892
...
128	1970	1970; and “the Taxes Act 1988” means the Income and Corporation Taxes Act 1988
Schedule 14, para.1(1)	VII of Part II of this Act	V of Part XVII of the Taxes Act 1988
para.7(6)(b)	45 of the Finance Act 1981	740 of the Taxes Act 1988
para.8(6)	45 of the Finance Act 1981	740 of the Taxes Act 1988
para.12(7)	45 of the Finance Act 1981	740 of the Taxes Act 1988
para.15(2)	(5) of section 481 of the Taxes Act	(6) of section 745 of the Taxes Act 1988

In the Inheritance Tax Act 1984 c. 51

F4893
 ...
 F4894
 ...
 F4895
 ...

In the Finance Act 1985 c. 54

F4896	F4896	F4896
...
F4896	F4896	F4896
...
F4896	F4896	F4896
...
F4879	F4879	F4879
...
F4897	F4897	F4897
...
98(2)	1970	1988
F4896	F4896	F4896
...
F4879	F4879	F4879
...

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*In the Companies Act
 1985 c. 6*

Section 209(3)(b)	444 of the Income and Corporation Taxes Act 1970	670 of the Income and Corporation Taxes Act 1988
F4898	F4898	F4898
...
F4898	F4898	F4898
...

*In the Trustee Savings
 Bank Act 1985 c. 58*

Schedule 2 para.4(2)	Taxes Act (twice)	the Income and Corporation Taxes Act 1970
6(1)	137	100
(4)	177	393
(8)	29 of the Finance Act 1973	410(1) to (6) of the Taxes Act
7(2)	26 of the Finance Act 1982	369 of the Taxes Act
9(1)	1970	1988

*In the Bankruptcy
 (Scotland) Act 1985 c. 66*

Schedule 3 Part I para.1(1)	204 of the Income and Corporation Taxes Act 1970	203 of the Income and Corporation Taxes Act 1988
para.1(2)	69 of the Finance (No.2) Act 1975	559 of the Income and Corporation Taxes Act 1988

*In the Housing
 Associations Act 1985
 c. 69*

Section 62(2)	341	488
62(2)	1970	1988

*In the Airports Act 1986
 c. 31*

Section 77(2)	1970 Act	Income and Corporation Taxes Act 1970
77(4)	48(10) of the Finance Act 1981	400(9) of the 1988 Act
77(5)	261(2) of the 1970 Act	408(2) of the 1988 Act
77(5)	262(1) of the 1970 Act	409(1) of that Act

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77(5)	262(2)	409(2)
77(6)	1970 (twice)	1988
77(6)	258 to 264	Chapter IV of Part X
<i>In the Finance Act 1986</i>		
<i>c. 41</i>		
Section 24(4)	Finance Act 1978	Taxes Act 1988
F4879	F4879	F4879
...
114(2)	1970	1970 and “the Taxes Act 1988” means the Income and Corporation Taxes Act 1988.
F4899	F4899	F4899
...
F4899	F4899	F4899
...
F4899	F4899	F4899
...
F4899	F4899	F4899
...
F4899	F4899	F4899
...
F4899	F4899	F4899
...
F4899	F4899	F4899
...
<i>In the Gas Act 1986 c. 44</i>		
Section 63(9)	533 of the Income and Corporation Tax Act 1970	839 of the Income and Corporation Taxes Act 1988
<i>In the Insolvency Act 1986 c. 45</i>		
F4900	F4900	F4900
...
F4900	F4900	F4900
...
F4901	F4901	F4901
...
<i>In the Building Societies Act 1986 c. 53</i>		
Schedule 8, para.7	Schedule 8 to the Finance Act 1986	section 333 of the Income and Corporation Taxes Act 1988

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*In the Financial Services
 Act 1986 c. 60*

Schedule 15, para.14(5)	332	460(1) or 461(1)
para.14(5)	1970	1988

*In the Companies
 (Northern Ireland) Order
 1986 (S.I.No.1032 N.I.6)*

Article 217(3)(b)	444 of the Income and Corporation Taxes Act 1970	670 of the Income and Corporation Taxes Act 1988
F4898	F4898	F4898
...
F4898	F4898	F4898
...
F4902	F4902	F4902
...

