



Finance Act 1993

1993 CHAPTER 34

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Income tax: charge, rates and allowances

51 Charge and rates of income tax for 1993-94.

- (1) Income tax shall be charged for the year 1993-94, and for that year—
 - (a) the lower rate shall be 20 per cent.,
 - (b) the basic rate shall be 25 per cent., and
 - (c) the higher rate shall be 40 per cent.
- (2) For the year 1993-94 section 1(2) of the Taxes Act 1988 shall apply as if—
 - (a) the amount specified in paragraph (aa) were £2,500 (the lower rate limit), and
 - (b) the amount specified in paragraph (b) were £23,700 (the basic rate limit);and accordingly section 1(4) of that Act (indexation) shall not apply for the year 1993-94.

52 Personal and married couple's allowances.

Sections 257 and 257A of the Taxes Act 1988 (personal and married couple's allowances) shall apply for the year 1993-94 as if the amounts specified in them were the same as the amounts specified in them as they apply for the year 1992-93, and accordingly section 257C(1) of that Act (indexation) shall not apply for the year 1993-94.

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Corporation tax charge and rate

53 Charge and rate of corporation tax for 1993.

Corporation tax shall be charged for the financial year 1993 at the rate of 33 per cent.

54 Small companies.

For the financial year 1993—

- (a) the small companies’ rate shall be 25 per cent., and
- (b) the fraction mentioned in section 13(2) of the Taxes Act 1988 (marginal relief for small companies) shall be one fiftieth.

Interest: general

55 Relief for interest.

For the year 1993-94 the qualifying maximum defined in section 367(5) of the Taxes Act 1988 (limit on relief for interest on certain loans) shall be £30,000.

^{F1}56

Textual Amendments

F1 S. 56 repealed (27.7.1999 with effect in relation to any payment of interest falling within s. 38(3)(4) of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(7)** Note 4

57 Temporary relief for interest payments.

^{F2}(1)

^{F2}(2)

(3) In section 365 of that Act (relief on interest on loans to buy a life annuity), after subsection (1) there shall be inserted the following subsections—

“(1A) Where, in the case of any loan—

- (a) the condition specified in subsection (1)(d) above would not (apart from this subsection) be fulfilled with respect to any land by reason of its having ceased at any time to be used by a particular person as his only or main residence; and
- (b) the intention at that time of the person to whom the loan was made, or of each of the annuitants owning an estate or interest in that land, was to take steps, before the end of the period of 12 months after the day on which it ceased to be so used, with a view to the disposal of his estate or interest,

that condition shall be treated in relation to interest on that loan as continuing to be fulfilled with respect to the land from that time until the end of that period or (if sooner) the abandonment by that person or any of those annuitants of his intention to dispose of his estate or interest.

Status: Point in time view as at 06/04/2005.

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(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.”

F2(4)

(5) This section shall have effect in relation to payments of interest made on or after 16th March 1993 (whenever falling due).

F2(6)

F3(7)

Textual Amendments

- F2** S. 57(1)(2)(4)(6) repealed (27.7.1999 with effect in relation to any payment of interest falling within s. 38(3)(4) of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. III(7)** Note 4
- F3** S. 57(7) repealed (3.5.1994 with effect in accordance with s. 81(6) of the amending Act) by 1994 c. 9, ss. 81, 258, **Sch. 9 para. 12, Sch. 26 Pt. V(2)** Note

58 Overclaims in respect of deductions of mortgage interest.

(1) After subsection (6) of section 369 of the Taxes Act 1988 (recovery of amount treated as paid by recipient of interest paid subject to a deduction under that section) there shall be inserted the following subsection—

“(7) The following provisions of the Management Act, namely—

- (a) section 29(3)(c) (excessive relief),
- (b) section 30 (tax repaid in error etc.),
- (c) section 88 (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 as a relief which was not due.”

(2) This section shall not apply in relation to any payment if the payment, or the claim on which it is made, was made before the day on which this Act is passed.

59 Interest payments to persons not ordinarily resident in UK.

In section 349 of the Taxes Act 1988 (annual interest etc.) in subsection (3) (exceptions from requirement to deduct tax from interest payments) at the end of paragraph (g) there shall be inserted “ or ” and after that paragraph there shall be inserted the following paragraph—

“(h) to any payment in respect of which a liability to deduct income tax would, but for section 481(5)(k), be imposed by section 480A(1).”

Status: Point in time view as at 06/04/2005.

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F4 60

Textual Amendments

F4 S. 60 repealed (1.10.2002) by 2002 c. 23, s. 141, **Sch. 40 Pt. 3(10)**, note 2

Interest etc. on debts between associated companies

F5 61

Textual Amendments

F5 S. 61 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

F6 62

Textual Amendments

F6 S. 62 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

F7 62A

Textual Amendments

F7 S. 62A repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

F8 63

Textual Amendments

F8 S. 63 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

F9 64

Status: Point in time view as at 06/04/2005.

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Textual Amendments

F9 S. 64 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note (with Sch. 15 para. 19(3))

Modifications etc. (not altering text)

C1 S. 64 amended (27.7.1999 with application as mentioned in s. 67(8) of the amending Act) by 1999 c. 16, s. 67(4)(8)

F10 **65**

Textual Amendments

F10 S. 65 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note (with Sch. 15 para. 20(2))

Modifications etc. (not altering text)

C2 S. 65 amended (27.7.1999 with application as mentioned in s. 67(8) of the amending Act) by 1999 c. 16, s. 67(4)(8)

F11 **66**

Textual Amendments

F11 S. 66 repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)** Note

Charitable donations

67 Donations from companies and individuals.

- (1) In section 339 of the Taxes Act 1988 (charges on income: donations to charity) in subsection (3A) (payment by close company not a qualifying donation if less than £400 after deducting income tax) for “£400” there shall be substituted “ £250 ”.
- (2) In section 25 of the ^{M1}Finance Act 1990 (donations to charity by individuals) in subsection (2)(g) (gift must be not less than £400 to be a qualifying donation) for “£400” there shall be substituted “ £250 ”.
- (3) Subsection (1) above shall apply in relation to payments made on or after 16th March 1993.
- (4) Subsection (2) above shall apply in relation to gifts made on or after 16th March 1993.

Marginal Citations

M1 1990 c. 29.

Status: Point in time view as at 06/04/2005.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

F12 68 Payroll deduction schemes.

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Textual Amendments

F12 S. 68 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by **Income Tax (Earnings and Pensions) Act 2003 (c. 1)**, s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

69 Contributions to agent’s expenses.

The following section shall be inserted after section 86 of the Taxes Act 1988—

“86A Charitable donations: contributions to agent’s expenses.

- (1) This section applies where—
 - (a) a person (the employer) is liable to make to any individual payments from which income tax falls to be deducted by virtue of section 203 and regulations under that section, and
 - (b) the employer withholds sums from those payments in accordance with a scheme falling within subsection (3) of section 202 and pays the sums to an agent (within the meaning of subsection (4)(a) of that section).
- (2) Any relevant expenditure incurred by the employer on or after 16th March 1993—
 - (a) shall be deducted in computing for the purposes of Schedule D the profits or gains of a trade, profession or vocation carried on by the employer, or
 - (b) if the employer is an investment company or a company in the case of which section 75 applies by virtue of section 76, shall be treated as expenses of management.
- (3) Relevant expenditure is expenditure incurred in making to the agent any payment in respect of expenses which have been or are to be incurred by the agent in connection with his functions under the scheme.”

Benefits in kind

70 Car benefits: 1993-94.

- (1) In Schedule 6 to the Taxes Act 1988 (taxation of directors and others in respect of cars) for Part I (tables of flat rate cash equivalents) there shall be substituted—

Status: Point in time view as at 06/04/2005.

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“PART I

TABLES OF FLAT RATE CASH EQUIVALENTS

Table A

CARS WITH AN ORIGINAL MARKET VALUE UP TO £19,250 AND HAVING A CYLINDER CAPACITY

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Age of car at end of relevant year of assessment</i>	
	Under 4 years	4 years or more
1,400 or less	£2,310	£1,580
More than 1,400 but not more than 2,000	£2,990	£2,030
More than 2,000	£4,800	£3,220

Table B

CARS WITH AN ORIGINAL MARKET VALUE UP TO £19,250 AND NOT HAVING A CYLINDER CAPACITY

<i>Original market value of car</i>	<i>Age of car at end of relevant year of assessment</i>	
	Under 4 years	4 years or more
Less than £6,000	£2,310	£1,580
£6,000 or more but less than £8,500	£2,990	£2,030
£8,500 or more but not more than £19,250	£4,800	£3,220

Table C

CARS WITH AN ORIGINAL MARKET VALUE OF MORE THAN £19,250

<i>Original market value of car</i>	<i>Age of car at end of relevant year of assessment</i>	
	Under 4 years	4 years or more
More than £19,250 but not more than £29,000	£6,210	£4,180
More than £29,000	£10,040	£6,660”

(2) This section shall have effect for the year 1993-94.

Status: Point in time view as at 06/04/2005.

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71 Car fuel: 1993-94.

(1) In section 158 of the Taxes Act 1988 (car fuel) for the Tables in subsection (2) (tables of cash equivalents) there shall be substituted—

“TABLE A

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Cash equivalent</i>
1,400 or less	£600
More than 1,400 but not more than 2,000	£760
More than 2,000	£1,130

TABLE AB

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Cash equivalent</i>
2,000 or less	£550
More than 2,000	£710

TABLE B

<i>Original market value of car</i>	<i>Cash equivalent</i>
Less than £6,000	£600
£6,000 or more but less than £8,500	£760
£8,500 or more	£1,130”

(2) In subsection (5) of that section (reductions in cash equivalents) the words “or 3” shall be omitted.

(3) This section shall have effect for the year 1993-94.

72 Car and car fuel benefits: 1994-95 onwards.

Schedule 3 to this Act (which contains provisions, having effect for the year 1994-95 and subsequent years of assessment, about cars available for private use and car fuel) shall have effect.

^{F13}73 Vans.

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Textual Amendments

F13 Ss. 73-76 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with Sch. 7)

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

F1374 Heavier commercial vehicles.

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Textual Amendments

F13 Ss. 73-76 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))

F1375 Sporting and recreational facilities.

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Textual Amendments

F13 Ss. 73-76 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))

F1376 Removal expenses and benefits.

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Textual Amendments

F13 Ss. 73-76 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))

Taxation of distributions etc.

77 Application of lower rate.

F14(1)

F14(2)

F15(3)

(4) In section 421(1) of that Act (taxation of borrower where loan under section 419 released)—

- (a) in paragraph (a), after “tax” there shall be inserted “ at the lower rate ”;
- (b) in paragraph (b), for “basic rate” there shall be substituted “ lower rate ”; and
- (c) in paragraph (c), for the words from “which is not” to “that paragraph” there shall be substituted “ to which (without prejudice to paragraph (b) above) section 207A shall be taken to apply as it applies to income chargeable under Schedule F, but, notwithstanding the preceding provisions of this subsection ”.

(5) This section shall apply in relation to the year 1993-94 and subsequent years of assessment.

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Textual Amendments

- F14** S. 77(1)(2) repealed (29.4.1996 with effect in accordance with s. 73 and [Sch. 6](#) of the amending Act) by 1996 c. 8, s. 205, [Sch. 41 Pt. V\(1\)](#) Note 1
- F15** S. 77(3) repealed (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

F16 **78**

Textual Amendments

- F16** S. 78 repealed (31.7.1998 with effect in accordance with Sch. 3 of the repealing Act) by 1998 c. 36, s. 165, [Sch. 27 Pt. III\(2\)](#), Note

79 Provisions supplemental to sections 77 and 78.

- (1) Schedule 6 to this Act (which makes further provision for the purposes of and in connection with the provisions of sections 77 and 78 above) shall have effect.
- (2) Subject to that Schedule, subsection (3) of section 687 of the Taxes Act 1988 (definition of pool for the purposes of payments under discretionary trusts) shall have effect, and be deemed always to have had effect, as if—
 - (a) the repeal of paragraph (b) which was made by Part V of Schedule 17 to the ^{M2}Finance Act 1989 in relation to accounting periods beginning after 31st March 1989 had been confined to the following words in that paragraph, that is to say, “under section 462(2) as applied by section 686(4) or”; and
 - (b) that subsection included the following paragraph—
 - “(j) the amount of any tax on an amount which is treated as income of the trustees by virtue of paragraph 12 of Schedule 10 to the ^{M3}Finance Act 1990 and is charged to tax at a rate equal to the sum of the basic rate and the additional rate by virtue of paragraph 19 of that Schedule;”.

