



# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART IV

#### PROVISIONS RELATING TO THE SCHEDULE D CHARGE

#### CHAPTER I

##### SUPPLEMENTARY CHARGING PROVISIONS

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

- (1) <sup>M1M2</sup>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) <sup>M3</sup>Profits or gains arising to a [<sup>F1</sup>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 [<sup>F2</sup>an amount to which the charge to corporation tax on income applies].
- (3) <sup>M4</sup>Subsection (2) above [<sup>F3</sup>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

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exercise of a right to receive an amount stated in a certificate of deposit or interest on such an amount—

- (a) if the <sup>F4</sup>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 <sup>F5</sup>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) <sup>F6</sup>.....

<sup>F7</sup>(3A) <sup>F8</sup>.....

(3B) <sup>F8</sup>.....

(3C) <sup>F8</sup>.....

(3D) <sup>F8</sup>.....]

(4) <sup>F9</sup>.....

<sup>F10</sup>(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 <sup>F11</sup>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 <sup>F11</sup>that Part].

(5) <sup>M5</sup> 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 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 <sup>F12</sup>132 of the 1992 Act].

#### Textual Amendments

- F1** 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)
- F2** 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)
- F3** 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)
- F4** 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)
- F5** 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)
- F6** 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)
- F7** S. 56(3A)-(3D) inserted (27.7.1993) by *1993 c. 34, s. 170, Sch. 18 para. 2*
- F8** 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

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- F9** S. 56(4) omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 17 para. 24\(1\)](#)
- F10** 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](#))
- F11** 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](#))
- F12** 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\(3\)](#)).

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**Modifications etc. (not altering text)**

- C1** [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](#)))

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**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

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

- Act Tax Acts: power to modify conferred by [2004 c. 25 s. 18](#)
- Act Taxes Acts modified by 1970 c. 9, Sch. A1 para. 10(7) (as inserted) by [2017 c. 32 s. 60\(3\)](#)
- Act Taxes Acts modified by 1970 c. 9, s. 8(7) (as inserted) by [2017 c. 32 Sch. 14 para. 3\(15\)](#)
- Act Taxes Acts modified by 1970 c. 9, s. 8A(7) (as inserted) by [2017 c. 32 Sch. 14 para. 4\(12\)](#)
- Act applied (with modifications) by [S.I. 2010/875 reg. 16Sch. 2](#) (This amendment not applied to legislation.gov.uk. S.I. 2010/875 was revoked (27.8.2010) by SI 2010/1906, reg. 2 without having come into force)

**Whole provisions yet to be inserted into this Act (including any effects on those provisions):**

- s. 109A(4B) inserted by [2005 c. 7 Sch. 4 para. 6\(3\)](#) (This amendment not applied to legislation.gov.uk. The amending provision (2005 c. 7, Sch. 4 para. 6) repealed retrospectively by 2005 c. 22, Sch. 6 para. 4(1)(6))
- Sch. 19AB para. 5(5)(a)(b) words substituted by [S.I. 2001/3629 art. 52\(2\)\(n\)](#) (This amendment not applied to legislation.gov.uk. The words to be substituted do not occur in Sch. 19AB para. 5)