



# Finance Act 1994

## 1994 CHAPTER 9

### PART I

#### CUSTOMS AND EXCISE

#### CHAPTER I

#### GENERAL

#### *Rates of duty*

#### **1 Wine, made-wine and cider.**

- (1) For the Table of rates of duty in Schedule 1 to the <sup>M1</sup>Alcoholic Liquor Duties Act 1979 (wine and made-wine) there shall be substituted the Table in Schedule 1 to this Act.
- (2) In section 62(1) of that Act (cider) for “£22.39” there shall be substituted “ £22.82 ”.
- (3) This section shall be deemed to have come into force on 1st January 1994.

#### **Marginal Citations**

**M1** 1979 c. 4.

#### **2 Tobacco products.**

- (1) For the Table in Schedule 1 to the <sup>M2</sup>Tobacco Products Duty Act 1979 there shall be substituted—

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“ *TABLE* ”

1. Cigarettes	An amount equal to 20 per cent. of the retail price plus £52.33 per thousand cigarettes.
2. Cigars	£77.58 per kilogram.
3. Hand-rolling tobacco	£81.86 per kilogram.
4. Other smoking tobacco and chewing tobacco	£34.26 per kilogram.”

(2) This section shall be deemed to have come into force at 6 o'clock in the evening of 30th November 1993.

**Marginal Citations**

**M2** 1979 c. 7.

**3 Hydrocarbon oil.**

(1) In section 6(1) of the <sup>M3</sup>Hydrocarbon Oil Duties Act 1979 for “£0.3058” (duty on light oil) and “£0.2514” (duty on heavy oil) there shall be substituted “ £0.3314 ” and “ £0.2770 ” respectively.

(2) In section 11(1) of that Act (rebate on heavy oil) for “£0.0105” (fuel oil) and “£0.0149” (gas oil) there shall be substituted “ £0.0116 ” and “ £0.0164 ” respectively.

(3) In section 14(1) of that Act (rebate on light oil for use as furnace fuel) for “£0.0105” there shall be substituted “ £0.0116 ”.

(4) This section shall be deemed to have come into force at 6 o'clock in the evening of 30th November 1993.

**Marginal Citations**

**M3** 1979 c. 5.

**F14** .....

**Textual Amendments**

**F1** S. 4 repealed (1.9.1994) by 1994 c. 22, s. 65, **Sch. 5 Pt. I** (with s. 57(4))

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### *Other provisions*

#### **5 Vehicles excise duty: miscellaneous provisions.**

Schedule 2 to this Act (which contains miscellaneous provisions relating to vehicles excise duty) shall have effect.

#### **6 Gaming machine licence duty.**

Schedule 3 to this Act (which makes amendments to the <sup>M4</sup>Betting and Gaming Duties Act 1981 about gaming machine licence duty) shall have effect.

#### **Marginal Citations**

**M4** 1981 c. 63.

## **CHAPTER II**

### **APPEALS AND PENALTIES**

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

**C1** Pt. 1 Chapter 2 (ss. 7-19) applied (17.3.2000) by [S.I. 2000/426](#), **art. 5**

**C2** Pt. 1 Ch. 2 applied (24.11.2003) by [The Channel Tunnel \(Alcoholic Liquor and Tobacco Products\) Order 2003 \(S.I. 2003/2758\)](#), arts. 1, **4(a)**

<sup>F2</sup>*The meaning of tribunal*

#### **Textual Amendments**

**F2** S. 7 and crossheading substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 197(2)**

#### **7 Meaning of tribunal**

In the following provisions of this Chapter references to an appeal tribunal are references to the First-tier Tribunal or, where determined by or under Tribunal Procedure Rules, the Upper Tribunal.]

#### **Commencement Information**

**II** S. 7 wholly in force at 31.8.1994; s. 7 not in force at Royal Assent see s. 19(1); s. 7 (except s. 7(1)(b)) in force at 1.7.1994 by [S.I. 1994/1690](#), **art. 2**; s. 7(1)(b) in force at 31.8.1994 by [S.I. 1994/2143](#), **art. 2**

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### Civil penalties

#### F<sup>3</sup>8 Penalty for evasion of excise duty.

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##### Textual Amendments

**F3** S. 8 omitted (1.4.2009) by virtue of Finance Act 2008 (c. 9), s. 122(2), Sch. 40 para. 21(d)(i); S.I. 2009/571, art. 2 (with art. 6)

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

**C3** S. 8: savings for effects of 2008 c. 40, Sch. 40 para. 21 (5.3.2009) by The Finance Act 2008, Schedule 41 (Appointed Day and Transitional Provisions) Order 2009 (S.I. 2009/511), art. 4(b)(i)

##### Commencement Information

**I2** S. 8 wholly in force at 1.1.1995; s. 8 not in force at Royal Assent see s. 19(1); s. 8 in force for certain purposes at 1.11.1994 by S.I. 1994/2679, art. 2, Sch.; s. 8 in force at 1.1.1995 insofar as not already in force by S.I. 1994/2679, art. 3

#### 9 Penalties for contraventions of statutory requirements.

- (1) This section applies, subject to section 10 below, to any conduct in relation to which any enactment (including an enactment contained in this Act or in any Act passed after this Act) provides for the conduct to attract a penalty under this section.
- (2) Any person to whose conduct this section applies shall be liable—
  - (a) in the case of conduct in relation to which provision is made by subsection (4) below [<sup>F4</sup>, or by or under any other enactment,] for the penalty attracted to be calculated by reference to an amount of, or an amount payable on account of, any duty of excise, to a penalty of whichever is the greater of 5 per cent. of that amount and £250; and
  - (b) in any other case, to a penalty of £250.
- (3) Subject to section 13(3) and (4) below, in the case of any conduct to which this section applies which is conduct in relation to which provision is made by subsection (4) or (5) below or any other enactment for that conduct to attract daily penalties, the person whose conduct it is—
  - (a) shall be liable, in addition to an initial penalty under subsection (2) above, to a penalty of £20 for every day, after the first, on which the conduct continues, but
  - (b) shall not, in respect of the continuation of that conduct, be liable to further penalties under subsection (2) above.
- (4) Where any conduct to which this section applies consists in a failure, in contravention of any subordinate legislation, to pay any amount of any duty of excise or an amount payable on account of any such duty, then, in so far as that would not otherwise be the case—
  - (a) the penalty attracted to that contravention shall be calculated by reference to the amount unpaid; and
  - (b) the contravention shall also attract daily penalties.

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- (5) Where—
- (a) a contravention of any provision made by or under any enactment consists in or involves a failure, before such time as may be specified in or determined in accordance with that provision, to send a return to the Commissioners showing the amount which any person is or may become required to pay by way of, or on account of, any duty of excise, and
  - (b) that contravention attracts a penalty under this section,  
that contravention shall also attract daily penalties.
- (6) Where, by reason of any conduct to which this section applies, a person is convicted of an offence, that conduct shall not also give rise to liability to a penalty under this section.
- (7) If it appears to the Treasury that there has been a change in the value of money since the passing of this Act or, as the case may be, the last occasion when the power conferred by this subsection was exercised, they may by order substitute for any sum for the time being specified in subsection (2) or (3) above such other sum as appears to them to be justified by the change.
- (8) The power to make an order under subsection (7) above—
- (a) shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons; but
  - (b) shall not be exercisable so as to vary the penalty for any conduct occurring before the coming into force of the order.
- (9) Schedule 4 to this Act (which provides for the conduct to which this section applies, repeals the summary offences superseded by this section and makes related provision with respect to forfeiture) shall have effect.