F17 (3)

Textual Amendments

- F17** S. 79(3) repealed (29.4.1996 with effect in accordance with s. 73 and [Sch. 6](#) of the amending Act) by 1996 c. 8, s. 205, [Sch. 41 Pt. V\(1\)](#) Note 1

Marginal Citations

- M2** 1989 c. 26.
- M3** 1990 c. 29.

80 Transitional relief for charities etc.

- (1) In any case where—

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- (a) a qualifying distribution is made on or after 6th April 1993 and before 6th April 1997 by a company resident in the United Kingdom;
- (b) the recipient of the distribution is a section 505 body; and
- (c) the section 505 body is entitled to the payment of a tax credit in respect of the distribution,

the section 505 body, on a claim made under this section to the Board, shall (in addition to its entitlement to payment of the tax credit) be entitled to be paid by the Board out of money provided by Parliament an amount determined in accordance with subsection (2) below.

- (2) The amount referred to in subsection (1) above is an amount equal to—
 - (a) one-fifteenth of the amount or value of the distribution if the distribution is made on or after 6th April 1993 and before 6th April 1994;
 - (b) one-twentieth of that amount or value if the distribution is made on or after 6th April 1994 and before 6th April 1995;
 - (c) one-thirtieth of that amount or value if the distribution is made on or after 6th April 1995 and before 6th April 1996;
 - (d) one-sixtieth of that amount or value if the distribution is made on or after 6th April 1996 and before 6th April 1997.
- (3) For the purposes of this section each of the following is a section 505 body—
 - (a) any charity (as defined in section 506(1) of the Taxes Act 1988);
 - (b) each of the bodies mentioned in section 507 of that Act (heritage bodies);
 - (c) any Association of a description specified in section 508 of that Act (scientific research organisations).
- (4) Any entitlement of a section 505 body to a payment under the preceding provisions of this section shall be subject to a power of the Board to determine (whether before or after any payment is made) that, having regard to the operation in relation to the qualifying distribution in question of section 235, 237 or 703 of the Taxes Act 1988 (distributions of exempt funds, bonus issues and tax avoidance provisions), that body is to be treated as if it had had no entitlement to that payment or to so much of it as they may determine.
- (5) No claim may be made under this section later than two years after the end of the chargeable period of the section 505 body in which the distribution is made.
- (6) An appeal may be brought against any decision of the Board under this section by giving written notice to the Board within thirty days of receipt of written notice of the decision.
- (7) An appeal under this section shall lie to the Special Commissioners, and the provisions of the ^{M4}Taxes Management Act 1970 relating to appeals under the Tax Acts shall apply to an appeal under this section as they apply to those appeals.
- (8) Any payment of an amount under this section shall be treated for the purposes of section 252 of the Taxes Act 1988 (rectification of excessive set-off etc. of ACT or tax credit) as a payment of tax credit.

Marginal Citations

M4 1970 c. 9.

Status: Point in time view as at 06/04/2005.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

F1881

Textual Amendments

F18 S. 81 repealed (31.7.1998 with effect in accordance with Sch. 3 of the repealing Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(2), Note

Chargeable gains

82 Annual exempt amount for 1993-94.

For the year 1993-94 section 3 of the ^{M5}Taxation of Chargeable Gains Act 1992 (annual exempt amount) shall have effect as if the amount specified in subsection (2) were £5,800, and accordingly subsection (3) of that section (indexation) shall not apply for that year.

Marginal Citations

M5 1992 c. 12.

83 Annual exempt amount: indexation for 1994-95 onwards.

- (1) In section 3(3) of the ^{M6}Taxation of Chargeable Gains Act 1992 (indexation of annual exempt amount) for “December” (in each place) there shall be substituted “September”.
- (2) This section shall have effect for the year 1994-95 and subsequent years of assessment.

Marginal Citations

M6 1992 c. 12.

84 Re-organisations etc. involving debentures.

- (1) In section 117 of the Taxation of Chargeable Gains Act 1992 (meaning of qualifying corporate bond), after subsection (6) there shall be inserted the following subsection—

“(6A) For the purposes of this section “corporate bond” also includes, except in relation to a person who acquires it on or after a disposal in relation to which section 115 has or has had effect in accordance with section 116(10)(c), any debenture issued on or after 16th March 1993 which is not a security (as defined in section 132) but—

 - (a) is issued in circumstances such that it would fall by virtue of section 251(6) to be treated for the purposes of section 251 as such a security; and
 - (b) would be a corporate bond if it were a security as so defined.”
- (2) In section 251 of that Act (general provisions in relation to debts), after subsection (5) there shall be inserted the following subsection—

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“(6) For the purposes of this section a debenture issued by any company on or after 16th March 1993 shall be deemed to be a security (as defined in section 132) if—

- (a) it is issued on a reorganisation (as defined in section 126(1)) or in pursuance of its allotment on any such reorganisation;
- (b) it is issued in exchange for shares in or debentures of another company and in a case unaffected by section 137 where one or more of the conditions mentioned in paragraphs (a) to (c) of section 135(1) is satisfied in relation to the exchange;
- (c) it is issued under any such arrangements as are mentioned in subsection (1)(a) of section 136 and in a case unaffected by section 137 where section 136 requires shares or debentures in another company to be treated as exchanged for, or for anything that includes, that debenture; or
- (d) it is issued in pursuance of rights attached to any debenture issued on or after 16th March 1993 and falling within paragraph (a), (b) or (c) above.”

(3) This section shall have effect in relation to any chargeable period ending on or after 16th March 1993 but, in relation to any accounting period of a company which began before 6th April 1992, this section shall have effect as if the references in this section, and in the amendments made by this section, to provisions of the Taxation of Chargeable Gains Act 1992 were references to such of the provisions of the ^{M7}Capital Gains Tax Act 1979 and the ^{M8}Finance Act 1984 as correspond to those provisions and have effect in relation to that accounting period.

Marginal Citations

- M7** 1979 c. 14.
M8 1984 c. 43.

85 Personal equity plans.

After subsection (3) of section 151 of the Taxation of Chargeable Gains Act 1992 (personal equity plans) there shall be inserted the following subsection—

“(4) Regulations under this section may include provision which, for cases where a person subscribes to a plan by transferring or renouncing shares or rights to shares—

- (a) modifies the effect of this Act in relation to their acquisition and their transfer or renunciation; and
- (b) makes consequential modifications of the effect of this Act in relation to anything which (apart from the regulations) would have been regarded on or after their acquisition as an indistinguishable part of the same asset.”

86 Roll-over relief.

(1) In section 155 of the ^{M9}Taxation of Chargeable Gains Act 1992 (classes of assets for the purposes of roll-over relief), after Class 5 there shall be inserted—

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“CLASS 6

Ewe and suckler cow premium quotas (that is, rights in respect of any ewes or suckler cows to receive payments by way of any subsidy entitlement to which is determined by reference to limits contained in a Community instrument).”

- (2) The Treasury may by order made by statutory instrument amend that section so as to add one or more further classes of assets to the classes specified in that section.

[^{F19}Any such order may make such consequential amendments of Schedule 7AB as appear to the Treasury to be appropriate.

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- (3) A statutory instrument containing an order under subsection (2) above shall be subject to annulment in pursuance of a resolution of the House of Commons.
- (4) Subsection (1) above shall apply where the disposal of the old assets (or an interest in them) or the acquisition of the new assets (or an interest in them) is on or after 1st January 1993; but, in relation to any accounting period of a company which began before 6th April 1992, subsection (1) above shall have effect as if the inserted class were numbered 5 and were inserted after Class 4 in section 118 of the ^{M10}Capital Gains Tax Act 1979.

Textual Amendments

F19 Words in s. 86(2) added (24.7.2002 with application as mentioned in s. 43(4) of the amending Act) by 2002 c. 23, s. 43(3)(4)

Marginal Citations

M9 1992 c. 12.
M10 1979 c. 14.

87 Relief on retirement or re-investment.

- (1) Schedule 7 to this Act (which amends the provisions of the Taxation of Chargeable Gains Act 1992 with respect to retirement relief and makes new provision in relation to relief on the re-investment of certain gains) shall have effect.
- (2) This section and that Schedule shall have effect in relation to any disposal made on or after 16th March 1993.

88 Restriction on set-off of pre-entry losses.

- (1) After section 177 of the Taxation of Chargeable Gains Act 1992 there shall be inserted the following section—

“177A Restriction on set-off of pre-entry losses.

Schedule 7A to this Act (which makes provision in relation to losses accruing to a company before the time when it becomes a member of a group of

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companies and losses accruing on assets held by any company at such a time) shall have effect.”

- (2) The Schedule set out in Schedule 8 to this Act shall be inserted after Schedule 7 to that Act.
- (3) This section and that Schedule—
 - (a) shall apply for the calculation of the amount to be included in respect of chargeable gains in a company’s total profits for any accounting period ending on or after 16th March 1993; but
 - (b) shall so apply only in relation to the deduction from chargeable gains accruing on or after 16th March 1993 of amounts in respect of, or of amounts carried forward in respect of—
 - (i) pre-entry losses accruing before it became a member of the relevant group to a company whose membership of that group began or begins at a time on or after 1st April 1987; and
 - (ii) losses accruing on the disposal of any assets so far as it is by reference to such a company that the assets fall to be treated as being or having been pre-entry assets or assets incorporating a part referable to pre-entry assets.
- (4) In relation to accounting periods beginning before 6th April 1992 this section and that Schedule shall have effect as if—
 - (a) the section and Schedule inserted by subsections (1) and (2) above were inserted in the ^{M11}Capital Gains Tax Act 1979; and
 - (b) references in the Schedule so inserted to provisions of the ^{M12}Taxation of Chargeable Gains Act 1992 were references to such of the provisions of that Act of 1979 or of any other enactment as correspond to the provisions referred to and have effect in relation to that accounting period.

Marginal Citations

M11 1979 c. 14.

M12 1992 c. 12.

89 De-grouping charges.

- (1) In section 179(4) of the Taxation of Chargeable Gains Act 1992 (time at which de-grouping charges accrue), for the words from “as follows” onwards there shall be substituted “at whichever is the later of the following, that is to say—
 - (a) the time immediately after the beginning of the accounting period of that company in which or, as the case may be, at the end of which the company ceases to be a member of the group; and
 - (b) the time when under subsection (3) above it is treated as having reacquired the asset;

and subsection (2) of section 409 of the Taxes Act (group relief) shall require any apportionment under that subsection to be made accordingly but shall not require any reference in this subsection to an accounting period to have effect for any of the purposes specified in subsection (3) of that section as a reference to any accounting period other than a true accounting period. ”

Status: Point in time view as at 06/04/2005.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

- (2) This section shall have effect in relation to accounting periods ending after the day appointed for the purposes of section 180(1)(b) of that Act.

F2090

Textual Amendments

F20 S. 90 repealed (28.7.2000 with effect as mentioned in Sch. 40 Pt. II(12), note 10 of the amending Act) by 2000 c. 17, s. 156, Sch. 40 Pt. II(12)

91 Deemed disposals of unit trusts by insurance companies.

- (1) Section 212 of the Taxation of Chargeable Gains Act 1992 (annual deemed disposal by insurance companies of unit trusts) shall have effect in relation to accounting periods beginning on or after 1st January 1993; and neither that section nor section 46 of the ^{M13}Finance Act 1990 (which is consolidated in that section) shall have effect in relation to any earlier accounting period in relation to which either of them would have applied apart from this subsection.
- (2) In relation to any accounting period beginning on or after 1st January 1993—
- (a) section 432A of the Taxes Act 1988 shall have effect with the omission of subsection (10) (which disapplies the apportionment rules in that section in the case of a deemed disposal under section 212 of that Act of 1992); and
 - (b) that section 212 shall have effect with the omission, in subsection (2), of the words from “and in relation to” onwards and of subsections (3), (4) and (6) (which provide for a different apportionment rule in the case of the deemed disposal).
- (3) In subsection (7) of that section 212, in the words after paragraph (b) (application of definitions in the Taxes Act 1988), for “and 214” there shall be substituted “to 214A”.
- (4) After section 213(1) of that Act of 1992 (spreading of gains and losses), there shall be inserted the following subsection—
- “(1A) Subsection (1) above shall not apply to chargeable gains or allowable losses except so far as they are gains or losses which—
- (a) are referable to basic life assurance and general annuity business; or
 - (b) would (apart from that subsection) be taken into account in computing the profits of any business treated as a separate business under section 458 of the Taxes Act;
- and that subsection shall apply separately in relation to the gains and losses falling within paragraph (a) above and those falling within paragraph (b) above for the purpose of determining what chargeable gains or allowable losses so referable are to be treated as accruing under that subsection and what chargeable gains or allowable losses to be so taken into account are to be treated as so accruing.”
- (5) Section 214 of that Act of 1992 shall have effect with the omission of subsections (3) to (5) (run-off relief), and after that section there shall be inserted the following section—

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

“214A Further transitional provisions.