*In the Finance Act 1987
 c. 16*

Section		
72	1970	1988

*In the Debtors (Scotland)
 Act 1987 c. 18*

Section 53(6)	65(1A)	351(2)
53(6)	1970	1988
63(9)	65(1A)	351(2)
63(9)	1970	1988

*In the Abolition
 of Domestic Rates
 Etc. (Scotland) Act 1987
 c. 47*

Section 3(5)	the whole of paragraph (b)	(b) “retail prices index” has the meaning given by section 833 of the Income and Corporation Taxes Act 1988
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*In the Finance (No.2) Act
 1987 c. 51*

Section 84(1)	247 of the Taxes Act	12 of the Income and Corporation Taxes Act 1988
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Textual Amendments

- F4869** Entries in Sch. 29 para. 32 Table repealed by [Capital Allowances Act 1990 \(c. 1\), s. 164, Sch. 2](#)
- F4870** Entries in Sch. 29 para. 32 Table repealed (with effect in accordance with s. 90 of the repealing Act) by [Finance Act 1990 \(c. 29\), Sch. 19 Pt. 5](#), Note 2
- F4871** [Sch. 29 para. 32 Table](#): entries omitted (13.8.2009) by virtue of The Finance Act 2009, Schedule 47 (Consequential Amendments) Order 2009 (S.I. 2009/2035), art. 1, Sch. para. 60(b)(i)
- F4872** Entry in Sch. 29 para. 32 repealed (with effect in accordance with Sch. 29 Pt. 8(8) Note of the repealing Act) by [Finance Act 1995 \(c. 4\), Sch. 29 Pt. 8\(8\)](#)
- F4873** Entries in Sch. 29 para. 32 Table repealed by [Finance Act 1989 \(c. 26\), Sch. 17 Pt. 5](#), Note 6
- F4874** Entries in Sch. 29 para. 32 Table repealed (1990-91 and subsequent years) by [Finance Act 1988 \(c. 39\), s. 148, Sch. 14 Pt. 8](#), Note 6
- F4875** Entries in Sch. 29 para. 32 Table repealed (1988-89 and subsequent years) by [Finance Act 1988 \(c. 39\), s. 148, Sch. 14 Pt. 4](#), Note 9
- F4876** Entry in Sch. 29 para. 32 Table repealed (3.4.1989) by [Finance Act 1988 \(c. 39\), s. 148, Sch. 14 Pt. 9](#), Note; S.I. 1989/473, [art. 2](#)
- F4877** Entry in Sch. 29 para. 32 Table repealed by [Finance Act 1991 \(c. 31, SIF 63:1\), ss. 81, 123, Sch 19 Pt. V](#), Note 1
- F4878** Entries in Sch. 29 para. 32 repealed (with effect in accordance with Sch. 18 para. 17 of the repealing Act) by [Finance Act 1996 \(c. 8\), Sch. 41 Pt. 5\(8\)](#), Note
- F4879** Entries in Sch. 29 para. 32 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\), ss. 289, 290, Sch. 12](#) (with ss. 60, 101(1), 172, 201(3), Sch. 11 paras. 22, 26(2), 27).
- F4880** Entries in Sch. 29 para. 32 Table repealed by [Capital Allowances Act 1990 \(c. 1\), s. 164, Sch. 2](#)
- F4881** Entries in Sch. 29 para. 32 Table repealed by [Capital Allowances Act 1990 \(c. 1\), s. 164, Sch. 2](#)
- F4882** Entries in Sch. 29 para. 32 Table repealed (1988-89 and subsequent years) by [Finance Act 1988 \(c. 39\), s. 148, Sch. 14 Pt. 4](#), Note 9
- F4883** Entries in Sch. 29 para. 32 Table repealed by [Capital Allowances Act 1990 \(c. 1\), s. 164, Sch. 2](#)
- F4884** [Sch. 29 para. 32 Table](#): entries omitted (13.8.2009) by virtue of The Finance Act 2009, Schedule 47 (Consequential Amendments) Order 2009 (S.I. 2009/2035), art. 1, Sch. para. 60(b)(ii)
- F4885** [Sch. 29 para. 32 Table](#): entries repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 10 Pt. 12](#) (with Sch. 9)
- F4886** Entry in Sch. 29 para. 32 repealed (1.7.1992) by [Social Security \(Consequential Provisions\) Act 1992 \(c. 6\), ss. 3, 7\(2\), Sch. 1](#) and by [Social Security \(Consequential Provisions\) \(Northern Ireland\) Act 1992 \(c. 9\), ss. 3, 7\(2\), Sch. 1](#)
- F4887** Entries in Sch. 29 para. 32 Table repealed by [Capital Allowances Act 1990 \(c. 1\), s. 164, Sch. 2](#)
- F4888** Entries in Sch. 29 para. 32 Table repealed by [Capital Allowances Act 1990 \(c. 1\), s. 164, Sch. 2](#)
- F4889** Entries in Sch. 29 para. 32 Table repealed by [Capital Allowances Act 1990 \(c. 1\), s. 164, Sch. 2](#)
- F4890** Entries in Sch. 29 para. 32 Table repealed by [Capital Allowances Act 1990 \(c. 1\), s. 164, Sch. 2](#)
- F4891** [Sch. 29 para. 32 Table](#): entries repealed (25.7.2003 for specified purposes, 29.12.2003 for further specified purposes) by [Communications Act 2003 \(c. 21\), ss. 406\(7\), 411, Sch. 19\(1\)](#), (with transitional provisions in Sch. 18); S.I. 2003/1900, art. 1(2), 2(1), 3(1), [Sch. 1](#) (with art. 3(2) (as amended (8.12.2003) by S.I. 2003/3142, [art. 1\(3\)](#))); S.I. 2003/3142, [art. 3\(2\)](#) (with art. 11)
- F4892** Entry in Sch. 29 para. 32 Table repealed by [Capital Allowances Act 1990 \(c. 1\), s. 164, Sch. 2](#)
- F4893** [Sch. 29 para. 32 Table](#): entries relating to ss. 12(2), 151, 152 of the [Inheritance Tax Act 1984 \(c. 51\)](#) repealed (6.4.2006) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 3](#), Note (with Sch. 36)
- F4894** [Sch. 29 para. 32 Table](#): entries relating to ss. 96, 102(1) of the [Inheritance Tax Act 1984](#) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 3 Pt. 1](#) (with Sch. 2)
- F4895** [Sch. 29 para. 32 Table](#): entry relating to s. 178(1) of the [Inheritance Tax Act 1984](#) repealed (with effect in accordance with Sch. 43 Pt. 4(1) Note of the repealing Act) by [Finance Act 2003 \(c. 14\), Sch. 43 Pt. 4\(1\)](#)
- F4896** Entries in Sch. 29 para. 32 Table repealed by [Capital Allowances Act 1990 \(c. 1\), s. 164, Sch. 2](#)