#### Textual Amendments

**F4** Words in s. 9(2)(a) substituted (28.7.2000) by 2000 c. 17, s. 28

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

**C4** S. 9 applied (1.1.1995) by 1979 c. 2, ss. **92(6)(8)**, 93(6), 100J, 101(4), 107(2)(3), 108(4), 111(1), 114(2), 115(4), 116(3), 118G, 170A(1)(2) (all as amended (1.1.1995) by 1994 c. 9, s. 9, Sch. 4 paras. 2(1)(2), 3, 4, 5(b), 6(1)(2), 7, 8(1), 9, 10(1)(b), 11, 12, **13(1)(2)**); S.I. 1994/2679, **art. 3**

S. 9 applied (1.1.1995) by 1979 c. 4, ss. **8(2)**, 10(2), 13(3)(5), 15(4)(5)(7), 16(2)(3), 18(6), 19(2), 20(1)(2), 21(3), 22(9), 24(4), 33(1)(5), 34(2), 35(3), 41A(8), 44(2), 46(2), 47(4)(5), 49(3), 54(5), 55(6), 55A(3), 56(2), 59(2), 61(2), 62(4)(6), 64(2), 67(2), 69(3)(4), 71(1)(3), 75(5), 77(3)(4), 78(4), 82(2) (all as amended (1.1.1995) by 1994 c. 9, s. 9, Sch. 4 paras. 15, 16, 17(1)(a)(3), 18(1)(2)(3), 19(1)(2), 20, 21(1), 22, 23(1), 24, 25, 26(1)(2), 27, 28, 29, 30, 31, 32(1)(2), 33, 34, 35, 36(b), 37, 38, 39, 40(1)(2), 41, 42, 43(1)(2), 44(1)(2), 45(b), 46(1)(2), 47, **48**); S.I. 1994/2679, **art. 3**

S. 9 applied (1.1.1995) by 1979 c. 5, ss. **10(3)(4)**, 13(1)(2), 14(4)(5), 18(5), 20AA(4)(a), 21(3), 22(1), 23(1), 24(4) (all as amended (1.1.1995) by 1994 c. 9, s. 9, Sch. 4 paras. 50(1)(b)(2)(c), 51(1)(b)(2)(c), 52(1)(b)(2)(c), 53, 54, 55(b), 56(1)(b), 57(1)(b), **58(b)**); S.I. 1994/2679, **art. 3**

S. 9 applied (1.1.1995) by 1979 c. 7, s. **7(2)** (as amended (1.1.1995) by 1994 c. 9, s. 9, **Sch. 4 para. 59**); S.I. 1994/2679, **art. 3**

S. 9 applied (1.1.1995) by 1981 c. 63, s. 24(5), Sch. 1 paras. 13(1), 14(3), Sch. 2 para. 7(1), Sch. 3 para. 16(3)(b), **Sch. 4 para. 16(1)** (all as amended (1.1.1995) by 1994 c. 9, s. 9, Sch. 4 paras. 61(a), 62(1)(2)(b), 63(1), 64(1), **65(1)**); S.I. 1994/2679, **art. 3**

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- S. 9 applied (1.1.1995) by 1993 c. 34, **ss. 27(4)**, 28(3), 29(8) (all as amended (1.1.1995) by 1994 c. 9, s. 9, Sch. 4 paras. 67(b), **68(b)**); S.I. 1994/2679, **art. 3**
- S. 9 applied (19.3.1997) by 1997 c. 16, ss. 12(5)(a), 13(1), 15, 50(1), Sch. 1 paras. 5(3), 7, 10(3), **Sch. 5 para. 4(1)**
- S. 9 applied (28.7.2000) by 1979 c. 7, **s. 8J(2)** (as inserted (28.7.2000) by 2000 c. 17, **s. 14**)
- C5** S. 9 applied (29.4.1996 with effect as mentioned in 1996 c. 8, **s. 6(5)**) by 1979 c. 5, **s. 20AAB(8)** (as inserted by 1996 c. 8, **s. 6(3)(5)**); S.I. 1996/2751, **art. 2**
- S. 9 applied (24.9.1996 with effect as mentioned in 1996 c. 8, **s. 5(6)**) by 1979 c. 5, **s. 13AB(1)(b)(2)(b)(5)** (as inserted by 1996 c. 8, **s. 5(4)(6)**); S.I. 1996/2314, **art. 2**
- C6** S. 9 extended (with application as mentioned in 2002 c. 23, s. 5(8)(b)) by Hydrocarbon Oil Duties Act 1979 (c. 5), s. 22(1AA) (as inserted by Finance Act 2002 (c. 23), **Sch. 2 para. 5(7)**)
- C7** S. 9 applied (1.8.2002) by S.I. 2002/1773, **reg. 15(2)**
- C8** S. 9 applied by 1979 c. 4, Sch. 2A para. 9(6) (as inserted (22.7.2004) by Finance Act 2004 (c. 12), **Sch. 1**)
- C9** S. 9 applied by 1979 c. 4, Sch. 2A para. 10(1)(a) (as inserted (22.7.2004) by Finance Act 2004 (c. 12), **Sch. 1**)

#### Commencement Information

- I3** S. 9 wholly in force at 1.1.1995; s. 9 not in force at Royal Assent see s. 19(1); s. 9(1)-(8) in force for certain purposes at 1.11.1994 by S.I. 1994/2679, **art. 2, Sch.**; s. 9 in force at 1.1.1995 insofar as not already in force by S.I. 1994/2679, **art. 3**

## 10 Exceptions to liability under section 9.

- (1) Subject to subsection (2) below and to any express provision to the contrary made in relation to any conduct to which section 9 above applies, such conduct shall not give rise to any liability to a penalty under that section if the person whose conduct it is satisfies the Commissioners or, on appeal, an appeal tribunal that there is a reasonable excuse for the conduct.
- (2) Where it appears to the Commissioners or, on appeal, an appeal tribunal that there is no reasonable excuse for a continuation of conduct for which there was at first a reasonable excuse, liability for a penalty under section 9 above shall be determined as if the conduct began at the time when there ceased to be a reasonable excuse for its continuation.
- (3) For the purposes of this section—
  - (a) an insufficiency of funds available for paying any duty or penalty due shall not be a reasonable excuse; and
  - (b) where reliance is placed by any person on another to perform any task, then neither the fact of that reliance nor the fact that any conduct to which section 9 above applies was attributable to the conduct of that other person shall be a reasonable excuse.

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

- C10** S. 10 excluded (1.1.1995) by 1979 c. 2, **ss. 114(2)**, 170A(2) (both as amended (1.1.1995) by 1994 c. 9, s. 9, Sch. 4 paras. 9, **13(2)** (with s. 19(3)); S.I. 1994/2679, **art. 3**
- S. 10 excluded (1.1.1995) by 1979 c. 5, **ss. 22(1A)**, 23(1A) (both as amended (1.1.1995) by 1994 c. 9, s. 9, Sch. 4 paras. 56(2), **57(2)** (with s. 19(3)); S.I. 1994/2679, **art. 3**

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#### Commencement Information

- I4** S. 10 wholly in force at 1.1.1995; s. 10 not in force at Royal Assent see s. 19(1); s. 10 in force for certain purposes at 1.11.1994 by S.I. 1994/2679, art. 2, Sch.; s. 10 in force at 1.1.1995 insofar as not already in force by S.I. 1994/2679, art. 3

## 11 Breaches of walking possession agreements.

- (1) This section applies where—
- <sup>F5</sup>in accordance with regulations under section 51 of the Finance Act 1997 (enforcement by distress)], a person (“the person levying the distress”) is empowered or authorised to distrain any property of another person (“the person in default”) <sup>F6</sup>who has refused or neglected to pay any amount of relevant duty or any amount recoverable as if it were an amount of relevant duty due from him]; and
  - the person levying the distress and the person in default have entered into a walking possession agreement.
- (2) In this section a “walking possession agreement” means an agreement under which, in consideration of the property distrained upon being allowed to remain in the custody of the person in default and of the delaying of its sale, the person in default—
- acknowledges that the property specified in the agreement is under distraint and held in walking possession; and
  - undertakes that, except with the consent of the Commissioners and subject to such conditions as they may impose, he will not remove or allow the removal of any of the specified property from the premises named in the agreement.
- (3) Subject to subsection (4) below, if the person in default is in breach of the undertaking contained in a walking possession agreement, he shall be liable to a penalty equal to one-half of the unpaid duty or penalty which gives rise to the distraint.
- (4) The person in default shall not be liable to a penalty under subsection (3) above if he satisfies the Commissioners or, on appeal, an appeal tribunal that there is a reasonable excuse for the breach in question.
- (5) This section does not extend to Scotland.

#### Textual Amendments

- F5** Words in s. 11(1)(a) substituted (1.7.1997) by 1997 c. 16, s. 53(2)(a)(9); S.I. 1997/1432, art. 2
- F6** Words in s. 11(1)(a) inserted (1.7.1997) by 1997 c. 16, s. 53(2)(b)(9); S.I. 1997/1432, art. 2

#### Commencement Information

- I5** S. 11 wholly in force at 1.1.1995; s. 11 not in force at Royal Assent see s. 19(1); s. 11 in force for certain purposes at 1.11.1994 by S.I. 1994/2679, art. 2, Sch.; s. 11 in force at 1.1.1995 insofar as not already in force by S.I. 1994/2679, art. 3