- (1) This section applies where within two years after the end of an accounting period beginning on or after 1st January 1993 (“the relevant period”)—
 - (a) an insurance company makes a claim for the purposes of this section in relation to that period; and
 - (b) that period is one of the company’s first eight accounting periods after the end of 1992.
- (2) Where this section applies, section 213 shall have effect as if—
 - (a) the amount of the chargeable gains which—
 - (i) apart from that section and this section, would be treated as accruing on disposals deemed by virtue of section 212 to have been made at the end of the relevant period, and
 - (ii) satisfy the condition specified in paragraph (a) of section 213(1A),were reduced by the protected proportion of that amount; and
 - (b) an amount equal to the appropriate part of that reduction were (subject to section 213) a chargeable gain satisfying that condition and accruing at the end of each of the accounting periods in which the reduction is to be taken into account.
- (3) For the purposes of subsection (2) above the protected proportion, in relation to the relevant period, of the amount mentioned in paragraph (a) of that subsection shall be an amount equal to the amount calculated in accordance with the following formula—

$$\frac{R}{T}$$

- (4) In subsection (3) above—

A is so much of the amount mentioned in subsection (2)(a) above as represents chargeable gains on section 212 assets which at the end of the relevant period were linked solely to the basic life assurance and general annuity business of the company in question;

B is so much of the amount so mentioned as represents chargeable gains on linked section 212 assets which at the end of that period were partially linked to that business;

C is the amount of such of the closing liabilities at the end of that period of the company’s basic life assurance and general annuity business as were liabilities in respect of benefits to be determined by reference to the value of linked section 212 assets which were then partially linked to that business;

D is the amount of all the closing liabilities of the company at the end of that period which were long term business liabilities in respect of benefits to be so determined;

E is the amount of such of the closing liabilities of the company on the relevant date as were relevant linked liabilities in respect of benefits determined by reference to linked section 212 assets;

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

F is the amount of all the closing liabilities on the relevant date of the company's basic life assurance and general annuity business which were liabilities in respect of such benefits; and

G is the number of accounting periods in the first nine accounting periods of the company after the end of 1992 which remain after the end of the relevant period or, as the case may be, which would so remain apart from any cessation of the carrying on of any business of the company;

and for the purposes of this subsection the relevant date is, subject to subsection (7) below, the time of the first disposal which is deemed to have been made by the company in question under section 212.

- (5) For the purposes of this section and subject to subsection (6) below—
- (a) a reduction made under subsection (2) above in relation to the accounting period of any company shall be taken into account in every succeeding accounting period of that company which is included in the first nine accounting periods of that company after the end of 1992; and
 - (b) in relation to any accounting period in which a reduction is to be taken into account, the appropriate part of the reduction is—
 - (i) if that is the only accounting period in which it falls to be taken into account, the whole of the reduction; and
 - (ii) in any other case, the amount of the reduction divided by the number of the accounting periods after the period in which the reduction is made in which the reduction falls to be taken into account or, as the case may be, would so fall apart from any cessation of the carrying on of any business of the company.
- (6) Subject to subsection (7) below, where a company ceases to carry on long term business before the end of the first nine accounting periods after the end of 1992, the appropriate part of any reduction in relation to the accounting period ending with the cessation shall be such as to secure that the whole of the reduction has been taken into account under subsection (2)(b) above.
- (7) Where at any time on or after 1st January 1993 there is a transfer of the whole or part of the long term business of an insurance company (“the transferor”) to another company (“the transferee”) in accordance with a scheme sanctioned by a court under section 49 of the ^{M14}Insurance Companies Act 1982, this section shall have effect so that—
- (a) the relevant date for the purposes of subsection (4) above shall be determined in relation to any disposal deemed to have been made after the transfer—
 - (i) by the transferee, or
 - (ii) in a case where the transfer is of part of the transferor's long term business, by the transferee or the transferor,
 as if there had been no deemed disposals under section 212 before the transfer; and
 - (b) any reduction which (on the assumption that the transferor had continued to carry on the transferred business) would have fallen to be taken into account under subsection (2)(b) above shall be taken into account instead in relation to the transferee.

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

- (8) Where the transfer is of part only of the transferor's long term business, subsection (7)(b) above shall apply only to such part of any reduction to which it would otherwise apply as is appropriate.
- (9) Any question arising as to the operation of subsection (8) above shall be determined by the Special Commissioners who shall determine the question in the same manner as they determine appeals; but both the transferor and transferee shall be entitled to appear and be heard or to make representations in writing.
- (10) This section shall have effect in relation to any cases in which there is such a transfer as is mentioned in subsection (7) above as if the accounting periods to be taken into account in any calculation for the purposes of this section of the number of accounting periods of the transferee after the end of 1992, and the only accounting periods in relation to which any reduction is to be taken into account under paragraph (b) of that subsection, were—
- (a) the accounting periods of the transferor which began on or after 1st January 1993 and ended on or before the day of the transfer (including any which, by reference to a transfer in relation to which the transferor is a transferee, are taken into account in accordance with this subsection as accounting periods of the transferor); and
 - (b) the accounting periods of the transferee ending after the day of the transfer,
- and this section shall have effect in relation to such a reduction as if the first accounting period of the transferee to end after the day of the transfer began with the day after the transfer.
- (11) For the purposes of this section assets shall be taken to be partially linked to a company's basic life assurance and general annuity business if they are not linked solely to that business and are neither—
- (a) linked solely to any pension business or long term business of that company other than life assurance business; nor
 - (b) assets of the company's overseas life assurance fund;
- and subsection (1) of section 214 shall apply for the purposes of this section as it applies for the purposes of that section.
- (12) Subject to subsection (10) above, the references in this section, in relation to any company, to the first eight accounting periods of a company after the end of 1992 are references to the first accounting period of that company to begin on or after 1st January 1993 and to the succeeding seven accounting periods of that company, and references to the first nine accounting periods of a company after the end of 1992 shall be construed accordingly.”
- (6) In section 214(6)(a) of that Act of 1992 (replacement relief), after “1989” there shall be inserted “ and before the time when it is first deemed under section 212 to have made a disposal of any assets ”.

Marginal Citations

M13 1990 c. 29.

M14 1982 c. 50.

Status: Point in time view as at 06/04/2005.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

F²¹ Corporation tax: currency

Textual Amendments

F21 Ss. 92-92E substituted for ss. 92-94AB (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 10 para. 77](#)

92 The basic rule: sterling to be used

- (1) For the purposes of corporation tax the profits of a company for an accounting period must be computed and expressed in sterling.
- (2) The following sections contain further provision as to the application of subsection (1) to certain profits or losses falling to be computed in accordance with generally accepted accounting practice—
 - section 92A (company operating in sterling and preparing accounts in another currency);
 - section 92B (company operating in currency other than sterling and preparing accounts in another currency);
 - section 92C (company preparing accounts in currency other than sterling).

92A Company operating in sterling and preparing accounts in another currency

- (1) This section applies if, for a period of account, in accordance with generally accepted accounting practice, a company resident in the United Kingdom—
 - (a) prepares its accounts in a currency other than sterling, and
 - (b) in those accounts identifies sterling as its functional currency.
- (2) Profits or losses of the company for the period that fall to be computed in accordance with generally accepted accounting practice for corporation tax purposes must be computed in sterling as if the company prepared its accounts in sterling.

92B Company operating in currency other than sterling and preparing accounts in another currency

- (1) This section applies if, for a period of account, in accordance with generally accepted accounting practice—
 - (a) a company resident in the United Kingdom prepares its accounts in one currency,
 - (b) in those accounts it identifies another currency as its functional currency, and
 - (c) that currency is not sterling.
- (2) Profits or losses of the company for the period that fall to be computed in accordance with generally accepted accounting practice for corporation tax purposes must be computed in sterling by—
 - (a) computing those profits or losses in the functional currency as if the company prepared its accounts in that currency, and
 - (b) taking the sterling equivalent of those profits or losses.

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

- (3) Where this section applies, it shall be assumed that any sterling amount mentioned in the Corporation Tax Acts is its equivalent expressed in the functional currency of the company.

92C Company preparing accounts in currency other than sterling

- (1) This section applies in relation to a company resident in the United Kingdom if, for a period of account—
- (a) the company prepares its accounts in a currency other than sterling (the “accounts currency”), and
 - (b) neither section 92A nor section 92B applies.
- (2) This section also applies in relation to a company that is not resident in the United Kingdom if, for a period of account, the company prepares its return of accounts in a currency other than sterling (the “accounts currency”).
- (3) Profits or losses of the company for the period that fall to be computed in accordance with generally accepted accounting practice for corporation tax purposes must be computed in sterling by—
- (a) computing those profits or losses in the accounts currency, and
 - (b) taking the sterling equivalent of those profits or losses.
- (4) Where this section applies, it shall be assumed that any sterling amount mentioned in the Corporation Tax Acts is its equivalent expressed in the accounts currency of the company.

92D Translating amounts into equivalent in different currency

- (1) Where, for the purposes of computing the profits or losses of a company for an accounting period, an amount is required by section 92B or 92C to be translated—
- (a) into its sterling equivalent, or
 - (b) into its equivalent expressed in the functional currency or the accounts currency of the company,
- the translation must be made by reference to the appropriate exchange rate.
- (2) The “appropriate exchange rate” is—
- (a) the average exchange rate for the current accounting period, or
 - (b) an appropriate spot rate of exchange for the transaction in question.

92E Meaning of “accounts”, “return of accounts” and “functional currency”

- (1) References in sections 92A to 92C to the “accounts” of a company resident in the United Kingdom are to—
- (a) the annual accounts of the company required by Part 7 of the Companies Act 1985 or Part 8 of the Companies (Northern Ireland) Order 1986; or
 - (b) if the company is not required to prepare such accounts, the accounts which it is required to keep under the law of the country or territory under whose laws the company is incorporated; or
 - (c) if the company is not so required to keep accounts, such of its accounts as most closely correspond to accounts which it would have been required to prepare if the provisions of Part 7 of the Companies Act 1985 applied to it.

Status: Point in time view as at 06/04/2005.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

- (2) The reference in section 92C to the “return of accounts” of a company not resident in the United Kingdom is to a return of such accounts of its permanent establishment in the United Kingdom as may be required by the Inland Revenue under paragraph 3 of Schedule 18 to the Finance Act 1998 (company tax returns).
- (3) References in sections 92A, 92B and 92D to a company’s “functional currency” are to the currency of the primary economic environment in which the company operates.]

F2295

Textual Amendments

F22 Ss. 92-94 substituted (28.7.2000 with effect as mentioned in 105(2)-(5) of the amending Act) for ss. 92-95 by 2000 c. 17, s. 105(1)

[F2396 Foreign companies: trading currency.

- (1) In Schedule 24 to the Taxes Act 1988 (assumptions for calculating chargeable profits, creditable tax and corresponding United Kingdom tax of foreign companies) the following paragraph shall be inserted after paragraph 4—

“4A (1) Sub-paragraph (2) below applies where—

- (a) the company carries on a trade, and
- (b) the currency used in the accounts of the company for an accounting period is a currency other than sterling.

(2) It shall be assumed that by virtue of regulations under section 93 of the Finance Act 1993 (corporation tax: currency to be used) the basic profits or losses of the trade for the accounting period are to be computed and expressed for the purposes of corporation tax in the currency used in the accounts of the company for the period.

(3) References in this paragraph to the accounts of a company—

- (a) are to the accounts which the company is required by the law of its home State to keep, or
- (b) if the company is not required by the law of its home State to keep accounts, are to the accounts of the company which most closely correspond to the individual accounts which companies formed and registered under the ^{M15}Companies Act 1985 are required by that Act to keep;

and for the purposes of this paragraph the home State of a company is the country or territory under whose law the company is incorporated.