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- F4897** Entry in Sch. 29 para. 32 Table repealed (1988-89 and subsequent years) by [Finance Act 1988 \(c. 39\)](#), s. 148, [Sch. 14 Pt. 4](#), Note 9
- F4898** Entries in Sch. 29 para. 32 Table repealed by [Finance Act 1988 \(c. 39\)](#), s. 148, [Sch. 14 Pt. 7](#), Note 1
- F4899** Entries in Sch. 29 para. 32 Table repealed by [Capital Allowances Act 1990 \(c. 1\)](#), s. 164, [Sch. 2](#)
- F4900** [Sch. 29 para. 32 Table](#): entries repealed (15.9.2003) by [Enterprise Act 2002 \(c. 40\)](#), s. 279, [Sch. 26: S.I. 2003/2093](#), art. 2(1), [Sch. 1](#) (with art. 4)
- F4901** Entry in Sch. 29 para. 32 repealed (1.7.1992) by [Social Security \(Consequential Provisions\) Act 1992 \(c. 6\)](#), ss. 3, 7(2), [Sch. 1](#)
- F4902** Entry in Sch. 29 para. 32 repealed (1.7.1992) by [Social Security \(Consequential Provisions\) \(Northern Ireland\) Act 1992 \(c. 9\)](#), ss. 3, 7(2), [Sch. 1](#)

SCHEDULE 30

Section 844.

TRANSITIONAL PROVISIONS AND SAVINGS

Corporation tax payment dates

- 1 (1) In this paragraph, an “old company” means a company to which section 244 of the 1970 Act applied in respect of the last accounting period ending before 17th March 1987.
- (2) In relation to an old company —
- (a) “the company's section 244 interval” means the interval after the end of an accounting period of the company which, in accordance with section 244 of the 1970 Act, was the period within which corporation tax assessed for that period was required to be paid; and
- (b) “the period of reduction” means the number of whole days which are comprised in a period equal to one-third of the difference between nine months and the company’s section 244 interval.
- (3) Subject to sub-paragraph (6) below, with respect to the first accounting period of an old company beginning on or after 17th March 1987, section 243(4) of the 1970 Act and section 10(1) of this Act (time for payment of corporation tax) shall have effect as if for the reference to nine months there were substituted a reference to a period which is equal to the company’s section 244 interval less the period of reduction.
- (4) Subject to sub-paragraph (6) below, with respect to any accounting period of an old company which begins —
- (a) after the accounting period referred to in sub-paragraph (3) above, but
- (b) before the second anniversary of the beginning of that period,
- section 10(1) of this Act shall have effect as if for the reference to nine months there were substituted a reference to a period equal to the previous payment interval less the period of reduction.
- (5) In relation to any accounting period of an old company falling within sub-paragraph (4) above, “the previous payment interval” means the interval after the end of the immediately preceding accounting period within which corporation tax for that preceding period is required to be paid by virtue of section 243(4) of the 1970 Act or section 10(1) of this Act, as modified by this paragraph.

