



Finance (No. 2) Act 1992

1992 CHAPTER 48

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Business expansion scheme

38 No relief for shares issued after 1993

In section 289 of the Taxes Act 1988 (relief under the business expansion scheme) the words “and before the end of 1993” shall be inserted—

- (a) in subsection (1)(a), after “5 April 1983”,
- (b) in subsection (1)(b), after “18th March 1986”, and
- (c) in subsection (1)(d), after “(25th July 1986)”.

39 Extension of relief for private rented housing: property managing companies

Part I of Schedule 4 to the Finance Act 1988 (extension of business expansion scheme to private rented housing: modifications of the Taxes Act 1988) shall have effect, and be taken always to have had effect, with the substitution of the following paragraph for paragraph 11—

“11 (1) For subsection (1) of section 308 (application to subsidiaries) there shall be substituted—

“(1) A qualifying company may, in the relevant period, have one or more subsidiaries if the subsidiary or, as the case may be, each subsidiary is a subsidiary to which subsection (1A) or (1B) below applies.

Status: This is the original version (as it was originally enacted).

- (1A) This subsection applies to a subsidiary if—
- (a) it is a dormant subsidiary or exists wholly, or substantially wholly, for the purpose of carrying on activities which do not include, to any substantial extent, activities which are not qualifying activities, and
 - (b) the conditions mentioned in subsection (2) below are satisfied in respect of it and, except as provided by subsection (3) below, continue to be satisfied in respect of it until the end of the relevant period.
- (1B) This subsection applies to a subsidiary if—
- (a) it is a property managing subsidiary, and
 - (b) reading each reference in subsection (2) below to 90 per cent. as a reference to 51 per cent., the conditions in that subsection are satisfied in respect of it and, except as provided by subsection (3) below, continue to be satisfied in respect of it until the end of the relevant period.”
- (2) In subsection (5) of that section, for paragraph (a) there shall be substituted—
- “(a) a subsidiary is a property managing subsidiary if it exists wholly, or substantially wholly, for the purpose of holding or managing (or holding and managing) a single block of flats and more than half of those flats are let by the qualifying company or any of its subsidiaries in the course of qualifying activities;”.”

40 Extension of relief for private rented housing: lettings to former owner-occupiers

- (1) In Part II of Schedule 4 to the Finance Act 1988 (extension of business expansion scheme to private rented housing: exclusion of certain dwelling-houses) paragraph 15 shall be amended as follows.
- (2) In sub-paragraph (1), for “Section 50” there shall be substituted “Subject to sub-paragraphs (1A) to (1C) below, section 50”.
- (3) The following sub-paragraphs shall be inserted after sub-paragraph (1)—
 - “(1A) Section 50 of this Act is not precluded from applying to a dwelling-house by sub-paragraph (1)(a) above if the arrangements there mentioned were for letting to a person who was an owner-occupier of the dwelling-house before the relevant date.
 - (1B) Section 50 of this Act is not precluded from applying to a dwelling-house by sub-paragraph (1)(b) above if the letting there mentioned was to a person—
 - (a) who was an owner-occupier of the dwelling-house before the date of the letting, and
 - (b) to whom the dwelling-house or part is let on a qualifying tenancy by the company or any of its subsidiaries after the relevant date.

Status: This is the original version (as it was originally enacted).

- (1C) Section 50 of this Act is not precluded from applying to a dwelling-house by sub-paragraph (1)(c) above if the letting there mentioned was to a person—
- (a) who was an owner-occupier of the dwelling-house before the relevant date, and
 - (b) to whom the dwelling-house or part is let on a qualifying tenancy by the company or any of its subsidiaries after the letting mentioned in sub-paragraph (1)(c).”
- (4) The following sub-paragraphs shall be added after sub-paragraph (2)—
- “(3) For the purposes of this paragraph, a person shall be taken to have been an owner-occupier of a dwelling-house before the relevant date or, as the case may be, the date mentioned in sub-paragraph (1B)(a) above if—
- (a) at any time before that date, he occupied the dwelling-house as his only or principal home and had a freehold interest in it, or
 - (b) for a period of at least two years ending on that date, he occupied the dwelling-house as his only or principal home and had an interest in it under a lease for a term of years certain not less than twenty-one of which remained unexpired at that date.
- (4) In the application of sub-paragraph (3) above to a dwelling-house in Scotland—
- (a) for paragraph (a) there shall be substituted—
 - “(a) at any time before that date he occupied the dwelling-house and—
 - (i) was the absolute owner of it, or
 - (ii) was the owner of the *dominium utile* in it;”;
 - and
 - (b) in paragraph (b) the word “certain” shall be omitted.
- (5) In the application of sub-paragraph (3) above to a dwelling-house in Northern Ireland, any conveyance or assignment of an interest in it by way of mortgage shall be disregarded.”
- (5) This section shall have effect where shares are issued on or after 10th March 1992.