(4) The reference in sub-paragraph (2) above to the basic profits or losses of the trade for the accounting period shall be construed in accordance with section 93 of the Finance Act 1993.”

- (2) This section applies in relation to any accounting period beginning on or after the day appointed under section 165(7)(b) below.]

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Textual Amendments

F23 S. 96 repealed (*retrospectively*) by 1995 c. 4, s. 162, **Sch. 29 Pt. VIII(18)**, Note

Marginal Citations

M15 1985 c. 6.

Overseas life insurance companies

97 Modification of Taxes Act 1988.

(1) The following shall be inserted after section 444A of the Taxes Act 1988—

“Provisions applying in relation to overseas life insurance companies

444B Modification of Act in relation to overseas life insurance companies.

Schedule 19AC (which makes modifications of this Act in relation to overseas life insurance companies) shall have effect.”

(2) Schedule 9 to this Act (which inserts Schedule 19AC into that Act and makes further provision) shall have effect.

98 Modification of section 440 of Taxes Act 1988.

(1) The following section shall be inserted after section 444B of the Taxes Act 1988—

“444C Modification of section 440.

(1) Where the company mentioned in section 440(1) is an overseas life insurance company, section 440 shall have effect with the modifications in subsections (2) and (3) below.

(2) Subsection (4) shall be treated as if—

- (a) paragraph (c) were omitted;
- (b) in paragraphs (a), (b), (d) and (e), the words “UK assets” were substituted for the word “assets”; and
- (c) at the end there were inserted the following paragraphs—
 - (f) section 11C assets;
 - (g) non-UK assets.”

(3) The following subsection shall be treated as inserted at the end of the section—

(6) For the purposes of this section—

- (a) UK assets are—
 - (i) section 11(2)(b) assets;
 - (ii) section 11(2)(c) assets; or

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

- (iii) assets which by virtue of section 11B are attributed to the branch or agency in the United Kingdom through which the company carries on life assurance business;
- (b) section 11C assets are assets—
 - (i) (in a case where section 11C (other than subsection (9)) applies) of the relevant fund, other than UK assets; or
 - (ii) (in a case where that section including that subsection applies) of the relevant funds, other than UK assets;
- (c) non-UK assets are assets which are not UK assets or section 11C assets;

and any expression used in this subsection to which a meaning is given by section 11A has that meaning.”

- (4) Where one or each of the companies mentioned in section 440(2) is an overseas life insurance company, section 440(2)(b) and (4) shall have effect as if for “categories”, in each place where the word occurs, there were substituted “paragraphs”.
- (5) Where the transferor company mentioned in section 440(2) is an overseas life insurance company, section 440 shall have effect, as regards the time immediately before the acquisition, with the modifications in subsections (2) and (3) above.
- (6) Where the acquiring company mentioned in section 440(2) is an overseas life insurance company, section 440 shall have effect, as regards the time immediately after the acquisition, with the modifications in subsections (2) and (3) above.”

- (2) This section shall apply—
 - (a) so far as section 440(1) is concerned, as regards events falling on or after the first day of the relevant accounting period of the company concerned;
 - (b) so far as section 440(2) is concerned, as regards events falling on or after the first day of the relevant accounting period of the transferor company or on or after the first day of the relevant accounting period of the acquiring company (whichever of those days falls later).

- (3) For the purposes of subsection (2) above a company’s relevant accounting period is its first accounting period to begin after 31st December 1992.

F24⁹⁹

Textual Amendments
F24 S. 99 repealed (1.5.1995 with effect in accordance with Sch. 8 para. 57 of the repealing Act) by 1995 c. 4, s. 162, **Sch. 29 Pt. VIII(5)**, Note 2

100 Income from investments attributable to BLAGAB, etc.

F25⁽¹⁾

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

- (2) In section 475 of that Act (tax-free Treasury securities: exclusion of interest on borrowed money), in subsection (6)—
- ^{F25}(a)
- (b) for the words “of the life assurance fund”, in each place where they occur, there shall be substituted the words “attributable to basic life assurance and general annuity business”.
- (3) This section shall apply in relation to accounting periods beginning after 31st December 1992.

Textual Amendments

F25 S. 100(1)(2)(a) repealed (1.5.1995 with effect in accordance with Sch. 8 para. 57 of the repealing Act) by 1995 c. 4, s. 162, **Sch. 29 Pt. VIII(5)**, Note 2

101 Modification of Finance Act 1989.

- (1) The following section shall be inserted after section 89 of the ^{M16}Finance Act 1989—

“89A Modification of sections 83 and 89 in relation to overseas life insurance companies.

Schedule 8A to this Act (which makes modifications of sections 83 and 89 in relation to overseas life insurance companies) shall have effect.”

- (2) Schedule 10 to this Act (which inserts Schedule 8A into that Act) shall have effect.

Marginal Citations

M16 1989 c. 26.

102 Modification of Taxation of Chargeable Gains Act 1992.

- (1) The following section shall be inserted after section 214A of the ^{M17}Taxation of Chargeable Gains Act 1992—

“214B Modification of Act in relation to overseas life insurance companies.

Schedule 7B (which makes modifications of this Act in relation to overseas life insurance companies) shall have effect.”

- (2) Schedule 11 to this Act (which inserts Schedule 7B into that Act) shall have effect.

Marginal Citations

M17 1992 c. 12.

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

103 Amendment of definition and repeals.

- (1) In section 431(2) of the Taxes Act 1988 (definitions), in the definition of “overseas life insurance company” for the words “having its head office outside” there shall be substituted the words “not resident in”.
- (2) The following provisions of that Act shall cease to have effect—
 - (a) section 445 (charge to tax on investment income of overseas life insurance company);
 - (b) section 446(1) (qualifying distributions part of profits of pension business of overseas life insurance company);
 - (c) section 447(1), (2) and (4) (set-off of income tax and tax credits against corporation tax assessed under section 445);
 - (d) section 448 (qualifying distributions and tax credits);
 - (e) section 449 (double taxation agreements);
 - (f) section 724(5) to (8) (special provisions of accrued income scheme for overseas life insurance companies);
 - (g) section 811(2)(c) (provision about deduction of foreign tax not to affect overseas life insurance company charged under section 445);
 - (h) paragraph 1(9) of Schedule 19AB (payments on account of tax credits in case of pension business: special provision for overseas life insurance companies).
- (3) Subject to subsection (4) below, this section shall apply in relation to accounting periods beginning after 31st December 1992.
- ^{F26}(4)

Textual Amendments

F26 S. 103(4) repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the repealing Act) by 1996 c. 8, s. 205, Sch. 41 Pt. V(3) Note

Approved share option schemes

104 Calculation of consideration.

After section 149 of the ^{M18}Taxation of Chargeable Gains Act 1992 there shall be inserted the following section—

“149A Approved share option schemes.

- (1) This section applies where—
 - (a) an option is granted on or after 16th March 1993,
 - (b) the option consists of a right to acquire shares in a body corporate and is obtained as mentioned in section 185(1) of the Taxes Act (approved share option schemes), and
 - (c) section 17(1) would (apart from this section) apply for the purposes of calculating the consideration for the grant of the option.
- (2) The grantor of the option shall be treated for the purposes of this Act as if section 17(1) did not apply for the purposes of calculating the consideration

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

and, accordingly, as if the amount or value of the consideration was its actual amount or value.

- (3) Where the option is granted wholly or partly in recognition of services or past services in any office or employment, the value of those services shall not be taken into account in calculating the actual amount or value of the consideration.
- (4) The preceding provisions of this section shall not affect the treatment for the purposes of this Act of the person to whom the option is granted.”

Marginal Citations

M18 1992 c. 12.

105 Expenditure on shares.

^{F27}(1)

^{F27}(2)

(3) In section 32A(5) of the ^{M19}Capital Gains Tax Act 1979 (expenditure: amounts to be included as consideration)—

(a) for the words “section 185(6)” there shall be substituted the words “ the applicable provision ”, and

(b) at the end there shall be inserted “; and in this subsection “the applicable provision” means—

(a) subsection (6) of section 185 of the Taxes Act (as that subsection had effect before the coming into force of section 39(5) of the ^{M20}Finance Act 1991), or

(b) subsection (6A) of that section.”

(4) The ^{M21}amendments made by subsection (3) above shall be deemed to have come into force on 1st January 1992 (but shall have effect subject to the repeals made by the Taxation of Chargeable Gains Act 1992).

Textual Amendments

F27 S. 105(1)(2) repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

Commencement Information

I1 S. 105 in force at Royal Assent. the amendments made by s. 105(1) are deemed always to have had effect, see s. 105(2); the amendments made by S. 105(3) are deemed to have come into force on 1.1.1992, see s. 105(4)

Marginal Citations

M19 1979 c. 14.

M20 1991 c. 31.

M21 1992 c. 12.

Status: Point in time view as at 06/04/2005.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

Indexation: miscellaneous

106 Earnings cap etc: no indexation in 1993-94.

The figure £75,000 shall be deemed to be the figure found for the year 1993-94, for the purposes of section 590C of the Taxes Act 1988, by virtue of section 590C(4) and (5) (indexation of earnings cap for retirement benefits schemes and certain other figures).

107 Indexation of allowances etc. for 1994-95 onwards.

- (1) The Taxes Act 1988 shall be amended as mentioned in subsections (2) to (6) below.
- (2) In section 1—
 - (a) in subsection (4) (indexation of income tax bands) for “December” (in each place) there shall be substituted “September”;
 - (b) subsection (5) (no change required for PAYE before 18th May) shall be omitted.
- (3) In section 257C—
 - (a) in subsection (1) (indexation of personal allowance and married couple’s allowance) for “December” (in each place) there shall be substituted “September”;
 - (b) subsection (2) (no change required for PAYE before 18th May) shall be omitted.
- (4) In section 590C (earnings cap for retirement benefits schemes) in subsection (5) (indexation) for “December” (in each place) there shall be substituted “September”.
- (5) In section 590C the following subsection shall be inserted after subsection (5)—

“(5A) If the retail prices index for the month of September preceding a year of assessment falling within subsection (4) above is not higher than it was for the previous September, the figure for that year shall be the same as the figure for the previous year of assessment.”; and accordingly, in subsection (4) of that section for “subsection (5)” there shall be substituted “ subsections (5) and (5A) ”.
- (6) In each of the provisions to which this subsection applies (provisions which refer to section 590C(4) and (5)) for “and (5)” there shall be substituted “ to (5A) ”; and this subsection applies to sections 590B(11), 592(8E), 594(7), 599(12) and 640A(4).
- (7) In Schedule 6 to the ^{M22}Finance Act 1989 (retirement benefits schemes) in paragraphs 20(6) and 22(5) (which refer to section 590C(4) and (5) of the Taxes Act 1988) for “and (5)” there shall be substituted “ to (5A) ”.
- (8) This section shall have effect for the year 1994-95 and subsequent years of assessment.

Marginal Citations

M22 1989 c. 26.

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Miscellaneous provisions about reliefs

108 Counselling services for employees.

In Chapter VI of Part XIII of the Taxes Act 1988, after section 589 there shall be inserted the following sections—

“589A Counselling services for employees.

- (1) This section applies where—
 - (a) qualifying counselling services are provided to a person (the employee) in connection with the termination of the holding by him of any office or employment, and
 - (b) the termination takes place on or after 16th March 1993.
- (2) This section also applies where—
 - (a) subsection (1)(a) above applies, and
 - (b) the termination takes place before 16th March 1993 but relevant expenditure is incurred on or after that date.
- (3) Relevant expenditure is expenditure incurred in—
 - (a) providing the qualifying counselling services to the employee,
 - (b) paying or reimbursing fees for the provision to the employee of the qualifying counselling services, or
 - (c) paying or reimbursing any allowable travelling expenses incurred in connection with the provision of the qualifying counselling services to the employee.
- (4) No charge to tax under Schedule E shall arise in respect of—
 - (a) the provision of the qualifying counselling services to the employee,
 - (b) the payment or reimbursement of fees for the provision to the employee of the qualifying counselling services, or
 - (c) the payment or reimbursement of any allowable travelling expenses incurred in connection with the provision of the qualifying counselling services to the employee.
- (5) Where this section applies by virtue of subsection (2) above, subsection (4) above shall apply only to the extent that the expenditure incurred in providing the services or paying or reimbursing the fees or expenses is incurred on or after 16th March 1993.
- (6) Subsection (4) above shall apply whether or not the person who provides the services or pays or reimburses the fees or expenses is the person under whom the employee holds or held the office or employment mentioned in subsection (1) above.
- (7) Subsections (8) to (10) below apply where any relevant expenditure is incurred by the person under whom the employee holds or held the office or employment mentioned in subsection (1) above (the employer).
- (8) If and so far as the expenditure would not, apart from this subsection, be so deductible, it shall be deductible in computing for the purposes of Schedule D

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

the profits or gains of the trade, profession or vocation of the employer for the purposes of which the employee is or was employed.