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- (6) If the accounting period referred to in sub-paragraph (3) above or any accounting period falling within sub-paragraph (4) above is less than 12 months, the sub-paragraph in question shall have effect in relation to that accounting period as if for the reference in that sub-paragraph to the period of reduction there were substituted a reference to the number of whole days comprised in a period which bears to the period of reduction the same proportion as that accounting period bears to 12 months.
- (7) With respect to any accounting period of an old company which falls within sub-paragraph (3) or (4) above, section 86(4) of the Management Act (interest on overdue tax) shall have effect as if, in paragraph 5(a) of the Table (the reckonable date in relation to corporation tax), the reference to the nine months mentioned in section 243(4) of the 1970 Act or section 10(1) of this Act were a reference to the period which, under sub-paragraphs (3) to (6) above, is substituted for those nine months.
- (8) In section 88(5)(e) of the Management Act (the date when corporation tax ought to have been paid) for the words from “where section 244(1)” to “the interval” there shall be substituted “ in the case of an accounting period in respect of which section 10(1) of the principal Act applies as modified by sub-paragraph 1(3) or (4) of Schedule 30 to that Act, at the end of the period which, under that sub-paragraph, is substituted for the period of nine months ”.
- (9) With respect to any accounting period of an old company which falls within sub-paragraph (3) or (4) above, section 825 shall have effect as if, in subsection (8) in paragraph (a) of the definition of “the material date”, the reference to the nine months mentioned in section 10(1) were a reference to the period which, under sub-paragraphs (1) to (8) above is substituted for those nine months.

Duration of leases

2 F4903

Textual Amendments
F4903Sch. 30 paras. 2-4 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 292(2), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

3 F4904

Textual Amendments
F4904Sch. 30 paras. 2-4 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 292(2), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

4 F4905

Textual Amendments
F4905Sch. 30 paras. 2-4 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 292(2), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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*Repeal of section 136 of the Income Tax Act 1952:
allowance of annual value of land as a business expense*

5 F4906

Textual Amendments

F4906Sch. 30 para. 5 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 292(3), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Loss relief etc.

- 6 (1) The substitution of this Act for the corresponding enactments repealed by this Act shall not alter the effect of any provision enacted before this Act (whether or not there is a corresponding provision in this Act) so far as it determines whether and to what extent —
- (a) losses or expenditure incurred in, or other amounts referable to, a chargeable period earlier than those to which this Act applies may be taken into account for any tax purposes in a chargeable period to which this Act applies; or
 - (b) losses or expenditure incurred in, or other amounts referable to, a chargeable period to which this Act applies may be taken into account for any tax purposes in a chargeable period earlier than those to which this Act applies.
- (2) Without prejudice to sub-paragraph (1) above, the repeals made by this Act shall not affect the following enactments (which are not re-enacted) —
- (a) section 27(4) of the Finance Act 1952 (restrictions on removal of six year time limit on carry forward of trading losses);
 - (b) section 29(3) of the Finance Act 1953 (Isles of Scilly);
 - (c) section 17 of, and Schedule 3 to, the Finance Act 1954 (company reconstructions before corporation tax) so far as in force by virtue of the saving in Part IV of Schedule 22 to the Finance Act 1965, and section 80(8) of the Finance Act 1965 (which amends Schedule 3 to the Finance Act 1954);
 - (d) section 82(4) of the Finance Act 1965 (losses allowable against chargeable gains);
 - (e) section 85 of the Finance Act 1965 (carry forward of surplus of franked investment income: dividends paid out of pre-1966-67 profits) and the enactments amending that section;
 - (f) paragraph 25 of Schedule 15 to the Finance Act 1965 (continuity of elections for purposes of corporation tax);
 - (g) paragraph 7 of Schedule 16 to the Finance Act 1965 (overseas trade corporations);
- in so far as those enactments may be relevant to tax for any chargeable period to which this Act applies.
- 7 (1) This paragraph shall apply with respect to claims for group relief in respect of any amount which is attributable —
- (a) to writing-down allowances, within the meaning of Chapter II of Part I of the 1968 Act, or, as the case may require, Chapter I of Part III of the Finance Act 1971, in respect of expenditure incurred by the surrendering company on the provision of machinery or plant; or