### *Assessments to excise duty or to penalties*

## 12 Assessments to excise duty.

- (1) Subject to subsection (4) below, where it appears to the Commissioners—

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- (a) that any person is a person from whom any amount has become due in respect of any duty of excise; and
- (b) that there has been a default falling within subsection (2) below,
- the Commissioners may assess the amount of duty due from that person to the best of their judgement and notify that amount to that person or his representative.
- [<sup>F7</sup>(1A) Subject to subsection (4) below, where it appears to the Commissioners—
- (a) that any person is a person from whom any amount has become due in respect of any duty of excise; and
- (b) that the amount due can be ascertained by the Commissioners,
- the Commissioners may assess the amount of duty due from that person and notify that amount to that person or his representative.]
- (2) The defaults falling within this subsection are—
- (a) any failure by any person to make, keep, preserve or produce as required or directed by or under any enactment any returns, accounts, books, records or other documents;
- (b) any omission from or inaccuracy in any returns, accounts, books, records or other documents which any person is required or directed by or under any enactment to make, keep, preserve or produce;
- (c) any failure by any person to take or permit to be taken any step which he is required under Schedule 1 or 3 to the <sup>M5</sup>Betting and Gaming Duties Act 1981 [<sup>F8</sup>or Schedule 1 to the Finance Act 1997] to take or to permit to be taken;
- [<sup>F9</sup>(ca) any failure by any person to comply with a requirement to which he is made subject by or under Schedule 2A to the Alcoholic Liquor Duties Act 1979 (duty stamps);]
- (d) any unreasonable delay in performing any obligation the failure to perform which would be a default falling within this subsection.
- [<sup>F10</sup>(2A) In subsection (2)(a) and (b) above “enactment” includes directly applicable Community provision.]
- (3) Where an amount has been assessed as due from any person and notified in accordance with this section, it shall, subject to any appeal under section 16 below, be deemed to be an amount of the duty in question due from that person and may be recovered accordingly, unless, or except to the extent that, the assessment has subsequently been withdrawn or reduced.
- (4) An assessment of the amount of any duty of excise due from any person shall not be made under this section at any time after whichever is the earlier of the following times, that is to say—
- (a) subject to subsection (5) below, the end of the period of [<sup>F11</sup>three years] beginning with the time when his liability to the duty arose; and
- (b) the end of the period of one year beginning with the day on which evidence of facts, sufficient in the opinion of the Commissioners to justify the making of the assessment, comes to their knowledge;
- but this subsection shall be without prejudice, where further evidence comes to the knowledge of the Commissioners at any time after the making of an assessment under this section, to the making of a further assessment within the period applicable by virtue of this subsection in relation to that further assessment.



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- (5) Subsection (4) above shall have effect as if the reference in paragraph (a) to [<sup>F11</sup>three years] were a reference to twenty years in the case of any assessment to any amount of duty the assessment or payment of any of which has been postponed or otherwise affected by—
- (a) conduct in respect of which any person (whether or not the person assessed)—
    - (i) has become liable to a penalty under section 8 above, or
    - (ii) has been convicted of an offence of fraud or dishonesty; or
  - (b) any conduct in respect of which proceedings for an offence of fraud or dishonesty would have been commenced or continued against any person (whether or not the person assessed), but for their having been compounded under section 152(a) of the Management Act.
- (6) The reference in subsection (4) above to the time when a person’s liability to a duty of excise arose are references—
- (a) in the case of a duty of excise on goods, to the excise duty point; and
  - (b) in any other case, to the time when the duty was charged.
- (7) In this section references to an offence of fraud or dishonesty include references to an offence under any of the following provisions, that is to say-
- (a) sections 100(3), 136(1), 159(6), 167(1), 168(1), 170(1) and (2) and 170B(1) of the Management Act,
  - (b) section 24(6) of the <sup>M6</sup>Betting and Gaming Duties Act 1981 and paragraph 13(3) of Schedule 1, <sup>F12</sup>. . . and paragraph 16(1) of Schedule 3 to that Act,
  - (c) section 31(1) and (3) of the <sup>M7</sup>Finance Act 1993, and
  - (d) section 41(1) and (3) below,
- and also include references to attempting or conspiring to commit an offence of fraud or dishonesty and to inciting the commission of such an offence.
- (8) In this section “representative”, in relation to a person appearing to the Commissioners to be a person from whom any amount has become due in respect of any duty of excise, means his personal representative [<sup>F13</sup>, trustee in bankruptcy or interim or permanent trustee,] any receiver or liquidator appointed in relation to that person or any of his property or any other person acting in a representative capacity in relation to that person.

#### Textual Amendments

- F7** S. 12(1A) inserted (1.10.1998) by 1998 c. 36, s. 20, Sch. 2 paras. 7, 12; S.I. 1998/2243, art. 2
- F8** Words in s. 12(2)(c) inserted (19.3.1997) by 1997 c. 16, ss. 13, 15, Sch. 2 para. 7
- F9** S. 12(2)(ca) inserted (with effect in accordance with s. 4(5) of the amending Act) by Finance Act 2004 (c. 12), s. 4(3); S.I. 2006/201, art. 2
- F10** S. 12(2A) inserted (28.9.2001) by S.I. 2001/3022, reg. 9
- F11** Words in s. 12(4)(a)(5) substituted (19.3.1997) by 1997 c. 16, s. 50(1), Sch. 5 para. 6(2)(a)
- F12** Words in s. 12(7)(b) repealed (19.3.1997 with effect as mentioned in Sch. 18 Pt. II Note 2 of the repealing Act) by 1997 c. 16, s. 113, Sch. 18 Pt. II Note 2
- F13** Words in s. 12(8) substituted (1.6.1997) by 1997 c. 16, s. 50(2), Sch. 6 paras. 1(3), 7; S.I. 1997/1305, art. 2

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

- C11** S. 12 applied by 1981 c. 63, s. 26(4) (as inserted (with effect in accordance with s. 8(2) of the amending Act) by Finance Act 2007 (c. 11), Sch. 1 para. 2; S.I. 2007/2172, art. 2)

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- C12** S. 12 modified (19.3.1997) by 1997 c. 16, ss. 12(6)(a), 15
- C13** S. 12 modified by 1979 c. 5, s. 13AC(5) (as inserted (1.11.2008) by Finance Act 2008 (c. 9), Sch. 6 paras. 11, 21)
- C14** S. 12 modified by 1979 c. 5, s. 14E(6) (as inserted (1.11.2008) by Finance Act 2008 (c. 9), Sch. 6 paras. 15, 21)
- C15** S. 12(1) extended (29.4.1996 with effect as mentioned in 1996 c. 8, s. 6(5)) by 1979 c. 5, s. 20AAB(5) (as inserted by 1996 c. 8, s. 6(3)(5)); S.I. 1996/2751, art. 2
- C16** S. 12(7) modified (E.W.) (1.10.2008) by Serious Crime Act 2007 (c. 27), s. 94(1), Sch. 6 para. 22 (with Sch. 13 para. 5); S.I. 2008/2504, art. 2(a)

#### Commencement Information

- I6** S. 12 wholly in force at 1.1.1995; s. 12 not in force at Royal Assent see s. 19(1); s. 12 (except s. 12(7)(b)(c) and specified references in s. 12(7)(a)) in force for certain purposes at 1.11.1994 by S.I. 1994/2679, art. 2, Sch.; s. 12 in force at 1.1.1995 insofar as not already in force by S.I. 1994/2679, art. 3

#### Marginal Citations

- M5** 1981 c. 63.  
**M6** 1981 c. 63.  
**M7** 1993 c. 34.

### [<sup>F14</sup>12A Other assessments relating to excise duty matters.

- (1) This subsection applies where any relevant excise duty relief other than an excepted relief—
- (a) has been given but ought not to have been given, or
  - (b) would not have been given had the facts been known or been as they later turn out to be.
- (2) Where subsection (1) above applies, the Commissioners may assess the amount of the relief given as being excise duty due from the liable person and notify him or his representative accordingly.
- (3) Where an amount has been assessed as due from any person under—
- (a) subsection (2) above,
  - (b) section 94 or 96 of the Management Act, <sup>F15</sup> . . .  
[ section 8, 10 [<sup>F17</sup>, 11 or 36G] of the Alcoholic Liquor Duties Act 1979,]  
<sup>F16</sup>(bb)
  - (c) section 10, 13, [<sup>F18</sup>13ZB, ][<sup>F19</sup>13AB,][<sup>F20</sup>13AD, ] 14, [<sup>F21</sup>14F, ] 23 or 24 of the <sup>M8</sup>Hydrocarbon Oil Duties Act 1979,  
[ section 8 of the Tobacco Products Duty Act 1979, or  
<sup>F22</sup>(d)
  - (e) section 2 of the Finance (No. 2) Act 1992,]
- and notice has been given accordingly, that amount shall, subject to any appeal under section 16 below, be deemed to be an amount of excise duty due from that person and may be recovered accordingly, unless, or except to the extent that, the assessment has subsequently been withdrawn or reduced.
- (4) No assessment under any of the provisions referred to in subsection (3) above, or under section 61 or 167 of the Management Act, shall be made at any time after whichever is the earlier of the following times, that is to say—

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- (a) subject to subsection (6) below, the end of the period of three years beginning with the relevant time; and
  - (b) the end of the period of one year beginning with the day on which evidence of facts, sufficient in the opinion of the Commissioners to justify the making of the assessment, comes to their knowledge.
- (5) Subsection (4) above shall be without prejudice, where further evidence comes to the knowledge of the Commissioners at any time after the making the assessment concerned, to the making of a further assessment within the period applicable by virtue of that subsection in relation to that further assessment.
- (6) Subsection (4) above shall have effect as if the reference in paragraph (a) to three years were a reference to twenty years in any case where the assessment has been postponed or otherwise affected by, or the power to make the assessment arises out of, conduct falling within subsection (5)(a) or (b) of section 12 above (construed in accordance with subsection (7) of that section).]