- (9) If the employer carries on a business and the expenses of management of the business are eligible for relief under section 75, subsection (8) above shall have effect as if for the words from “in computing” onwards there were substituted “as expenses of management for the purposes of section 75”.
- (10) Where this section applies by virtue of subsection (2) above, subsections (8) and (9) above shall apply only to the extent that the expenditure is incurred on or after 16th March 1993.

589B Qualifying counselling services etc.

- (1) Subsections (2) to (4) below apply for the purposes of section 589A.
- (2) Subject to subsection (3) below, services are qualifying counselling services if—
- (a) the purpose, or main purpose, of their provision is to enable the employee to adjust to the termination of his holding of the office or employment mentioned in section 589A(1) or is to enable him to find other gainful employment (including self-employment) or is to enable him to do both,
 - (b) the services consist wholly of any or all of the following, namely, giving advice and guidance, imparting or improving skills, and providing or making available the use of office equipment or similar facilities,
 - (c) the employee has been employed by the employer full-time throughout the period of two years ending at the time when the services begin to be provided to him or, if it is earlier, at the time he ceases to be employed by the employer,
 - (d) the opportunity to receive the services, on similar terms as to payment or reimbursement of any expenses incurred in connection with their provision, is available either generally to holders or past holders of offices or employment under the employer or to a particular class or classes of such holders or past holders, and
 - (e) the services are provided in the United Kingdom.
- (3) Where paragraphs (a) to (d) of subsection (2) above are satisfied in relation to particular services but the services are provided partly in and partly outside the United Kingdom, the extent to which the services are qualifying counselling services shall be determined on a just and reasonable basis.
- (4) In relation to services, allowable travelling expenses are those which would be deductible under section 198—
- (a) on the assumption that receipt of the services is one of the duties of the employee’s office or employment, and
 - (b) if the employee has in fact ceased to be employed by the employer, on the assumption that he continues to be employed by him.
- (5) Any reference in this section or section 589A to an employee being employed by an employer is a reference to the employee holding office or employment under the employer.”

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

109 Pre-trading expenditure.

- (1) In subsection (1) of section 401 of the Taxes Act 1988 (which gives relief for expenditure incurred within the five years before the beginning of any trade, profession or vocation), for “five” there shall be substituted “seven”.
- (2) After subsection (1) of that section there shall be inserted the following subsection—

“(1A) Where—

 - (a) a company pays any charge on income at a time before it begins to carry on any trade, and
 - (b) the payment is made wholly and exclusively for the purposes of that trade,

that payment, to the extent that it is not deducted otherwise than by virtue of this section from any profits, shall be treated for the purposes of corporation tax as paid on the day on which the trade is first carried on by the company.”
- (3) In section 338(5)(b) of that Act (payments not to be treated as charges on income), after “trade” there shall be inserted “ which is or is to be ”.
- (4) Subsections (1) and (2) above shall have effect where the time when the person begins to carry on the trade, profession or vocation falls after 31st March 1993, and subsection (3) above shall have effect in relation to payments made after that date.

110 Waste disposal expenditure.

- (1) In section 91A(6) of the Taxes Act 1988 (relevant licence for the purposes of restoration payments), after paragraph (b) there shall be inserted “or

 - (c) any authorisation under the ^{M23}Radioactive Substances Act 1960 or the ^{M24}Radioactive Substances Act 1993 for the disposal of radioactive waste or any nuclear site licence under the ^{M25}Nuclear Installations Act 1965.”

- (2) In section 91B of that Act (preparation expenditure for waste disposal), after subsection (10) there shall be inserted the following subsection—

“(10A) For the purposes of this section any expenditure incurred for the purposes of a trade by a person about to carry it on shall be treated as if it had been incurred by that person on the first day on which he does carry it on and in the course of doing so.”
- (3) This section shall have effect in relation to any case where the trade in question is begun after 31st March 1993.

Marginal Citations

- M23** 1960 c. 34.
M24 1993 c. 12.
M25 1965 c. 57.

111 Business expansion scheme: loan linked investments.

- (1) After section 299 of the Taxes Act 1988 there shall be inserted the following section—

Status: Point in time view as at 06/04/2005.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

“299A Loan linked investments.

- (1) An individual shall not be entitled to relief in respect of any shares in a company issued on or after 16th March 1993 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.
- (2) References in this section 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;
 and the references in section 307(6)(ca) to the making of a loan shall be construed accordingly.”
- (2) In sections 289(12)(a) and 310(1) and (10)(a) of that Act (definition of “the relevant period” and information provisions), after “299,”, in each case, there shall be inserted “299A,”.
- (3) In section 307(6) of that Act (reckonable date for the purposes of interest on relief that is withdrawn), after paragraph (c) there shall be inserted the following paragraph—
 - “(ca) in the case of relief withdrawn by virtue of section 299A in consequence of the making of any loan after the grant of the relief, the date of the making of the loan;”.
- (4) This section shall apply in relation to any case in which the claim for relief is made on or after 16th March 1993.

112 Employers’ pension contributions.

- (1) In section 592(4) of the Taxes Act 1988 (employers’ contributions to exempt approved schemes), at the end there shall be inserted “ but no other sum shall for those purposes be allowed to be deducted as an expense, or expense of management, in respect of the making, or any provision for the making, of any contributions under the scheme. ”
- (2) Subsection (1) above shall have effect in the case of any employer in relation to, as the case may be—
 - (a) any accounting period of that employer ending with a day after 5th April 1993; or
 - (b) any year of assessment the employer’s basis period for which ends with a day after that date.
- (3) Where—
 - (a) there is after 5th April 1993 an actual payment by an employer of a contribution under an exempt approved scheme,
 - (b) that payment would, apart from this subsection, be allowed to be deducted as an expense, or expense of management, of the employer in relation to any chargeable period in relation to which subsection (1) above has effect, and

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

- (c) the total of previously allowed deductions exceeds the relevant maximum, the amount allowed to be so deducted in respect of the payment mentioned in paragraph (a) above and of any other actual payments of contributions under the scheme which, having been made after 5th April 1993, fall within paragraph (b) above in relation to the same chargeable period shall be reduced by whichever is the smaller of the excess and the amount which reduces the deduction to nil.
- (4) In relation to any such actual payment by an employer of a contribution under an exempt approved scheme as would be allowed to be deducted as mentioned in subsection (3) above in relation to any chargeable period-
- (a) the reference in that subsection to the total of previously allowed deductions is a reference to the aggregate of every amount in respect of the making, or any provision for the making, of that or any other contributions under the scheme, which has been allowed to be deducted as an expense, or expense of management, of that person in relation to a previous chargeable period; and
- (b) the reference to the relevant maximum is a reference to the amount which would have been that aggregate if the restriction on deductions imposed by virtue of subsection (1) above had been applied in relation to every previous chargeable period;
- and for the purposes of this subsection an amount the deduction of the whole or any part of which falls to be taken into account as allowed in relation to more than one chargeable period shall be treated as if the amount allowed were a different amount in the case of each of those periods.
- (5) For the purposes of this section any payment which is treated under subsection (6) of section 592 of the Taxes Act 1988 as spread over a period of years shall be treated as actually paid at the time when it is treated as paid in accordance with that subsection.
- (6) After subsection (6) of section 592 of the Taxes Act 1988 there shall be inserted the following subsection—
- “(6A) Where any sum is paid to the trustees of the scheme in or towards the discharge of any liability of an employer under section 58B of the ^{M26}Social Security Pensions Act 1975 or section 144 of the Pension Schemes Act 1993 (deficiencies in the assets of a scheme) or under Article 68B of the ^{M27}Social Security Pensions (Northern Ireland) Order 1975 or section 140 of the Pension Schemes (Northern Ireland) Act 1993 (which contain corresponding provision for Northern Ireland), the payment of that sum—
- (a) shall be treated for the purposes of this section as an employer’s contribution under the scheme; and
- (b) notwithstanding (where it is the case) that the employer’s trade, profession, vocation or business is permanently discontinued before the making of the payment, shall be allowed, in accordance with subsection (4) above, to be deducted as such a contribution to the same extent as it would have been allowed but for the discontinuance and as if it had been made on the last day on which the trade, profession, vocation or business was carried on.”; and this subsection shall have effect in relation to any payment made on or after the day on which this Act is passed.
- (7) In this section—
- “basis period”, in relation to any person, means a period on the profits or gains of which income tax for any year of assessment falls to be finally

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

computed under Case I or II of Schedule D [^{F28}or under Part 2 of the Income Tax (Trading and Other Income) Act 2005] in respect of the trade, profession or vocation of that person (being the later period in any case where the profits and gains of an earlier period are taken to be the profits and gains of a later period); and

“exempt approved scheme” has the meaning given by section 592(1) of the Taxes Act 1988.

Textual Amendments

F28 Words in s. 112(7) inserted (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 463](#) (with Sch. 2)

Marginal Citations

M26 1975 c. 60.

M27 S.I. 1975/1503 (N.I. 15).

Capital allowances

^{F29}**113**

Textual Amendments

F29 S. 113 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by [2001 c. 2, s. 580, Sch. 4](#)

^{F30}**114**

Textual Amendments

F30 S. 114 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by [2001 c. 2, s. 580, Sch. 4](#)

^{F31}**115**

Textual Amendments

F31 S. 115 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by [2001 c. 2, s. 580, Sch. 4](#)

^{F32}**116**

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Textual Amendments

F32 S. 116 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 580, Sch. 4

^{F33} **117 Transactions between connected persons etc.**

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Textual Amendments

F33 S. 117 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the amending Act) by 2001 c. 2, s. 580, Sch. 4

Miscellaneous

118 Scottish trusts.

- (1) Where—
- (a) any of the income of a trust having effect under the law of Scotland is income to which a beneficiary of the trust would have an equitable right in possession if that trust had effect under the law of England and Wales, and
 - (b) the trustees of that trust are resident in the United Kingdom,
- the rights of that beneficiary shall be deemed for the purposes of the Income Tax Acts to include such a right to that income notwithstanding that no such right is conferred according to the law of Scotland.
- (2) This section shall have effect in relation to the income of any trust for the year 1993–94 or any subsequent year of assessment.

119 Controlled foreign companies.

- (1) In section 750(1) of the Taxes Act 1988 (meaning of lower level of taxation for purposes of provisions relating to controlled foreign companies) for “one-half” there shall be substituted “three-quarters”.
- (2) Subsection (1) above shall apply in relation to accounting periods beginning on or after 16th March 1993.
- (3) Where a company is by virtue of section 749(1) or (2) of the Taxes Act 1988 regarded as resident in a territory outside the United Kingdom and (apart from this section)—
- (a) an accounting period of the company would begin before 16th March 1993 and end on or after that date, and
 - (b) the company would not be considered to be subject, by virtue of section 750(1) of that Act, to a lower level of taxation in that accounting period in the territory in which it is regarded as resident,
- for the purposes of Chapter IV of Part XVII of that Act that accounting period shall be treated as ending on 15th March 1993.

Status: Point in time view as at 06/04/2005.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

120 Pay and file: miscellaneous amendments.

Schedule 14 to this Act (which makes various amendments of the ^{M28}Taxes Management Act 1970, the Taxes Act 1988 and the ^{M29}Finance Act 1989 with a view to, or in connection with, the introduction of “pay and file”) shall have effect.

Marginal Citations

M28 1970 c. 9.

M29 1989 c. 26.

^{F34}121

Textual Amendments

F34 S. 121 repealed (11.5.2001 with effect in accordance with s. 87 of the amending Act) by 2001 c. 9, s. 110, Sch. 33 Pt. II(12), note

122 Application of Income Tax Acts etc. to public departments.

- (1) In subsection (2) of section 829 of the Taxes Act 1988 (restriction on application of Income Tax Acts to public departments), at the end there shall be inserted “ unless it is tax which would not have been so borne but for a failure by a public office or department of the Crown to make a deduction required by virtue of subsection (1) above. ”
- (2) The provisions of Parts IX and X of the Taxes Management Act 1970 (interest and penalties) shall apply in relation to public offices and departments of the Crown for the purposes, so far as they so apply, of the other provisions of that Act and of the provisions of the Income Tax Acts mentioned in section 829(1) of the Taxes Act 1988.
- (3) This section shall have effect in relation to the year 1993-94 and subsequent years of assessment.