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- (b) to initial allowances under section 56 of the 1968 Act (expenditure in connection with mines etc.) in respect of expenditure incurred by the surrendering company and falling within section 52(1) of that Act of 1971 (works in a development area or in Northern Ireland); or
 - (c) to allowances under section 91 of the 1968 Act in respect of expenditure incurred by the surrendering company on scientific research;
- where the expenditure is incurred under a contract entered into by the surrendering company before 6th March 1973.
- (2) Notwithstanding anything in section 410(1) to (6) or 413(7) to (10) or in Schedule 18 but subject to sub-paragraph (5) below, group relief may be claimed in respect of any such amount as is referred to in sub-paragraph (1) above if —
- (a) immediately before 6th March 1973 —
 - (i) the surrendering company and the company claiming relief were members of a group of companies, and
 - (ii) throughout the period beginning on that date and ending at the end of the accounting period in respect of which the claim is made, there is no reduction in the rights of the parent company with respect to the matters specified in section 413(7)(a) and (b); or
 - (b) immediately before 6th March 1973 the company claiming relief was a member of a consortium and, throughout the period beginning on that date and ending at the end of the accounting period in respect of which the claim is made, there is
 - (i) no variation in the percentage of the ordinary share capital of the company owned by the consortium which is beneficially owned by that member, and
 - (ii) no reduction in the rights of that member (in respect of the company owned by the consortium) with respect to the matters specified in section 413(7)(a) and (b);

and in either case no such arrangements as are specified in section 410(1) or (2) have come into existence after 5th March 1973 with respect to any of the companies concerned and no variation is made in any such arrangements which are in existence on that date with respect to any of those companies.
- (3) For the purposes of sub-paragraph (2)(a) above, “the parent company” means the company of which another member of the group referred to in that sub-paragraph was, immediately before 6th March 1973, a 75 per cent subsidiary, and the rights of the parent company referred to in that paragraph are —
- (a) if the parent company is either the surrendering company or the company claiming relief, its rights in the other company; and
 - (b) in any other case, its rights in both the surrendering company and the company claiming relief.
- (4) For the purposes of this paragraph an amount which the claimant company claims by way of group relief shall be treated as attributable to an allowance falling within any of paragraphs (a) to (c) of sub-paragraph (1) above to the extent that that amount would not have been available for surrender by the surrendering company if no such allowance had been available to the surrendering company in respect of the expenditure concerned.
- (5) Sub-paragraph (2) above shall not apply if, during the period referred to in that sub-paragraph —

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- (a) there is a major change in the nature or conduct of a trade or business carried on by the relevant company; or
 - (b) the relevant company sets up and commences a trade or business [^{F4907}, or begins to carry on a trade,] which it did not carry on immediately before 6th March 1973.
- (6) In sub-paragraph (5) above —“a major change in the nature or conduct of a trade or business” has the same meaning as in section 245(1); and “the relevant company” means, if the machinery or plant to which the allowance relates was brought into use on or before 6th March 1978, the company claiming group relief and in any other case either that company or the company which if sub-paragraph (5) did not apply would be the surrendering company.
- (7) This paragraph shall be construed as if it were contained in Chapter IV of Part X.

Textual Amendments

F4907 Words in Sch. 30 para. 7(5)(b) inserted (1.4.2009 with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 292(4) (with Sch. 2 Pts. 1, 2)

Capital allowances

- 8 Without prejudice to paragraphs 6 and 7 above, where a person is, immediately before the commencement of this Act, entitled to a capital allowance by virtue of any enactment repealed by this Act, he shall not cease to be so entitled by reason only of that repeal, notwithstanding that the enactment in question is not re-enacted by this Act; and accordingly the provisions of this Act shall apply, with any necessary modifications, so far as may be necessary to give effect to any such entitlement.

Social security benefits

- 9 (1) In relation to any period before regulations containing the first schemes under section 20 of the Social Security Act 1986 and Article 21 of the Social Security (Northern Ireland) Order 1986 providing for income support come into force —
- (a) the repeal by this Act of sections 27 and 28 of the Finance Act 1981 shall not have effect;
 - (b) sections 151 and 152 of this Act shall not have effect;
 - (c) section 204 of this Act shall have effect with the substitution for paragraph (b) of the following paragraph —
 - “(b) he has claimed a payment of supplementary allowance under the Supplementary Benefits Act 1976 or the Supplementary Benefits (Northern Ireland) Order 1977 in respect of a period including that time and his right to the allowance is subject 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)” and with the addition at the end of the following —