#### Textual Amendments

- F14** Ss. 12A, 12B inserted (1.6.1997) by 1997 c. 16, s. 50(2), Sch. 6 paras. 1(1), 7; S.I. 1997/1305, art. 2
- F15** Word at the end of s. 12A(3)(b) repealed (1.10.1998) by 1998 c. 36, ss. 20, 165, Sch. 2 paras. 8(2), 12, Sch. 27 Pt. I(5), Note; S.I. 1998/2243, art. 2
- F16** S. 12A(3)(bb) inserted (1.10.1998) by 1998 c. 36, s. 20, Sch. 2 paras. 8(2), 12; S.I. 1998/2243, art. 2
- F17** Words in s. 12A(3)(bb) substituted (retrospective to 1.6.2002) by Finance Act 2002 (c. 23), s. 4(1)(2), Sch. 1 para. 4(2)
- F18** Word in s. 12A(3)(c) inserted (1.11.2008) by Finance Act 2008 (c. 9), Sch. 6 paras. 34, 37
- F19** Word in s. 12A(3)(c) inserted (1.10.1998 for certain purposes, 1.9.2008 for specified purposes, 1.6.2009 for specified purposes) by Finance Act 1998 (c. 36), Sch. 2 paras. 8(3), 12; S.I. 2008/2302, arts. 2, 3; S.I. 2009/1022, arts. 2, 3
- F20** Word in s. 12A(3)(c) inserted (1.11.2008) by Finance Act 2008 (c. 9), Sch. 6 paras. 18(a), 21
- F21** Word in s. 12A(3)(c) inserted (1.11.2008) by Finance Act 2008 (c. 9), Sch. 6 paras. 18(b), 21
- F22** S. 12A(3)(d)(e) inserted (1.10.1998 for certain purposes, 1.9.2008 for specified purposes, 1.6.2009 for specified purposes) by Finance Act 1998 (c. 36), Sch. 2 paras. 8(3), 12; S.I. 2008/2302, arts. 2, 3; S.I. 2009/1022, arts. 2, 3

#### Marginal Citations

- M8** 1979 c. 5.

### <sup>F23</sup> 12B Section 12A: supplementary provisions.

- (1) For the purposes of section 12A above and this section, relevant excise duty relief has been given if (and only if)—
- (a) an amount of excise duty which a person is liable to pay has been remitted or payment of an amount of excise duty which a person is liable to pay has been waived;
  - (b) an amount of excise duty has been repaid to a person;
  - (c) an amount by way of drawback of excise duty has been paid to a person;
  - (d) an allowance of excise duty in any amount has been made to a person;
  - (e) an amount by way of rebate has been allowed to a person;
  - (f) the liability of a person to repay an amount paid by way of drawback of excise duty has been waived;

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- (g) an amount has been paid to a person under section 20(3) of the Hydrocarbon Oil Duties Act 1979 (payments in respect of contaminated or accidentally mixed oil); or
- (h) an amount of relief has been allowed to a person by virtue of section 20AA [<sup>F24</sup>or 20AB] of that Act (power to allow reliefs), or in accordance with paragraph 10 of Schedule 3 to that Act (power to make regulations for the purpose of relieving from excise duty oil intended for exportation or shipment as stores);

and the amount of the relief is the amount mentioned in relation to the relief in this subsection.

(2) For the purposes of section 12A above the relevant time is—

- (a) in the case of an assessment under section 61 of the Management Act, the time when the ship or aircraft in question returned to a place within the United Kingdom;
- (b) in the case of an assessment under section 94 of that Act, the time at which the goods in question were warehoused;
- (c) in the case of an assessment under that section as it has effect by virtue of section 95 of that Act, the time when the goods in question were lawfully taken from the warehouse;
- (d) in the case of an assessment under section 96 of that Act, the time when the goods in question were moved by pipe-line or notified as goods to be moved by pipe-line;
- (e) in the case of an assessment under section 167 of that Act—
  - (i) if the assessment relates to unpaid duty, the time when the duty became payable or, if later, the time when the document in question was delivered or the statement in question was made; and
  - (ii) if the assessment relates to an overpayment, the time when the overpayment was made;
- <sup>F25</sup>(ea) in the case of an assessment under section 8 or 10 of the Alcoholic Liquor Duties Act 1979, the time of delivery from warehouse;
- (eb) in the case of an assessment under section 11 of that Act, the time when the direction was made;]
- <sup>F26</sup>(ec) in the case of an assessment under section 36G of that Act, the the time at which the requirement to pay the duty took effect (which time, in a case where there was an excise duty point for the beer fixed under section 1 of the Finance (No. 2) Act 1992, is that excise duty point);]
  - (f) in the case of an assessment under section 10, 13, [<sup>F27</sup>13ZB, ] [<sup>F28</sup>13AB, ] [<sup>F29</sup>13AD, ] 14 [<sup>F30</sup>, 14F] or 23 of the <sup>M9</sup>Hydrocarbon Oil Duties Act 1979, the time of the action which gave rise to the power to assess;
  - (g) in the case of an assessment under section 24(4A) or (4B) of that Act, the time when the rebate was allowed or the oil was delivered without payment of duty (as the case may be);
- <sup>F31</sup>(ga) in the case of an assessment under section 8 of the Tobacco Products Duty Act 1979, the time when the Commissioners are satisfied of a failure to prove as mentioned in subsection (2)(a) or (b) of that section;
- (gb) in the case of an assessment under section 2 of the Finance (No. 2) Act 1992, the time when the sums were paid or credited in respect of the drawback;]
- (h) in the case of an assessment under section 12A(2) above, the time when the relevant excise duty relief in question was given.

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- (3) In section 12A above “the liable person” means—
- (a) in the case of excise duty which has been remitted or repaid under section 130 of the Management Act on the basis that goods were lost or destroyed while in a warehouse, the proprietor of the goods or the occupier of the warehouse;
  - (b) in the case of a rebate which has been allowed on any oil under section 11 of the Hydrocarbon Oil Duties Act 1979, the person to whom the rebate was allowed or the occupier of any warehouse from which the oil was delivered for home use;
  - (c) in the case of a rebate allowed on any petrol under section 13A of that Act, the person to whom the rebate was allowed or the occupier of any warehouse from which the petrol was delivered for home use;
  - (d) in any other case, the person mentioned in subsection (1) above to whom the relief in question was given.

- (4) In section 12A above—

“excepted relief” means any relief which is given by the making of a repayment on a claim made under section 137A of the Management Act;

“representative”, in relation to any person from whom the Commissioners assess an amount as being excise duty due, means his personal representative, trustee in bankruptcy or interim or permanent trustee, any receiver or liquidator appointed in relation to him or any of his property or any other person acting in a representative capacity in relation to him.

#### Textual Amendments

- F23** Ss. 12A, 12B inserted (1.6.1997) by 1997 c. 16, s. 50(2), Sch. 6 paras. 1(1), 7; S.I. 1997/1305, **art. 2**
- F24** Words in s. 12B(1)(h) inserted (11.5.2001) by 2001 c. 9, s. 3(4)
- F25** S. 12B(2)(ea)(eb) inserted (1.10.1998) by 1998 c. 36, s. 20, Sch. 2 paras. 9(2), 12; S.I. 1998/2243, **art. 2**
- F26** S. 12B(2)(ec) inserted (retrospective to 1.6.2002) by Finance Act 2002 (c. 23), s. 4(1)(2), **Sch. 1 para. 4(3)**
- F27** Word in s. 12B(2)(f) inserted (1.11.2008) by Finance Act 2008 (c. 9), **Sch. 6 paras. 35, 37**
- F28** Word in s. 12B(2)(f) inserted (1.10.1998) by 1998 c. 36, s. 20, Sch. 2 paras. 9(3), 12; S.I. 1998/2243, **art. 2**
- F29** Word in s. 12B(2)(f) inserted (1.11.2008) by Finance Act 2008 (c. 9), **Sch. 6 paras. 19(a), 21**
- F30** Word in s. 12B(2)(f) inserted (1.11.2008) by Finance Act 2008 (c. 9), **Sch. 6 paras. 19(b), 21**
- F31** S. 12B(2)(ga)(gb) inserted (1.9.2008 for specified purposes, 1.6.2009 for specified purposes) by Finance Act 1998 (c. 36), **Sch. 2 paras. 9(4), 12**; S.I. 2008/2302, arts. 2, 3; S.I. 2009/1022, arts. 2, 3

#### Marginal Citations

- M9** 1979 c. 5.