123 Expenditure involving crime.

- (1) The following section shall be inserted after section 577 of the Taxes Act 1988—

“577A Expenditure involving crime.

- (1) In computing profits or gains chargeable to tax under Schedule A or Schedule D, no deduction shall be made for any expenditure incurred in making a payment the making of which constitutes the commission of a criminal offence.
 - (2) Such expenditure shall not be included in computing any expenses of management in respect of which relief may be given under the Tax Acts.”
- (2) This section shall apply in relation to expenditure incurred on or after 11th June 1993.

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

F35 124 Expenses of Members of Parliament.

Textual Amendments

- F35** S. 124 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

CHAPTER II

EXCHANGE GAINS AND LOSSES

Modifications etc. (not altering text)

- C3** Pt. II Chapter II (ss. 125-170) modified (1.5.1995) by [1988 c. 1](#), [Sch. 24 para. 19\(2\)](#) (as inserted (1.5.1995) by [1995 c. 4](#), s. 133, [Sch. 25 paras. 1, 6\(5\)](#))
Pt. II Chapter II (ss. 125-170) restricted (31.7.1998) by [1988 c. 1](#), [Sch. 28AA para. 8](#) (as inserted (31.7.1998) by [1998 c. 36](#), s. 108, [Sch. 16 para. 8\(1\)\(a\)](#))
Pt. II Chapter II (ss. 125-170): power to amend conferred (3.5.1994) by [1994 c. 9](#), s. [177\(6\)\(b\)](#)
Pt. II Chapter II (ss. 125-170) excluded (3.5.1994) by [1994 c. 9](#), [ss. 226\(2\)](#), 230
Pt. II Chapter II (ss. 125-170) modified (19.9.1994) by [1994 c. 21](#), s. 21, [Sch. 4 Pt. I para. 23\(2\)](#) (with s. 40(7)); S.I. 1994/2189, art. 2, [Sch.](#)
Pt. II Chapter II (ss. 125-170) modified (23.3.1995) by S.I. 1994/3226, [reg. 3\(2\)](#)
Pt. II Chapter II (ss. 125-170) applied (23.3.1995) by S.I. 1994/3231, [reg. 2\(1\)](#)
Pt. II Chapter II (ss. 125-170) modified (29.4.1996) by [1996 c. 8](#), s. 105, [Sch. 15 Pt. I para. 22\(1\)](#) (with [ss. 80-105](#))
- C4** Pt. II Chapter II to be construed with [1994 c. 31](#), [Sch. 4 Pt. I para. 23](#) (19.9.1994) by [1994 c. 21](#), s. 21, [Sch. 4 Pt. I para. 23\(5\)](#); S.I. 1994/2189, art. 2, [Sch.](#)

Accrual of gains and losses

F36 125

Textual Amendments

- F36** S. 125 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by [2002 c. 23](#), [ss. 79\(1\)\(b\)](#), 141, [Sch. 40 Pt. 3\(10\)](#) Note 2 (with [Sch. 23 paras. 25, 26](#))

F37 126

Textual Amendments

- F37** S. 126 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by [2002 c. 23](#), [ss. 79\(1\)\(b\)](#), 141, [Sch. 40 Pt. 3\(10\)](#) Note 2 (with [Sch. 23 paras. 25, 26](#))

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

F38 **127**

Textual Amendments

F38 S. 127 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Trading gains and losses

F39 **128**

Textual Amendments

F39 S. 128 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Non-trading gains and losses

F40 **129**

Textual Amendments

F40 S. 129 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F41 **130**

Textual Amendments

F41 S. 130 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Alternative calculation

F45 **134**

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Textual Amendments

F45 S. 134 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b)(3), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Main benefit test

^{F46} **135**

Textual Amendments

F46 S. 135 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

^{F47} **135A**.....

Textual Amendments

F47 S. 135A repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Arm's length test

^{F48} **136**

Textual Amendments

F48 S. 136 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(1)** Note 2 (with Sch. 23 paras. 25, 26)

^{F49} **136A**.....

Textual Amendments

F49 S. 136A repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

^{F50} **137**

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Textual Amendments

F50 S. 137 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

^{F51} **138**

Textual Amendments

F51 S. 138 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Deferral of unrealised gains

^{F52} **139**

Textual Amendments

F52 S. 139 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

^{F53} **140**

Textual Amendments

F53 S. 140 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

^{F54} **141**

Textual Amendments

F54 S. 141 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

^{F55} **142**

Textual Amendments

F55 S. 142 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

F56 **143**

Textual Amendments

F56 S. 143 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Irrecoverable debts

F57 **144**

Textual Amendments

F57 S. 144 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F58 **145**

Textual Amendments

F58 S. 145 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Currency contracts: special cases

F59 **146**

Textual Amendments

F59 S. 146 repealed (27.4.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F60 **147**

Textual Amendments

F60 S. 147 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Excess gains or losses

F61 **148**

Textual Amendments

F61 S. 148 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Local currency to be used

F62 **149**

Textual Amendments

F62 S. 149 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Exchange rate to be used

F63 **150**

Textual Amendments

F63 S. 150 repealed (with effect in relation to the accounting periods beginning on or after 1.10.2002) By 2002 c. 23, ss. 79(1)(b)(3), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F64 **151**

Textual Amendments

F64 S. 151 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Interpretation: companies

F65 **152**

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Textual Amendments

F65 S. 152 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Interpretation: assets, liabilities and contracts

^{F66} **153**

Textual Amendments

F66 S. 153 repealed (1.10.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

^{F67} **154**

Textual Amendments

F67 By 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26) it is provided (1.10.2002) that s. 154 is repealed

^{F68} **155**

Textual Amendments

F68 By 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26) it is provided (1.10.2002) that s. 155 is repealed

^{F69} **156**

Textual Amendments

F69 By 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26) it is provided (1.10.2002) that s. 156 is repealed

^{F70} **157**

Textual Amendments

F70 S. 157 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Interpretation: other provisions

F71 **158**

Textual Amendments

F71 S. 158 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F72 **159**

Textual Amendments

F72 S. 159 repealed (with effect as mentioned in s. 79(3) of the amending Act) By 2002 c. 23, ss. 79(1)(b) (3), 141, **Sch. 40 Pt. 3(10)**, Note 2 (with Sch. 23, para. 25)

F73 **160**

Textual Amendments

F73 S. 160 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F74 **161**

Textual Amendments

F74 S. 161 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F75 **162**

Textual Amendments

F75 S. 162 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F76 **163**

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Textual Amendments

F76 S. 163 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F77 **164**

Textual Amendments

F77 S. 164 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Miscellaneous

F78 **165**

Textual Amendments

F78 S. 165 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F79 **166**

Textual Amendments

F79 S. 166 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F80 **167**

Textual Amendments

F80 S. 167 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F81 **168**

Textual Amendments

F81 S. 168 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

Status: Point in time view as at 06/04/2005.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

F82 168A.....

Textual Amendments

F82 S. 168A repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

F83 169

Textual Amendments

F83 S. 169 repealed (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by 2002 c. 23, ss. 79(1)(b), 141, **Sch. 40 Pt. 3(10)** Note 2 (with Sch. 23 paras. 25, 26)

170 Amendments.

Schedule 18 to this Act (which contains amendments) shall have effect.

CHAPTER III

LLOYD'S UNDERWRITERS ETC.

Modifications etc. (not altering text)

C9 Pt. II Chapter III applied (1.5.1995 with application as mentioned in s. 127(19) of the amending Act) by 1995 c. 4, s. 127(16)(a)(19)

C10 Pt. II Chapter III modified (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by S.I. 1997/2681, **reg. 3(1)(a)**

Main provisions

171 Taxation of profits and allowance of losses.

- (1) Income tax for any year of assessment on the profits arising from a member's underwriting business shall be computed on the profits of that year of assessment.
- (2) As respects the profits arising to a member from his underwriting business for any year of assessment—
 - ^{F84}(a) the aggregate of those profits shall be chargeable to tax under Chapter 2 of Part 2 of the Income Tax (Trading and Other Income) Act 2005 as the profits of a trade carried on in the United Kingdom; and
 - (b) accordingly, no part of those profits shall be treated as relevant foreign income, or be charged to tax under any other Part of that Act or any Part of the Income Tax (Earnings and Pensions) Act 2003;

but nothing in this subsection shall affect the manner in which the amount of any profits arising from assets forming part of an ancillary trust fund is to be computed.

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

^{F85}(2A)

[^{F86}(2B) [^{F87}Section 397(1) of the Income Tax (Trading and Other Income) Act 2005] (entitlement to tax credit) shall not apply where the distribution there mentioned is a distribution in respect of any asset of a member’s [^{F88}premium] trust fund.]

^{F89}(3)

(4) Subsection (2) above does not apply in relation to any profits arising before 6th April 1993 from assets forming part of an ancillary trust fund.

Textual Amendments

- F84** S. 171(2)(a)(b) substituted (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 464\(2\)](#) (with Sch. 2)
- F85** S. 171(2A) repealed (31.7.1997 with effect in accordance with s. 36 and [Sch. 6 para. 20\(3\)](#) of the amending Act) by [1997 c. 58, ss. 36, 52, Sch. 6 para. 20\(2\)\(3\), Sch. 8 Pt. II\(11\)](#) Note
- F86** S. 171(2B) inserted (31.7.1997 with effect in relation to distributions made on or after 2.7.1997) by [1997 c. 58, s. 22\(1\)\(7\)](#)
- F87** Words in s. 171(2B) substituted (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 464\(3\)](#) (with Sch. 2)
- F88** Word in s. 171(2B) substituted (1.12.2001) by [S.I. 2001/3629, arts. 1\(2\), 82\(a\)](#)
- F89** S. 171(3) repealed (3.5.1994 with effect for the year 1996-97 and subsequent years of assessment) by [1994 c. 9, ss. 228, 258, Sch. 21 para. 1\(2\)\(3\)\(b\), Sch. 26 Pt. V\(25\)](#) Note 2

Modifications etc. (not altering text)

- C11** S. 171 modified (9.3.1995 with effect in relation to profits or losses of a member's underwriting business arising in the underwriting year 1994 or 1995) by [S.I. 1995/352, reg. 13](#)

172 Year of assessment in which profits or losses arise.

(1) Subject to the provisions of this Chapter, for the purposes of section 171 above and all other purposes of the Income Tax Acts the profits or losses in any year of assessment of a member’s underwriting business shall be taken to be—

- [^{F90}(a) in the case of profits or losses arising directly from his membership of one or more syndicates, those of any previous year or years which are declared in the corresponding underwriting year;
- (b) in the case of profits or losses arising from assets forming part of a [^{F91}premium] trust fund, those allocated under the rules or practice of Lloyd’s to any previous year or years the profits or losses of which are declared in the corresponding underwriting year; and]
- (c) in the case of other profits or losses, those derived from payments received or made in the corresponding underwriting year.

(2) Subsection (1)(c) above does not apply in relation to payments received or made before 6th April 1993.

Textual Amendments

- F90** S. 172(1)(a)(b) substituted (3.5.1994 with effect as mentioned in [Sch. 21 para. 2\(2\)](#) of the amending Act) by [1994 c. 9, s. 228, Sch. 21 para. 2\(1\)\(2\)](#)
- F91** Word in s. 172(1)(b) substituted (1.12.2001) by [S.I. 2001/3629, arts. 1\(2\), 82\(b\)](#)

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

Modifications etc. (not altering text)

C12 S. 172 modified (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by S.I. 1997/2681, reg. 6(1)(b)

173 Assessment and collection of tax.

- (1) Schedule 19 to this Act (assessment and collection of tax) shall have effect.
- (2) Schedule 19A to the Taxes Act 1988 (which is superseded by Schedule 19 to this Act for the year 1992-93 and subsequent years of assessment) shall have effect as if for subparagraph (3) of paragraph 1 there were substituted the following subparagraph—
 - “(3) Regulations under this paragraph may make provision with respect to any year or years of assessment; and the year (or any of the years) may be the year next but one preceding the year in which the regulations are made or any year following that earlier year.”
- (3) Subsection (2) above applies in relation to regulations made after the passing of this Act.