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“(2) Any reference in this section 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”; and

(2) In relation to any period before regulations containing the first schemes under section 20 of the Social Security Act 1986 and Article 21 of the Social Security (Northern Ireland) Order 1986 providing for family credit come into force, section 617(2) of this Act shall have effect with the addition after paragraph (b) of the following paragraph —

“(bb) payments in respect of family income supplement under the Family Income Supplements Act 1970 or the Family Income Supplements Act (Northern Ireland) 1970;”

Children's settlements: irrevocable dispositions made before 22nd April 1936

10 F4908

Textual Amendments
F4908 Sch. 30 paras. 10-12 repealed (with effect in accordance with Sch. 29 Pt. 8(8) Note of the repealing Act) by Finance Act 1995 (c. 4), Sch. 29 Pt. 8(8)

Pre-1959 settlements

11 F4909

Textual Amendments
F4909 Sch. 30 paras. 10-12 repealed (with effect in accordance with Sch. 29 Pt. 8(8) Note of the repealing Act) by Finance Act 1995 (c. 4), Sch. 29 Pt. 8(8)

12 F4910

Textual Amendments
F4910 Sch. 30 paras. 10-12 repealed (with effect in accordance with Sch. 29 Pt. 8(8) Note of the repealing Act) by Finance Act 1995 (c. 4), Sch. 29 Pt. 8(8)

General powers of amendment in Acts relating to overseas countries

13 Where under any Act passed before this Act and relating to a country or territory outside the United Kingdom there is a power to affect Acts passed or in force before a particular time, or instruments made or having effect under such Acts, and the power would but for the passing of this Act have included power to change the law which is reproduced in, or is made or has effect under, this Act, then that power shall include power to make such provision as will secure the like change in the law reproduced in, or made or having effect under, this Act notwithstanding that it is not an Act passed or in force before that time.

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Double taxation agreements

- 14 The repeal by this Act of section 16 of the Finance (No.2) Act 1979 shall not prejudice the effect of any Order in Council which gives effect to arrangements contained in the Convention mentioned in that section and is made under section 497 of the 1970 Act.

Securities

- 15 The repeal by this Act of Schedule 22 to the Finance Act 1985 shall not affect the continued operation of paragraph 6 of that Schedule in relation to the holding of securities by any person at any time during the year (within the meaning of that Schedule).

Building societies

- 16 Any enactment relating to building societies contained in this Act which re-enacts an enactment which was an existing enactment for the purposes of section 121 of the Building Societies Act 1986 shall continue to be an existing enactment for those purposes.

Pension business

- 17 Any reference to pension business in any enactment (other than an enactment repealed by this Act) which immediately before the commencement of this Act was such a reference by virtue of paragraph 11(3) of Part III of Schedule 5 to the Finance Act 1970 shall not be affected by the repeal by this Act of that paragraph and accordingly the business in question shall continue to be known as pension business.

Stock relief

- 18 **F4911**

Textual Amendments

F4911 Sch. 30 paras. 18, 18A repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 352(3), Sch. 3 (with Sch. 2)

- [^{F4912}18A ^{F4913}

Textual Amendments

F4912 Sch. 30 para. 18A inserted by Capital Allowances Act 1990 (c. 1), s. 164, Sch. 1 para. 8(43)

F4913 Sch. 30 paras. 18, 18A repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 352(3), Sch. 3 (with Sch. 2)

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Schedule E emoluments

- 19 The repeal by this Act of section 21 of the Finance Act 1974 shall not affect the taxation of emoluments which if that section had been in force before 1973-74 would have fallen within Case I or Case II of Schedule E, and, accordingly, any such emoluments shall not be chargeable under Case III of Schedule E.

Unitary states

- 20 The repeal by this Act of section 54 of and Schedule 13 to the Finance Act 1985 shall not prevent the Treasury making an order under subsection (7) of section 54 exercising the powers conferred on the Treasury by that subsection in relation to distributions made in chargeable periods ending before 6th April 1988 and, accordingly, subsections (7) and (8) of section 54 shall continue to have effect in later chargeable periods for that purpose.