## 13 Assessments to penalties.

- (1) Where any person is liable to a penalty under this Chapter, the Commissioners may assess the amount due by way of penalty and notify that person, or his representative, accordingly.
- (2) An assessment under this section may be combined with an assessment under section 12 above, but any notification for the purposes of any such combined assessment shall separately identify any amount assessed by way of a penalty.

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- (3) In the case of any amount due from any person by way of a penalty under section 9 above for conduct consisting in a contravention which attracts daily penalties—
- (a) a notification of an assessment under this section shall specify a date, being a date no later than the date of the notification, to which the penalty as assessed is to be calculated; and
  - (b) if the contravention continues after that date, a further assessment, or (subject to this subsection) further assessments, may be made under this section in respect of any continuation of the contravention after that date.
- (4) If—
- (a) a person is assessed to a penalty in accordance with paragraph (a) of subsection (3) above, and
  - (b) the contravention to which that penalty relates is remedied within such period after the date specified for the purposes of that subsection in the notification of assessment as may for the purposes of this subsection be notified to that person by the Commissioners,
- that contravention shall be treated for the purposes of this Chapter as having been remedied, and accordingly the conduct shall be deemed to have ceased, immediately before that date.
- (5) If an amount has been assessed as due from any person and notified in accordance with this section, then unless, or except to the extent that, the assessment has subsequently been withdrawn or reduced, that amount shall, subject to any appeal under section 16 below, be recoverable as if it were an amount due from that person as an amount of the appropriate duty.
- (6) In subsection (5) above “the appropriate duty” means—
- (a) the [<sup>F32</sup>relevant duty] (if any) by reference to an amount of which the penalty in question is calculated; or
  - (b) where there is no such duty, the [<sup>F32</sup>relevant duty] the provisions relating to which are contravened by the conduct giving rise to the penalty or, if those provisions relate to more than one duty, such of the duties as appear to the Commissioners and are certified by them to be relevant in the case in question.
- (7) In this section “representative”, in relation to a person liable to a penalty under this Chapter, means his personal representative [<sup>F33</sup>, trustee in bankruptcy or interim or permanent trustee,] any receiver or liquidator appointed in relation to that person or any of his property or any other person acting in a representative capacity in relation to that person.

#### Textual Amendments

**F32** Words in s. 13(6)(a)(b) substituted (1.7.1997) by 1997 c. 16, s. 53(3)(9); S.I. 1997/1432, art. 2

**F33** Words in s. 13(7) substituted (1.6.1997) by 1997 c. 16, s. 50(2), Sch. 6 paras. 1(3), 7; S.I. 1997/1305, art. 2

#### Commencement Information

**I7** S. 13 wholly in force at 1.1.1995; s. 13 not in force at Royal Assent see s. 19(1); s. 13 in force for certain purposes at 1.11.1994 by S.I. 1994/2679, art. 2, Sch.; s. 13 in force at 1.1.1995 insofar as not already in force by S.I. 1994/2679, art. 3

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### *Customs and excise reviews and appeals*

#### **[<sup>F34</sup>13A Meaning of “relevant decision”**

- (1) This section applies for the purposes of the following provisions of this Chapter.
- (2) A reference to a relevant decision is a reference to any of the following decisions—
  - (a) any decision by HMRC, in relation to any customs duty or to any agricultural levy of the European Community, as to—
    - (i) whether or not, and at what time, anything is charged in any case with any such duty or levy;
    - (ii) the rate at which any such duty or levy is charged in any case, or the amount charged;
    - (iii) the person liable in any case to pay any amount charged, or the amount of his liability; or
    - (iv) whether or not any person is entitled in any case to relief or to any repayment, remission or drawback of any such duty or levy, or the amount of the relief, repayment, remission or drawback to which any person is entitled;
  - (b) so much of any decision by HMRC that a person is liable to any duty of excise, or as to the amount of his liability, as is contained in any assessment under section 12 above;
  - (c) any decision by HMRC to assess any person to excise duty under section 12A(2) above, section 61, 94, 96 or 167 of the Management Act, section 8, 10, 11 or 36G of the [Alcoholic Liquor Duties Act 1979](#), section 10, 13, 13ZB, 13AB, 13AD, 14, 14F, 23 or 24 of the [Hydrocarbon Oil Duties Act 1979](#), section 8 of the Tobacco Products Duty Act 1979, section 2 of the Finance (No 2) Act 1992 or as to the amount of duty to which a person is to be assessed under any of those provisions;
  - (d) any decision by HMRC on a claim under section 137A of the Management Act for repayment of excise duty;
  - (e) any decision by HMRC as to whether or not any person is entitled to any drawback of excise duty by virtue of regulations under section 2 of the Finance (No 2) Act 1992, or the amount of the drawback to which any person is so entitled;
  - (f) any decision by HMRC as to whether or not any person is entitled to any repayment or credit by virtue of regulations under paragraph 4(2)(h) of Schedule 2A to the [Alcoholic Liquor Duties Act 1979](#) (duty stamps), or the amount of the repayment or credit to which any person is so entitled;
  - (g) any decision by HMRC made by virtue of regulations under paragraph 4(2) (i) of that Schedule that some or all of a payment made, or security provided, is forfeit, or the amount which is so forfeit;
  - (h) so much of any decision by HMRC that a person is liable to any penalty under any of the provisions of this Chapter, or as to the amount of his liability, as is contained in any assessment under section 13 above;
  - (i) any decision as to whether or not—
    - (i) an amount due in respect of customs duty or agricultural levy, or
    - (ii) any repayment by HMRC of an amount paid by way of customs duty or agricultural levy,

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is to carry interest, or as to the rate at which, or period for which, any such amount is to carry interest;

- (j) any decision by HMRC which is of a description specified in Schedule 5 to this Act, except for any decision under section 152(b) of the Management Act as to whether or not anything forfeited or seized under the customs and excise Acts is to be restored to any person or as to the conditions subject to which any such thing is so restored.]

#### Textual Amendments

**F34** S. 13A inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 198**

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

**C17** Ss. 13A-16 applied by 1979 c. 7, s. 7C(3) (as substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 93(2)**)

## 14 <sup>F35</sup><sup>F36</sup> Requirement for review of decision under section 152(b) of the Management Act etc]

- (1) This section applies to the following decisions [<sup>F37</sup>by HMRC] , not being decisions under this section or section 15 below, that is to say—

- [<sup>F38</sup>(a) any decision under section 152(b) of the Management Act as to whether or not anything forfeited or seized under the customs and excise Acts is to be restored to any person or as to the conditions subject to which any such thing is so restored;
- (b) any relevant decision which is linked by its subject matter to such a decision under section 152(b) of the Management Act.]

- (2) Any person who is—

- (a) a person whose liability to pay any relevant duty or penalty is determined by, results from or is or will be affected by any decision to which this section applies,
- (b) a person in relation to whom, or on whose application, such a decision has been made, or
- (c) a person on or to whom the conditions, limitations, restrictions, prohibitions or other requirements to which such a decision relates are or are to be imposed or applied,

may by notice in writing to the Commissioners require them to review that decision.

[<sup>F39</sup>(2A) But in the case of a relevant decision that falls within subsection (1)(b), a person may require HMRC to review the decision under this section only if HMRC are also required to review the decision within subsection (1)(a) to which it is linked.]

- (3) The Commissioners shall not be required under this section to review any decision unless the notice requiring the review is given before the end of the period of forty-five days beginning with the day on which written notification of the decision, or of the assessment containing the decision, was first given to the person requiring the review.
- (4) For the purposes of subsection (3) above it shall be the duty of the Commissioners to give written notification of any decision to which this section applies to any person who—



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- (a) requests such a notification;
  - (b) has not previously been given written notification of that decision; and
  - (c) if given such a notification, will be entitled to require a review of the decision under this section.
- (5) A person shall be entitled to give a notice under this section requiring a decision to be reviewed for a second or subsequent time only if—
- (a) the grounds on which he requires the further review are that the Commissioners did not, on any previous review, have the opportunity to consider certain facts or other matters; and
  - (b) he does not, on the further review, require the Commissioners to consider any facts or matters which were considered on a previous review except in so far as they are relevant to any issue to which the facts or matters not previously considered relate.

F40(6) .....

F40(7) .....