Members’ trust funds

174 [F92Premium] trust funds.

- [F93](1) For the purposes of the Income Tax Acts and the Gains Tax Acts—
 - (a) a member shall be treated as absolutely entitled as against the trustees to the assets forming part of a [F94premium] trust fund of his; and
 - (b) where a deposit required by a regulatory authority in a country or territory outside the United Kingdom is paid out of such a fund, the money so paid shall be treated as still forming part of that fund.]
- (2) Where an asset forms part of a [F94premium] trust fund at the beginning of any underwriting year, for the purposes of the Income Tax Acts—
 - (a) the trustees of the fund shall be treated as acquiring it on that day, and
 - (b) they shall be treated as paying in respect of the acquisition an amount equal to the value of the asset at the time of the acquisition.
- (3) Where an asset forms part of a [F94premium] trust fund at the end of any underwriting year, for the purposes of the Income Tax Acts—
 - (a) the trustees of the fund shall be treated as disposing of it on that day, and
 - (b) they shall be treated as obtaining in respect of the disposal an amount equal to the value of the asset at the time of the disposal.
- [F95](4)
- [F95](5)
- (6) Subsections (2) to (5) above do not apply to FOTRA securities forming part of a member’s premiums trust fund at the beginning or end of any underwriting year if—
 - (a) the member is not domiciled in the United Kingdom at any time in the year, and

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

- (b) he is either not ordinarily resident in the United Kingdom during the year or a non-resident United Kingdom trader in the year.

(7) In this section—

“FOTRA securities” has the same meaning as in section 715 of the Taxes Act 1988 (exceptions from accrued income scheme);

“non-resident United Kingdom trader” shall be construed in accordance with subsection (5) of that section;

“underwriting year” does not include the year 1993 or any earlier underwriting year.

Textual Amendments

- F92** S. 174: words in sidenote substituted (1.12.2001) by S.I. 2001/3629, arts. 1(2), 82(c)
- F93** S. 174(1) substituted (3.5.1994 with effect for the year 1994-95 and subsequent years of assessment) by 1994 c. 9, s. 228, Sch. 21 para. 3
- F94** Word in s. 174(1)(a)(2)(3) substituted (1.12.2001) by S.I. 2001/3629, arts. 1(2), 82(c)
- F95** S. 174(4)(5) repealed (19.3.1997 with effect in relation to, and to transfers under, any arrangement made on or after such day as may be appointed by order) by 1997 c. 16, ss. 76, 113, Sch. 10 Pt. I paras. 6(a), 7(1), Sch. 18 Pt. VI(10) Note 1

175 Special reserve funds.

- (1) If arrangements are made by the Council of Lloyd's which—
- (a) enable such a special reserve fund as is referred to in Part I of Schedule 20 to this Act to be set up in relation to each member; and
- (b) comply with the requirements of that Part and are approved by the Board, the provisions of that Part relating to taxation shall have effect in relation to any special reserve fund of a member set up under the arrangements.
- (2) The arrangements may from time to time be varied with the consent of the Board.
- (3) If, after giving notice of their intention to do so to the Council of Lloyd's, the Board cancel the approval which they have given with respect to the arrangements, paragraph 3 of Schedule 20 to this Act shall not apply, in the case of any member, to any year of assessment after the year of assessment in which the approval is cancelled.
- (4) The provisions of Part II of Schedule 20 to this Act shall have effect as respects the winding up of any special reserve fund which—
- (a) was set up under the arrangements mentioned in section 452(1) of the Taxes Act 1988; and
- (b) belongs to a member for whom a special reserve fund may be set up under the arrangements mentioned in subsection (1) above.

Modifications etc. (not altering text)

- C13** S. 175 excluded (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by S.I. 1997/2681, reg. 7
- C14** S. 175(4) applied (with modifications) (9.3.1995 with application as mentioned in reg. 1 of the amending S.I.) by S.I. 1995/351, regs. 1, 15(1)

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

176 Ancillary trust funds.

- (1) A member shall be treated for the purposes of the Income Tax Acts and the Gains Tax Acts as absolutely entitled as against the trustees to the assets forming part of an ancillary trust fund of his.
- (2) The cost of acquisition and the consideration for the disposal of assets forming part of an ancillary trust fund—
 - (a) shall be left out of account in computing for the purposes of income tax the profits or losses of the member’s underwriting business; and
 - (b) accordingly, shall not be excluded for the purposes of capital gains tax under section 37 or 39 of the Gains Tax Act.
- (3) None of the following provisions (which apply where an individual entitled to securities dies), namely—
 - (a) subsections (1) to (4) of section 721 of the Taxes Act 1988 (accrued income scheme);
 - ^{F96}(b)
 - ^{F96}(c)
 - ^{F96}(d)

shall apply where the individual concerned is a member and the security concerned forms part of an ancillary trust fund of his.
- (4) In a case where subsection (3)(a) above applies, the deceased’s personal representatives shall be treated for the purposes of sections 710 to 728 of the Taxes Act 1988 as the transferor or transferee in relation to transfers of securities as to which the deceased was the transferor or transferee (as the case may be) in the interest period in which he died.

Textual Amendments

F96 S. 176(3)(b)-(d) repealed (29.4.1996 with effect in accordance with the provisions of Chapter II of Pt. IV of the amending Act) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(3)**

Modifications etc. (not altering text)

C15 S. 176 modified (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by S.I. 1997/2681, **reg. 5(1)**

Other special cases

^{F97}**177**

Textual Amendments

F97 S. 177 repealed (28.7.2000 with effect as mentioned in s. 107(12)(c) of the amending Act) by 2000 c. 17, ss. 107(11), 156, **Sch. 40 Pt. II(16)**, note 2

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

178 Stop-loss and quota share insurance.

(1) In computing for the purposes of income tax the profits of a member’s underwriting business, each of the following shall be deductible as an expense, namely—

- (a) any premium payable by him under a stop-loss insurance, and any repayment of insurance money paid to him under such an insurance;
- (b) any amount payable by him into the High Level Stop Loss Fund, and any repayment of an amount paid to him out of that Fund; and
- ^[F98](c) where an amount is payable by him under a quota share contract—
 - (i) so much of that amount as exceeds the amount of transferred losses that are declared on or before the date the contract takes effect (“the declared amount”), or
 - (ii) if the contract does not take effect, the amount so payable under the contract.]

(2) Subject to subsection (3) below, each of the following, namely—

- (a) any insurance money payable to ^[F99]a member] under a stop-loss insurance in respect of a loss in his underwriting business; and
- (b) any amount payable to a member out of the High Level Stop Loss Fund in respect of such a loss,

shall be treated as a trading receipt in computing the profits arising from that business for the year of assessment which corresponds to the underwriting year in which the loss ^[F100]was declared].

(3) Where, as respects the payment of any such insurance money or amount as is mentioned in subsection (2) above—

- (a) the inspector is not notified of the payment at least 30 days before the time after which any assessment or further assessment of profits for the year of assessment is precluded by section 34 of the Management Act (ordinary time limit of six years), and
- (b) the inspector is not entitled, after that time, to make any such assessment or further assessment by virtue of section 36 (fraudulent or negligent conduct) or 40(2) (assessment on personal representatives) of that Act,

that subsection shall have effect in relation to that insurance money or amount as if it referred instead to the year of assessment which corresponds to the underwriting year in which the payment is made.

^[F101](3A) Where the amount payable by a member under a quota share contract is less than the declared amount, the difference between the two amounts shall be treated as a trading receipt in computing the profits arising from the member’s underwriting business in the year of assessment which corresponds to the underwriting year in which the contract takes effect.

(3B) Where a member has entered a quota share contract, any amount paid by him to cover a cash call in respect of transferred losses that are not declared at the time the contract takes effect shall be treated—

- (a) for the purposes of subsection (1)(c)(i) and (3A) above, as an amount payable under the contract, and
- (b) for the purposes of section 172, as a payment made at the time the contract takes effect.]

^[F102](4) For the purposes of this section—

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

“cash call” has the same meaning as in Part 1 of Schedule 20 to this Act;
“quota share contract” means any contract between a member and another person which—

- (a) is made in accordance with the rules or practice of Lloyd’s, and
- (b) provides for that other person to take over any rights and liabilities of the member under any of the syndicates of which he is a member;

and where the taking over of a member’s rights and liabilities is conditional upon the occurrence of any event, the contract does not take effect until that event occurs; and

“transferred loss”, in relation to such a contract, means a loss for which that other person takes over liability under the contract (disregarding, in the case of a loss that has been declared at the time it is taken over, any part of it in respect of which the member has paid a cash call before that time).]

Textual Amendments

- F98** S. 178(1)(c) substituted (24.7.2002 with effect as mentioned in s. 86(2) of the amending Act) by 2002 c. 23, s. 86, **Sch. 32 para. 2**
- F99** Words in s. 178(2) substituted (3.5.1994 with effect as respects insurance money and other amounts payable in respect of losses declared in the underwriting year 1997 or subsequent underwriting years) by 1994 c. 9, s. 228, **Sch. 21 para. 5(1)(a)(2)**
- F100** Words in s. 178(2) substituted (3.5.1994 with effect as respects insurance money and other amounts payable in respect of losses declared in the underwriting year 1997 or subsequent underwriting years) by 1994 c. 9, s. 228, **Sch. 21 para. 5(1)(b)(2)**
- F101** S. 178 (3A)(3B) inserted (24.7.2002 with effect as mentioned in s. 86(2) of the amending Act) by 2002 c. 23, s. 86, **Sch. 32 para. 2**
- F102** S. 178(4) substituted (24.7.2002 with effect as mentioned in s. 86(2) of the amending Act) by 2002 c. 23, s. 86, **Sch. 32 para. 4**

Modifications etc. (not altering text)

- C16** S. 178(3) excluded (9.3.1995 with effect as mentioned in reg. 1 of the amending S.I.) by S.I. 1995/351, **regs. 1, 5(1)(c)**

Miscellaneous

179 Cessation: final year of assessment.

- (1) Subject to subsection (5) below, this section applies where a member ceases to carry on his underwriting business, whether by reason of death or otherwise.
- (2) Subject ^{F103} . . . to the provisions of any regulations made by the Board, the member’s final year of assessment shall be that which corresponds to the underwriting year in which his deposit at Lloyd’s is paid over to him or his personal representatives or assigns.
- ^{F104} (3)
- (4) For the purposes of section 171 above and all other purposes of the Income Tax Acts, any profits or losses arising to the member from his underwriting business which are not taken (by virtue of the provisions of this Chapter) to be profits or losses of an earlier year of assessment shall be taken to be profits or losses of his final year of assessment.

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

- (5) This section does not apply in any case where the member's deposit at Lloyd's is paid over to him or his personal representatives or assigns before 1st January 1993.

Textual Amendments

F103 Words in s. 179(2) repealed (3.5.1994 with effect in any case where the member dies after the end of 1993-94) by 1994 c. 9, ss. 228, 258, Sch. 21 para. 6(1)(3), Sch. 26 Pt. V(25) Note 3

F104 S. 179(3) repealed (3.5.1994 with effect in any case where the member dies after the end of 1993-94) by 1994 c. 9, ss. 228, 258, Sch. 21 para. 6(1)(3), Sch. 26 Pt. V(25) Note 3

Modifications etc. (not altering text)

C17 Ss. 179, 179A excluded (9.3.1995 with application as mentioned in reg. 1 of the amending S.I.) by S.I. 1995/351, regs. 1, 14(2)

SS. 179, 179A excluded (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by S.I. 1997/2681, reg. 4(1)

[^{F105}179A] **Death of member.**

- (1) This section applies where a member ceases to carry on his underwriting business by reason of death.
- (2) For the purposes of assessing the profits of the member's underwriting business, the member shall be treated as having died at the end of the year of assessment which corresponds to the underwriting year immediately preceding that in which he actually died.
- (3) For the purposes of the Income Tax Acts—
 - (a) the carrying on of the member's underwriting business by his personal representatives shall not be treated as a change in the persons engaged in the carrying on of that business; and
 - (b) subject to the provisions of any regulations made by the Board, the business shall be treated as continuing until the member's deposit at Lloyd's is paid over to his personal representatives.]