Continuity and construction of references to old and new law

- 21 (1) The continuity of the operation of the Tax Acts and of the law relating to chargeable gains shall not be affected by the substitution of this Act for the enactments repealed by this Act and earlier enactments repealed by and corresponding to any of those enactments (“the repealed enactments”).
- (2) Any reference, whether express or implied, in any enactment, instrument or document (including this Act and any Act amended by this Act) to, or to things done or falling to be done under or for the purposes of, any provision of this Act shall, if and so far as the nature of the reference permits, be construed as including, in relation to the times, years or periods, circumstances or purposes in relation to which the corresponding provision in the repealed enactments has or had effect, a reference to, or as the case may be to things done or falling to be done under or for the purposes of, that corresponding provision.
- (3) Any reference, whether express or implied, in any enactment, instrument or document (including the repealed enactments and enactments, instruments and documents passed or made after the passing of this Act) to, or to things done or falling to be done under or for the purposes of, any of the repealed enactments shall, if and so far as the nature of the reference permits, be construed as including, in relation to the times, years or periods, circumstances or purposes in relation to which the corresponding provision in this Act has effect, a reference to, or as the case may be to things done or falling to be done under or for the purposes of, that corresponding provision.
- (4) Any reference to Case VIII of Schedule D, whether a specific reference or one imported by more general words, in any enactment, instrument or document shall, in relation to the chargeable periods to which section 843(1) applies, be construed as a reference to Schedule A, and for the purposes of sub-paragraph (2) above, Schedule A in this Act shall be treated as corresponding to Case VIII of Schedule D in the repealed enactments, and any provision of this Act or of any Act passed after 12th March 1970 and before this Act referring to Schedule A shall be construed accordingly.

SCHEDULE 31 – REPEALS

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SCHEDULE 31

Section 844.

REPEALS

Chapter	Short title	Extent of repeal
1965 c. 25.	Finance Act 1965	Section 84. Schedule 20. * * * * *
1970 c. 9.	Taxes Management Act 1970	In section 88(5)(e) the words from "or" to the end. In section 118(1)(a) the words from "as" to "Act". In Schedule 2, in paragraph 2(2), the words "section 511". (See 1991 edition for these repeals.)
1970 c. 10.	Income and Corporation Taxes Act 1970	Sections 11 to 14.
1970 c. 24.	Finance Act 1970.	Section 16. Sections 19 to 26. Section 29(1), (2), (3)(a), (4) and (8). * * * * *
1970 c. 54.	Income and Corporation Taxes (No.2) Act 1970	In Schedule 4, paragraphs 6, 8, 9(6) and 11. Schedule 5.
1971 c. 68.	Finance Act 1971	The whole Act. Sections 13 to 20. Section 21(1) to (5). Sections 22 to 28. Sections 32 to 36. Section 39. * * * * *
		Schedule 2. Schedule 3, except paragraph 8. Schedule 4. In Schedule 6, Parts I and III. Schedule 7. * * * * *

Chapter	Short title	Extent of repeal
1972 c. 41.	Finance Act 1972	In Schedule 9, paragraph 4. Sections 62 to 66. Section 67(2)(c). Sections 70 to 77. Sections 79 to 95. Sections 97 to 110. Section 111(2). Section 124. Schedules 9 to 23. In Schedule 24, paragraphs 15 to 33.
1973 c. 51.	Finance Act 1973	Sections 10 to 31. In section 32, subsection (5) and in subsection (6) the words from "sections" to "1972". Sections 33 to 36. In section 38, in subsection (1) the words "income tax" and "and corporation tax" and subsection (6). Sections 39 and 40. Section 43. Sections 52 and 53. In section 54(1) the words "income tax, corporation tax or". Schedules 8 to 14. In Schedule 15, paragraphs 1 and 3. Schedule 16. In Schedule 21, paragraphs 6 to 9.
1974 c. 30.	Finance Act 1974	Sections 7 to 16. Sections 18 to 23. Sections 25 to 28. Section 30. Sections 36 and 37. In section 52 the words "the Income Tax Acts, the Corporation Tax Acts and". Schedules 1 and 2. In Schedule 12, paragraphs 7 to 12.

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Chapter	Short title	Extent of repeal
	* * *	* *
1974 c. 46.	Friendly Societies Act 1974	Section 64. In Schedule 9, paragraph 23.
	* * *	* *
1975 c. 7.	Finance Act 1975	Sections 5 to 12. Sections 16 and 17. Schedules 1 and 2. In Schedule 12, paragraphs 16 and 19.
	* * *	* *
1975 c. 22 (See Oil Taxation Acts.)		
1975 c. 45.	Finance (No. 2) Act 1975	Sections 25 to 43. Section 44(1) to (3) and (6). Section 46(6). * * * * *
		Section 48. Sections 50 to 53. Sections 68 to 71. Schedule 8. Schedules 12 and 13. Sections 24 to 38. Sections 44 to 50. Sections 60 to 71. Section 72(1) to (12). Schedules 4, 7 and 8. In Schedule 9, paragraphs 3, 4, 8, 9 and 12 to 16.
	* * *	* *
1976 c. 40.	Finance Act 1976	
	* * *	* *
1977 c. 36.	Finance Act 1977	Sections 17 to 39. Sections 45 to 48. Schedules 7 and 8. * * *