#### Textual Amendments

- F35** Words in s. 14(1)(ba) inserted (1.9.2008 for specified purposes, 1.6.2009 for specified purposes) by Finance Act 1998 (c. 36), **Sch. 2 paras. 10(c), 12**; S.I. 2008/2302, arts. 2, 3; S.I. 2009/1022, arts. 2, 3
- F36** S. 14 heading substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 199(2)** (with Sch. 3 paras. 2-4)
- F37** Words in s. 14(1) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 199(3)(a)** (with Sch. 3 paras. 2-4)
- F38** S. 14(1)(a)(b) substituted for s. 14(1)(a)-(d) (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 199(3)(b)** (with Sch. 3 paras. 2-4)
- F39** S. 14(2A) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 199(4)** (with Sch. 3 paras. 2-4)
- F40** S. 14(6)(7) omitted (1.4.2009) by virtue of The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 199(5)** (with Sch. 3 paras. 2-4)

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

- C18** S. 14 applied (1.6.1995) by S.I. 1995/1046, **reg. 7(3)**
  - S. 14 applied (1.5.1995 with effect as mentioned in 1995 c. 4, s. 14(2)) by 1981 c. 63, **Sch. 4 para. 7A(5)** (as inserted by 1995 c. 4, s. 14, **Sch. 3 para. 11(5)**)
  - S. 14 applied (1.10.1995) by S.I. 1995/2351, **reg. 2**
  - S. 14 applied (*prosp.*) by 1995 c. 4, s. 5(4)(6)
  - S. 14 applied (19.3.1997) by 1997 c. 16, ss. 11(7), 13(1), 15, 50(1), Sch. 1 paras. 8(11), 9(5), **Sch. 5 para. 19(1)**
  - S. 14 applied (24.3.1997) by S.I. 1997/534, **regs. 3(1), 5(1)**
  - S. 14 applied (28.7.2000 with effect as mentioned in 2000 c. 17, **Sch. 2 para. 10(2)**) by 1981 c. 63, **Sch. 4A para. 6(1)** (as inserted by 2000 c. 17, s. 17, **Sch. 2 para. 10**)
- C19** Ss. 14-16 modified (1.7.2005) by Finance Act 1995 (c. 4), s. 5(4)(6); S.I. 2005/1523, art. 2 (with art. 3)
- C20** Ss. 14-16 applied by 1981 c. 63, s. 26M(1) (as inserted (with effect in accordance with s. 8(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 1 para. 2**; S.I. 2007/2172, art. 2)
- C21** Ss. 14-16 applied by 1981 c. 63, s. 26M(2)-(4) (as inserted (with effect in accordance with s. 8(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 1 para. 2**; S.I. 2007/2172, art. 2)

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#### Commencement Information

- 18** S. 14 wholly in force at 1.1.1995; s. 14 not in force at Royal Assent see s. 19(1); s. 14(1)(2)-(5) (except s. 14(1)(a)) in force for certain purposes at 1.11.1994 by [S.I. 1994/2679](#), [art. 2](#), [Sch.](#); s. 14 in force at 1.1.1995 insofar as not already in force by [S.I. 1994/2679](#), [art. 3](#)

#### [<sup>F41</sup>14A Review out of time

- (1) This section applies if—
  - (a) a person may, under section 14(2), require HMRC to review a decision, and
  - (b) the person gives notice requiring such a review after the end of the 45 day period mentioned in section 14(3).
- (2) HMRC are required to carry out a review of the decision in either of the following cases.
- (3) The first case is where HMRC are satisfied that—
  - (a) there was a reasonable excuse for not giving notice requiring a review before the end of that 45 day period, and
  - (b) the notice given after the end of that period was given without unreasonable delay after that excuse ceased.
- (4) The second case is where—
  - (a) HMRC are not satisfied as mentioned in subsection (3), and
  - (b) the appeal tribunal, on application made by the person, orders HMRC to carry out a review.
- (5) A person may require HMRC to review a decision falling within section 14(1)(b) only if HMRC are also required to review the decision within section 14(1)(a) to which it is linked.
- (6) Section 14(5) applies to notices given under this section as it applies to notices given under section 14.]

#### Textual Amendments

- F41** S. 14A inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), [art. 1\(2\)](#), [Sch. 1 para. 200](#) (with [Sch. 3 paras. 2-4](#))

#### 15 Review procedure.

- (1) Where the Commissioners are required in accordance with [<sup>F42</sup>section 14 or 14A] to review any decision, it shall be their duty to do so and they may, on that review, either—
  - (a) confirm the decision; or
  - (b) withdraw or vary the decision and take such further steps (if any) in consequence of the withdrawal or variation as they may consider appropriate.
- (2) Where—
  - (a) it is the duty of the Commissioners in pursuance of a requirement by any person under section 14 [<sup>F43</sup>or 14A] above to review any decision; and

*Status: Point in time view as at 21/07/2009.*

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- (b) they do not, within the period of forty-five days beginning with the day on which the review was required, give notice to that person of their determination on the review,  
they shall be assumed for the purposes of [<sup>F44</sup>section 14 or 14A] to have confirmed the decision.
- (3) The Commissioners shall not by virtue of any requirement under this Chapter to review a decision have any power, apart from their power in pursuance of section 8(4) above, to mitigate the amount of any penalty imposed under this Chapter.

#### Textual Amendments

- F42** Words in s. 15(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 201(2)** (with Sch. 3 paras. 2-4)
- F43** Words in s. 15(2)(a) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 201(3)(a)** (with Sch. 3 paras. 2-4)
- F44** Words in s. 15(2) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 201(3)(b)** (with Sch. 3 paras. 2-4)

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

- C19** Ss. 14-16 modified (1.7.2005) by [Finance Act 1995 \(c. 4\)](#), **s. 5(4)(6)**; S.I. 2005/1523, art. 2 (with art. 3)
- C20** Ss. 14-16 applied by 1981 c. 63, s. 26M(1) (as inserted (with effect in accordance with s. 8(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 1 para. 2**; S.I. 2007/2172, art. 2)
- C21** Ss. 14-16 applied by 1981 c. 63, s. 26M(2)-(4) (as inserted (with effect in accordance with s. 8(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **Sch. 1 para. 2**; S.I. 2007/2172, art. 2)
- C22** S. 15 applied (1.6.1995) by S.I. 1995/1046, **reg. 7(3)**  
S. 15 applied (1.5.1995 with effect as mentioned in 1995 c. 4, **s. 14(2)**) by 1981 c. 63, **Sch. 4 para. 7A(5)** (as inserted by 1995 c. 4, s. 14, **Sch. 3 para. 11(5)**)  
S. 15 applied (*prosp.*) by 1995 c. 4, **s. 5(4)(6)**  
S. 15 applied (19.3.1997) by 1997 c. 16, ss. 11(7), 13(1), 15, 50(1), Sch. 1 paras. 8(11), 9(5), **Sch. 5 para. 19(1)**

#### Commencement Information

- I9** S. 15 wholly in force at 1.1.1995; s. 15 not in force at Royal Assent see s. 19(1); s. 15 in force for certain purposes at 1.11.1994 by S.I. 1994/2679, art. 2, **Sch.**; s. 15 in force at 1.1.1995 insofar as not already in force by S.I. 1994/2679, **art. 3**

#### [<sup>F45</sup>15A Offer of review of relevant decision

- (1) If HMRC notify a person (P) of a relevant decision by HMRC, HMRC must at the same time, by notice to P, offer P a review of the decision.
- (2) This section does not apply to the notification of the conclusions of a review.

#### Textual Amendments

- F45** Ss. 15A-15F inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 202** (with Sch. 3 paras. 2-4)

*Status: Point in time view as at 21/07/2009.*

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## 15B Right to require review

- (1) Any person (other than P) who has the right of appeal under section 16 against a relevant decision may require HMRC to review that decision.
- (2) The other person may not notify HMRC requiring a review of the decision if either of the following conditions is met.
- (3) Condition A is that—
  - (a) the relevant decision falls within section 14(1)(b) (decision linked to decision under section 152(b) of the Management Act about things forfeited or seized), and
  - (b) under section 15, HMRC are reviewing, or have reviewed, the decision under section 152(b) of the Management Act to which the relevant decision is linked.
- (4) Condition B is that P or the other person has brought an appeal under section 16 with respect to the relevant decision.
- (5) A notification that such a person requires a review must be made within 30 days of that person becoming aware of the decision.

### Textual Amendments

**F45** Ss. 15A-15F inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 202** (with Sch. 3 paras. 2-4)

## 15C Review by HMRC

- (1) HMRC must review a decision if—
  - (a) they have offered a review of the decision under section 15A, and
  - (b) P notifies HMRC of acceptance of the offer within 30 days beginning with the date of the document containing the notification of the offer of the review.
- (2) P may not notify HMRC of acceptance of the offer of review if either of the following conditions is met.
- (3) Condition A is that—
  - (a) the relevant decision falls within section 14(1)(b) (decision linked to decision under section 152(b) of the Management Act about things forfeited or seized), and
  - (b) under section 15, HMRC are reviewing, or have reviewed, the decision under section 152(b) of the Management Act to which the relevant decision is linked.
- (4) Condition B is that P has brought an appeal under section 16 with respect to the relevant decision.
- (5) HMRC must review a decision if a person other than P notifies them under section 15B.
- (6) HMRC shall not review a decision if P, or another person, has appealed to the appeal tribunal under section 16 in respect of the decision.