Textual Amendments

F105 S. 179A inserted (3.5.1994 with effect in any case where the member dies after the end of the year 1993-94) by 1994 c. 9, s. 228, Sch. 21 para. 6(2)(3)

Modifications etc. (not altering text)

C18 Ss. 179, 179A excluded (9.3.1995 with application as mentioned in reg. 1 of the amending S.I.) by S.I. 1995/351, regs. 1, 14(2)

Ss. 179, 179A excluded (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by S.I. 1997/2681, reg. 4(1)

[^{F106}179B] **Conversion to limited liability underwriting**

Schedule 20A to this Act (which makes provision for certain reliefs to be available where a member converts to limited liability underwriting) shall have effect.]

Status: Point in time view as at 06/04/2005.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 1993, Part II. (See end of Document for details)*

Textual Amendments

F106 S. 179B inserted (22.7.2004) by Finance Act 2004 (c. 12), Sch. 25 para. 2

180 Underwriting profits to be earned income.

- (1) In relation to any member, all profits arising to him from his underwriting business—
- (a) shall be treated for the purposes of the Income Tax Acts as immediately derived from the carrying on by him of that business, and
 - (b) accordingly, shall constitute earned income for those purposes.
- (2) This section does not apply in relation to profits of the year 1992-93 or earlier years of assessment.

Modifications etc. (not altering text)

C19 S. 180 excluded (1.12.1997 with effect with respect to accounting periods of Lloyd's Scottish limited partnerships ending on or after that date) by S.I. 1997/2681, reg. 8

181 Lloyd's underwriting agents.

In section 43 of the ^{M30}Finance Act 1989 (Schedule D: computation), subsections (6) and (7) (which extend certain time limits for persons permitted by the Council of Lloyd's to act as underwriting agents at Lloyd's) shall cease to have effect in relation to periods of account ending on or after 30th June 1993.

Marginal Citations

M30 1989 c. 26.

Supplemental

182 Regulations.

- (1) The Board may by regulations provide—
- (a) for the assessment and collection of tax charged in accordance with section 171 above (so far as not provided for by Schedule 19 to this Act);
 - (b) for making, in the event of any changes in the rules or practice of Lloyd's, such amendments of this Chapter as appear to the Board to be expedient having regard to those changes;
 - (c) for modifying the application of this Chapter in cases where a syndicate continues after the end of its closing year or a member dies or otherwise ceases to carry on his underwriting business;
- [^{F107}(ca) for modifying the application of this Chapter in relation to cases where assets forming part of a [^{F108}premium] trust fund are the subject of—
- ^{F109}(i)

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

(ii) any such arrangements or agreements as are mentioned in section 737E(2) and (8) of the Taxes Act 1988 (sale and repurchase of securities etc.);]

(d) for giving credit for foreign tax.

^{F110}(2)

^{F110}(3)

^{F110}(4)

(5) Regulations made, or deemed to have been made, under any of the following enactments (regulations about Lloyd’s underwriters), namely—

(a) section 451(1) or (1A) of the Taxes Act 1988,

(b) section 92(5) of the ^{M31}Finance Act 1989, or

(c) section 209(4) of the Gains Tax Act,

which were in force immediately before 6th April 1992 shall continue in force for the year 1992-93 and subsequent years of assessment notwithstanding the repeal of that enactment by this Act, and shall be deemed to have been made under this section.

Textual Amendments

F107 S. 182(1)(ca) inserted (1.5.1995) by 1995 c. 4, s. 83(2)

F108 Word in s. 182(1)(ca) substituted (1.12.2001) by S.I. 2001/3629, arts. 1(2), 82(d)

F109 S. 182(1)(ca)(i) repealed (19.3.1997 with effect in relation to, and to transfers under, any arrangement made on or after such day as may be appointed by order) by 1997 c. 16, ss. 76, 113, Sch. 10 Pt. I paras. 6(a), 7(1), Sch. 18 Pt. VI(10) Note 1

F110 S. 182(2)-(4) repealed (3.5.1994 with effect for the year 1997-98 and subsequent years of assessment) by 1994 c. 9, ss. 228, 258, Sch. 21 para. 7, Sch. 26 Pt. V(25) Note 4

Marginal Citations

M31 1989 c. 26.

183 Consequential amendments.

^{F111}(1)

(2) In section 481(5)(f) of that Act (meaning of “relevant deposit”), for the words “section 457) of an underwriting member” there shall be substituted the words “ section 184 of the Finance Act 1993) of an underwriting or former underwriting member ”.

^{F112}(3)

^{F113}(4) In section 710(14) of that Act (meaning of “business” and “premiums trust fund”), for the words “section 457” there shall be substituted the words “ section 184 of the Finance Act 1993 ”.

(5) In the following provisions (which relate to nominees, trustees etc.), namely—

Section 720(3) of the Taxes Act 1988,

paragraph 18(1) of Schedule 4 to that Act,

paragraph 10(1) of Schedule 11 to the Finance Act 1989, and

paragraph 18(1) of Schedule 10 to the ^{M32}Finance Act 1990,

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

the words from “his special reserve fund” to the end shall be omitted.

- (6) In the following provisions (which relate to the death of a member), namely—
 section 721(5) of the Taxes Act 1988,
 paragraph 18(8) of Schedule 4 to that Act,
 paragraph 10(6) of Schedule 11 to the Finance Act 1989, and
 paragraph 18(6) of Schedule 10 to the ^{M33}Finance Act 1990,
 the words from “a special reserve fund” to the end shall be omitted.
- (7) In section 206(2) of the Gains Tax Act (Lloyd’s underwriters), after the words “subsection (1) above” there shall be inserted the words “ and section 174(1) of the Finance Act 1993 ”.
- (8) In section 209 of that Act (interpretation, regulations about underwriters etc.)—
 (a) in subsection (1), for the words “sections 450 to 456 of the Taxes Act” there shall be substituted the words “ Chapter III of Part II of the Finance Act 1993 ” and for the words “sections 450 to 456”, in the second place where they occur, there shall be substituted the words “ that Chapter ”; and
 (b) in subsection (6), the words “or (4)” shall be omitted.

Textual Amendments

- F111** S. 183(1) repealed (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))
- F112** S. 183(3) repealed (3.5.1994 with effect for the year 1997-98 and subsequent years of assessment) by [1994 c. 9](#), ss. 228(2)(c)(4), 230, 258, [Sch. 26 Pt. V\(25\)](#) Note 1
- F113** S. 183(4)-(8) repealed (the repeals of subsections (4)-(6) having effect for the year 1994 and subsequent underwriting years and the repeals of subsections (7)-(8) having effect for the year of assessment 1994-95 and subsequent years of assessment) by [1993 c. 34](#), s. 213, [Sch. 23 Pt. III\(12\)](#) Notes 2, 4.

Marginal Citations

- M32** [1990 c. 29](#).
M33 [1990 c. 29](#).

184 Interpretation and commencement.

- (1) In this Chapter, unless the context otherwise requires—
 “ancillary trust fund”, in relation to a member, does not include a [^{F114}premium] trust fund of his or his special reserve fund (if any) but, subject to that, means any trust fund required or authorised by the rules of Lloyd’s, or required by a members’ agent of his ^{F115}. . . ;
 “closing year”—
 (a) in relation to a year of assessment, means the year of assessment next but one following that year;
 (b) in relation to an underwriting year, means the underwriting year next but one following that year; and
 (c) in relation to a syndicate, means the closing year of the underwriting year for which it was formed;

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

“the Gains Tax Act” means the ^{M34}Taxation of Chargeable Gains Act 1992 and

“the Gains Tax Acts” means that Act and any other enactments relating to capital gains tax;

“the High Level Stop Loss Fund” means the fund of that name which, under the rules of Lloyd’s, has been established for the year 1993 and subsequent underwriting years;

“inspector” includes any officer of the Board;

“the Management Act” means the ^{M35}Taxes Management Act 1970;

“managing agent”, in relation to a syndicate and a year of assessment, means—

(a) the person registered as a managing agent at Lloyd’s who was acting as such an agent for the syndicate at the end of the corresponding underwriting year, or

(b) such other person as may be determined in accordance with regulations made by the Board;

“member” means [^{F116}an individual who is a member of Lloyd’s and] is or has been an underwriting member;

“members’ agent”, in relation to a member of a syndicate and a year of assessment, means—

(a) the person registered as a members’ agent at Lloyd’s who was acting as such an agent for the member at the end of the corresponding underwriting year, or

(b) if two or more such persons were so acting and one of them was appointed by the member to be responsible for complying with the requirements of Part II of Schedule 19 to this Act in relation to all of the syndicates of which he is a member, that person, or

(c) if two or more such persons were so acting and none of them was so appointed, the person who was so acting for the member in his capacity as a member of the syndicate, or

(d) such other person as may be determined in accordance with regulations made by the Board;

[^{F117}“premium trust fund” means a trust fund into which premiums receivable by members are paid in compliance with a trust deed under section 10.3 of the Lloyd’s Sourcebook made by the Financial Services Authority under the Financial Services and Markets Act 2000 ^{F118}];

“prescribed” means prescribed by regulations made by the Board;

“profits” includes gains;

“special reserve fund”, unless the contrary intention appears, means a special reserve fund set up under the arrangements mentioned in section 175(1) above;

“stop-loss insurance” means any insurance taken out by a member against losses in his underwriting business [^{F119}, except insurance taken out by entering a quota share contract (within the meaning of section 178 above)];

“syndicate” means a syndicate of underwriting members of Lloyd’s formed for an underwriting year;

“underwriting business”, in relation to a member, means his underwriting business as a member of Lloyd’s, whether carried on personally or through an underwriting agent, and does not include any other business carried on by him,

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part II. (See end of Document for details)

and in particular, where he is himself an underwriting agent, does not include his business as such an agent;

“underwriting year” means the calendar year.

(2) For the purposes of this Chapter—

- (a) an underwriting year and a year of assessment shall be deemed to correspond to each other if the underwriting year ends in the year of assessment;
- (b) the profits or losses of a member’s underwriting business include profits or losses arising to him from assets forming part of a [^{F120}premium] trust fund or an ancillary trust fund; and
- (c) any charge made on a member by the [^{F121}managing agent] of a syndicate of which he is a member, and any expense incurred on his behalf by the [^{F121}managing agent] of such a syndicate, shall be treated as expenses arising directly from his membership of that syndicate.

(3) Subject to any provision to the contrary, the provisions of this Chapter have effect for the year 1992-93 and subsequent years of assessment.

Textual Amendments

- F114** S. 184(1): word in the definition of “ancillary trust fund” substituted (1.12.2001) by [S.I. 2001/3629, arts. 1\(2\), 82\(e\)](#)
- F115** Words in definition in s. 184(1) repealed (3.5.1994 with effect for the year 1994-95 and subsequent years of assessment) by [1994 c. 9, ss. 228, 258, Sch. 21 para. 8\(1\)\(a\), Sch. 26 Pt. V\(25\)](#) Note 6
- F116** Words in definition in s. 184(1) substituted (3.5.1994 with effect for the year 1994-95 and subsequent years of assessment) by [1994 c. 9, s. 228, Sch. 21 para. 8\(1\)\(b\)](#)
- F117** S. 184(1): definition of “premium trust fund” substituted (1.12.2001) by [S.I. 2001/3629, arts. 1\(2\), 79](#)
- F118** This sourcebook is part of the FSA Handbook. The FSA Handbook may be purchased on paper and on CD Rom from the Publications Department (Sales), Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS and is available on line at www.fsa.gov.uk.
- F119** S. 184(1): words in definition of “stop-loss insurance” inserted (24.7.2002 with effect as mentioned in [s. 86\(2\)](#) of the amending Act) by [2002 c. 23, s. 86, Sch. 32 para. 5](#)
- F120** Word in s. 184(2)(b) substituted (1.12.2001) by [S.I. 2001/3629, arts. 1\(2\), 82\(e\)](#)
- F121** Words in s. 184(2)(c) substituted (3.5.1994 with effect for the year 1994-95 and subsequent years of assessment) by [1994 c. 9, s. 228, Sch. 21 para. 8\(2\)](#)

Modifications etc. (not altering text)

- C20** S. 184 applied (1.5.1995 with application as mentioned in [s. 127\(19\)](#) of the amending Act) by [1995 c. 4, s. 127\(16\)\(b\)\(19\)](#)

Marginal Citations

- M34** 1992 c. 12.
M35 1970 c. 9.

Status:

Point in time view as at 06/04/2005.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1993, Part II.