Chapter	Short title	Extent of repeal
1977 c. 53.	Finance (Income Reliefs) Act 1977	The whole Act. * *
	* * *	* *
1978 c. 42.	Finance Act 1978	Sections 13 to 28. Section 29(1), (2) and (4). Sections 30 to 36. Sections 41 to 43. Sections 53 to 61. Schedules 2 to 5. Schedule 9. * * *
	* * *	* *
1979 c. 14.	Capital Gains Tax Act 1979	* * * * *
1979 c. 25.	Finance Act 1979	The whole Act. * * * * *
	* * *	* *
1979 c. 47.	Finance (No.2) Act 1979	Sections 5 to 13. Sections 15 and 16. * * * * *
		Schedules 1 and 2. Sections 18 to 56. Section 57(1), (2)(b), (3) and (4). Sections 59 and 60. Section 61(1). Section 63. Section 70(1), (2), (4), (5) and (6). Section 88(7). * * * * *
1980 c. 48.	Finance Act 1980	Section 118(1) and (2). Section 119. Section 121. Schedules 8 to 11. * * * * *

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Chapter	Short title	Extent of repeal
1981 c. 35.	Finance Act 1981	Sections 19 to 37. Section 38(1) and (2). Sections 39 to 72. * * * * * Section 138. Schedules 9 to 12. * * * * *
1982 c. 39.	Finance Act 1982	Sections 20 to 26. Sections 28 to 67. Section 78. * * * * * Schedules 7 to 10. * * * * *
1983 c. 28.	Finance Act 1983	Sections 10 to 28. Section 46(1), (2) and (3)(a) and (b). Schedules 4 and 5. Sections 1 to 5. Schedule 1.
1983 c. 49.	Finance (No. 2) Act 1983	
1983 c. 56 [See Oil Taxation Acts.]		
1984 c. 43.	Finance Act 1984	Sections 17 to 43. * * * * * Sections 45 to 49. * * * * *

Chapter	Short title	Extent of repeal
		Sections 51 to 55. In section 56, subsections (1) and (2) and in subsection (4) the words from the beginning to "assessment and". Section 72. In section 73, subsections to (3), (5) and (6). Sections 74 to 77. * * * * * Sections 82 to 100. Section 126(3)(a). Schedules 7 to 10. * * * * * Schedules 15 to 20. * * * * *
1984 c. 51.	Inheritance Tax Act 1984	In Schedule 8, paragraphs 8, 17, 18, 21 and 22. * * * * *
1985 c. 54.	Finance Act 1985	Sections 34 to 49. Sections 51 to 54. Section 60. Sections 64 and 65. * * * * * Sections 73 to 77. Schedules 9 to 13. In Schedule 14, paragraph 16. Schedule 18. Schedules 22 and 23. In Schedule 25, paragraphs 7, 8 and 9. * * * * *

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Chapter	Short title	Extent of repeal
1986 c. 41.	Finance Act 1986	Sections 16 to 23. Section 24(1) to (3). Sections 25 to 32. Sections 34 to 54. Section 56(7)(a) and (b). Sections 61 to 63. Schedules 7 and 8. In Schedule 9, paragraphs 1 to 21 and 23. Schedules 10, 11 and 12. In Schedules 13, paragraphs 2(5)(a) and (b) and 26 and 27. In Schedule 16, paragraph 10(7). Schedule 17. In Schedule 18, paragraphs 1 to 6, in paragraph 9(1), paragraph (a) and in paragraph (c) the words "section 477 or" and paragraph 9(2). * * *
1987 c. 16.	Finance Act 1987	Sections 20 to 39. Section 40(1) and (2). Sections 41 to 46. Section 70(1). Section 71. Schedules 3 to 6. * * * * * Schedule 15, except paragraph 12. * * *

Chapter	Short title	Extent of repeal
1987 c. 51.	Finance (No. 2) Act 1987	Sections 1 to 63. Section 64(2). Sections 65 to 68. Sections 70 and 71. In section 73(1) the words "income tax, corporation tax or". Sections 74 to 77. Section 87. In section 88, subsections (5) and (6) and the words following paragraph (c) in subsection (7). Section 90. Sections 92 and 93. Schedules 1 to 5. In Schedule 6, paragraphs 1, 3, 6 and 8.

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