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#### Textual Amendments

**F45** Ss. 15A-15F inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 202** (with Sch. 3 paras. 2-4)

### 15D Extensions of time

- (1) If under section 15A, HMRC have offered P a review of a decision, HMRC may within the relevant period notify P that the relevant period is extended.
- (2) If under section 15B another person may require HMRC to review a matter, HMRC may within the relevant period notify the other person that the relevant period is extended.
- (3) If notice is given the relevant period is extended to the end of 30 days from—
  - (a) the date of the notice, or
  - (b) any other date set out in the notice or a further notice.
- (4) In this section “relevant period” means—
  - (a) the period of 30 days referred to in—
    - (i) section 15C(1)(b) (in a case falling within subsection (1)), or
    - (ii) section 15B(5) (in a case falling within subsection (2)), or
  - (b) if notice has been given under subsection (1) or (2), that period as extended (or as most recently extended) in accordance with subsection (3).

#### Textual Amendments

**F45** Ss. 15A-15F inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 202** (with Sch. 3 paras. 2-4)

### 15E Review out of time

- (1) This section applies if—
  - (a) HMRC have offered a review of a decision under section 15A and P does not accept the offer within the time allowed under section 15C(1) or 15D(1); or
  - (b) a person who requires a review under section 15B does not notify HMRC within the time allowed under that section or section 15D(3).
- (2) HMRC must review the decision if—
  - (a) after the time allowed, P, or the other person, notifies HMRC in writing requesting a review out of time,
  - (b) HMRC are satisfied that P, or the other person, had a reasonable excuse for not accepting the offer or requiring review within the time allowed, and
  - (c) HMRC are satisfied that P, or the other person, made the request without unreasonable delay after the excuse had ceased to apply.
- (3) HMRC shall not be required to review a decision under this section if Condition A is met (see sections 15B(3) and 15C(3)).
- (4) HMRC shall not review a decision if P, or another person, has appealed to the appeal tribunal under section 16 in respect of the decision.

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### Textual Amendments

**F45** Ss. 15A-15F inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 202** (with Sch. 3 paras. 2-4)

## 15F Nature of review etc

- (1) This section applies if HMRC are required to undertake a review under section 15C or 15E.
- (2) The nature and extent of the review are to be such as appear appropriate to HMRC in the circumstances.
- (3) For the purposes of subsection (2) HMRC must, in particular, have regard to steps taken before the beginning of the review—
  - (a) by HMRC in making the decision, and
  - (b) by any person who is seeking to resolve disagreement about the decision.
- (4) The review must take account of any representations made by P, or the other person, at a stage which gives HMRC a reasonable opportunity to consider them.
- (5) The review may conclude that the decision is to be—
  - (a) upheld,
  - (b) varied, or
  - (c) cancelled.
- (6) HMRC must give P, or the other person, notice of the conclusions of the review and their reasoning within—
  - (a) the period of 45 days beginning with the relevant date, or
  - (b) such other period as HMRC and P, or the other person, may agree.
- (7) In subsection (6) “relevant date” means—
  - (a) the date HMRC received P’s notification accepting the offer of a review (in a case falling within section 15A),
  - (b) the date HMRC received notification from another person requiring review (in a case falling within section 15B), or
  - (c) the date on which HMRC decided to undertake the review (in a case falling within section 15E).
- (8) Where HMRC are required to undertake a review but do not give notice of the conclusions within the time period specified in subsection (6), the review is to be treated as having concluded that the decision is upheld.
- (9) If subsection (8) applies, HMRC must notify P or the other person of the conclusion which the review is treated as having reached.]

### Textual Amendments

**F45** Ss. 15A-15F inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 202** (with Sch. 3 paras. 2-4)

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## 16 Appeals to a tribunal.

- [<sup>F46</sup>(1) An appeal against a decision on a review under section 15 (not including a deemed confirmation under section 15(2)) may be made to an appeal tribunal within the period of 30 days beginning with the date of the document notifying the decision to which the appeal relates.
- (1A) An appeal against a deemed confirmation under section 15(2) may be made to an appeal tribunal within the period of 75 days beginning with the date on which the review was required.
- (1B) Subject to subsections (1C) to (1E), an appeal against a relevant decision (other than any relevant decision falling within subsection (1) or (1A)) may be made to an appeal tribunal within the period of 30 days beginning with—
- (a) in a case where P is the appellant, the date of the document notifying P of the decision to which the appeal relates, or
  - (b) in a case where a person other than P is the appellant, the date the other person becomes aware of the decision, or
  - (c) if later, the end of the relevant period (within the meaning of section 15D).
- (1C) In a case where HMRC are required to undertake a review under section 15C—
- (a) an appeal may not be made until the conclusion date, and
  - (b) any appeal is to be made within the period of 30 days beginning with the conclusion date.
- (1D) In a case where HMRC are requested to undertake a review in accordance with section 15E—
- (a) an appeal may not be made—
    - (i) unless HMRC have decided whether or not to undertake a review, and
    - (ii) if HMRC decide to undertake a review, until the conclusion date; and
  - (b) any appeal is to be made within the period of 30 days beginning with—
    - (i) the conclusion date (if HMRC decide to undertake a review), or
    - (ii) the date on which HMRC decide not to undertake a review.
- (1E) In a case where section 15F(8) applies, a notice of appeal may be made at any time from the end of the period specified in section 15F(6) to the date 30 days after the conclusion date.
- (1F) An appeal may be made after the end of the period specified in subsection (1), (1A), (1B), (1C)(b), (1D)(b) or (1E) if the appeal tribunal gives permission to do so.
- (1G) In this section “conclusion date” means the date of the document notifying the conclusion of the review]
- (2) An appeal under this section [<sup>F47</sup>with respect to a decision falling within subsection (1) or (1A)] shall not be entertained unless the appellant is the person who required the review in question.
- [<sup>F48</sup>(2A) An appeal under this section with respect to a relevant decision (other than any relevant decision falling within subsection (1) or (1A)) shall not be entertained unless the appellant is—
- (a) a person whose liability to pay any relevant duty or penalty is determined by, results from or is or will be affected by the relevant decision,

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- (b) a person in relation to whom, or on whose application, the relevant decision has been made, or
  - (c) a person on whom the conditions, limitations, restrictions, prohibitions or other requirements to which the relevant decision relates are or are to be imposed or applied.]
- (3) [<sup>F49</sup> An appeal which relates to a relevant decision falling within any of paragraphs (a) to (h) of section 13A(2), or which relates to a decision on a review of any such relevant decision, shall not be entertained if the amount of relevant duty which HMRC have determined to be payable in relation to that decision has not been paid or deposited with them unless—]
- (a) the Commissioners have, on the application of the appellant, issued a certificate stating either—
    - (i) that such security as appears to them to be adequate has been given to them for the payment of that amount; or
    - (ii) that, on the grounds of the hardship that would otherwise be suffered by the appellant, they either do not require the giving of security for the payment of that amount or have accepted such lesser security as they consider appropriate;
  - or
  - (b) the tribunal to which the appeal is made decide that the Commissioners should not have refused to issue a certificate under paragraph (a) above and are satisfied that such security (if any) as it would have been reasonable for the Commissioners to accept in the circumstances has been given to the Commissioners.
- [<sup>F50</sup>(3A) Subsection (3) above shall not apply if the appeal arises out of an assessment under section 8, 10 or 11 of the Alcoholic Liquor Duties Act 1979.]
- [<sup>F51</sup>(3B) Sections 85 and 85B of the Value Added Tax Act 1994 (settling of appeals by agreement and payment of tax where there is a further appeal) shall have effect as if—
- (a) the references to section 83 of that Act included references to this section, and
  - (b) the references to value added tax included references to any relevant duty.]
- (4) In relation to any decision as to an ancillary matter, or any decision on the review of such a decision, the powers of an appeal tribunal on an appeal under this section shall be confined to a power, where the tribunal are satisfied that the Commissioners or other person making that decision could not reasonably have arrived at it, to do one or more of the following, that is to say—
- (a) to direct that the decision, so far as it remains in force, is to cease to have effect from such time as the tribunal may direct;
  - (b) to require the Commissioners to conduct, in accordance with the directions of the tribunal, [<sup>F52</sup>a review or further review as appropriate] of the original decision; and
  - (c) in the case of a decision which has already been acted on or taken effect and cannot be remedied by [<sup>F52</sup>a review or further review as appropriate] , to declare the decision to have been unreasonable and to give directions to the Commissioners as to the steps to be taken for securing that repetitions of the unreasonableness do not occur when comparable circumstances arise in future.



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- (5) In relation to other decisions, the powers of an appeal tribunal on an appeal under this section shall also include power to quash or vary any decision and power to substitute their own decision for any decision quashed on appeal.
- (6) On an appeal under this section the burden of proof as to—
- (a) the matters mentioned in subsection (1)(a) and (b) of section 8 above,
  - (b) the question whether any person has acted knowingly in using any substance or liquor in contravention of section 114(2) of the Management Act, and
  - (c) the question whether any person had such knowledge or reasonable cause for belief as is required for liability to a penalty to arise under section 22(1) or 23(1) of the <sup>M10</sup>Hydrocarbon Oil Duties Act 1979 (use of fuel substitute or road fuel gas on which duty not paid),
- shall lie upon the Commissioners; but it shall otherwise be for the appellant to show that the grounds on which any such appeal is brought have been established.
- (7) An appeal tribunal shall not, by virtue of anything contained in this section, have any power, apart from their power in pursuance of section 8(4) above, to mitigate the amount of any penalty imposed under this Chapter.
- (8) [<sup>F53</sup>Subject to subsection (9) below] references in this section to a decision as to an ancillary matter are references to any decision of a description specified in Schedule 5 to this Act which is not comprised in a decision falling within [<sup>F54</sup>section 13A(2)(a) to (h)] above.
- [<sup>F55</sup>(9) References in this section to a decision as to an ancillary matter do not include a reference to a decision of a description specified in [<sup>F56</sup>the following paragraphs of Schedule 5—
- (a) paragraph 3(4);
  - (b) paragraph 4(3);
  - (c) paragraph 9(e);
  - (d) paragraph 9A.]
- (10) Nothing in this section shall be taken to confer on an appeal tribunal any power to vary an amount of interest specified in an assessment under paragraph 11A of Schedule 6 to this Act except in so far as it is necessary to reduce it to the amount which is appropriate under paragraph 7 of that Schedule.]
- [<sup>F57</sup>(11) If it appears to HMRC that there is any description of decisions falling to be made for the purposes of any provision of—
- (a) the Community Customs Code,
  - (b) any Community legislation made for the purpose of implementing that Code, or
  - (c) any enactment or subordinate legislation so made,
- which are not decisions to which sections 13A to 16 otherwise apply, HMRC may by regulations provide for those sections to apply to decisions of that description as they apply to relevant decisions or the decisions referred to in section 14.
- (12) The power to make regulations under subsection (11) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament and shall include power—

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- (a) to provide, in relation to any description of decisions to which this section is applied by any such regulations, that subsection (4) shall have effect as if those decisions were of a description specified in Schedule 5 to this Act; and
- (b) to make such other incidental, supplemental, consequential and transitional provision as HMRC think fit.]

### Textual Amendments

- F46** S. 16(1)-(1G) substituted for s. 16(1) (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 203(2)** (with Sch. 3 paras. 2-4)
- F47** Words in s. 16(2) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 203(3)** (with Sch. 3 paras. 2-4)
- F48** S. 16(2A) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 203(4)** (with Sch. 3 paras. 2-4)
- F49** Words in s. 16(3) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 203(5)** (with Sch. 3 paras. 2-4)
- F50** S. 16(3A) inserted (1.10.1998) by 1998 c. 36, s. 20, Sch. 2 paras. 11, **12**; S.I. 1998/2243, **art. 2**
- F51** S. 16(3B) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 203(6)** (with Sch. 3 paras. 2-4)
- F52** Words in s. 16(4)(b)(c) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 203(7)** (with Sch. 3 paras. 2-4)
- F53** Words in s. 16(8) inserted (1.5.1995) by 1995 c. 4, **s. 16(3)(4)**
- F54** Words in s. 16(8) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 203(8)** (with Sch. 3 paras. 2-4)
- F55** S. 16(9)(10) inserted (1.5.1995) by 1995 c. 4, **s. 16(3)(4)**
- F56** S. 16(9)(a)-(d) and the preceding words substituted for words in s. 16(9) (1.11.2001) by 2001 c. 9, s. **15**, **Sch. 3 para. 16**; S.I. 2001/3300, **art. 3**
- F57** S. 16(11)(12) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 203(9)** (with Sch. 3 paras. 2-4)

### Modifications etc. (not altering text)

- C19** Ss. 14-16 modified (1.7.2005) by Finance Act 1995 (c. 4), **s. 5(4)(6)**; S.I. 2005/1523, **art. 2** (with art. 3)
- C20** Ss. 14-16 applied by 1981 c. 63, s. 26M(1) (as inserted (with effect in accordance with s. 8(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 1 para. 2**; S.I. 2007/2172, **art. 2**)
- C21** Ss. 14-16 applied by 1981 c. 63, s. 26M(2)-(4) (as inserted (with effect in accordance with s. 8(2) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 1 para. 2**; S.I. 2007/2172, **art. 2**)
- C23** S. 16 applied (1.6.1995) by S.I. 1995/1046, **reg. 7(3)**  
S. 16 applied (1.5.1995 with effect as mentioned in 1995 c. 4, **s. 14(2)**) by 1981 c. 63, **Sch. 4 para. 7A(5)** (as inserted by 1995 c. 4, s. 14, **Sch. 3 para. 11(5)**)  
S. 16 applied (*prosp.*) by 1995 c. 4, **s. 5(4)(6)**  
S. 16 applied (19.3.1997) by 1997 c. 16, ss. 11(7), 13(1), 15, 50(1), Sch. 1 paras. 8(11), 9(5), **Sch. 5 para. 19(1)**
- C24** S. 16(4) modified (1.10.1995) by S.I. 1995/2351, **reg. 3**  
S. 16(4) modified (24.3.1997) by S.I. 1997/534, **regs. 4, 6**

### Commencement Information

- I10** S. 16 wholly in force at 1.1.1995; s. 16 not in force at Royal Assent see s. 19(1); s. 16 (except s. 16(6)(a)(b)) in force for certain purposes at 1.11.1994 by S.I. 1994/2679, **art. 2**, **Sch.**; s. 16 in force at 1.1.1995 insofar as not already in force by S.I. 1994/2679, **art. 3**

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### Marginal Citations

**M10** 1979 c. 5.

### Supplemental provisions

## 17 Interpretation.

- (1) Subject to the following provisions of this section, expressions used in this Chapter and in the Management Act have the same meanings in this Chapter as in that Act.
- (2) In this Chapter—
  - “appeal tribunal” shall be construed in accordance with section 7(3) above;
  - “conduct” includes any act, omission or statement;
  - “contravention” includes a failure to comply, and cognate expressions shall be construed accordingly;
  - “the Community Customs Code” means the Regulation of the Council of the European Communities dated 12 October 1992 (EEC) No. 2913/92 for establishing the Community Customs Code;
  - [<sup>F58</sup>“HMRC” means Her Majesty’s Revenue and Customs;]
  - “the Management Act” means the <sup>M11</sup>Customs and Excise Management Act 1979;
  - “relevant duty” means any Community customs duty or agricultural levy of the European Community or any duty of excise; and
  - “subordinate legislation” has the same meaning as in the <sup>M12</sup>Interpretation Act 1978.
- (3) For the purposes of this Chapter a contravention consisting in a failure to do something at or before a particular time shall be taken to continue after that time until the thing is done, and references in this Chapter to the remedying of such a contravention shall be construed accordingly.
- (4) References in this Chapter to a duty of excise do not include references to [<sup>F59</sup>vehicle] excise duty.

### Textual Amendments

- F58** Words in s. 17(2) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 204**
- F59** Word in s. 17(4) substituted (1.9.1994 subject to transitional provisions in [Sch. 4](#) of the amending Act) by [1994 c. 22, ss. 63, 66\(1\)](#), **Sch. 3 para. 32** (with s. 57(4))

### Commencement Information

- I11** S. 17 wholly in force at 1.1.1995; s. 17 not in force at Royal Assent see s. 19(1); s. 17 in force for certain purposes at 1.11.1994 by [S.I. 1994/2679](#), art. 2, **Sch.**; s. 17 in force at 1.1.1995 insofar as not already in force by [S.I. 1994/2679](#), art. 3

### Marginal Citations

- M11** 1979 c. 2.  
**M12** 1978 c. 30.

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## 18 Consequential modifications of enactments.

- (1) Subject to subsection (2) below, references in the Management Act to a penalty shall not include references to a penalty under this Chapter.
- (2) Section 117 of the Management Act (execution and distress against revenue traders) shall have effect—
  - (a) as if any amount assessed as due from any person by way of a penalty under this Chapter<sup>F60</sup> . . . were an amount of excise duty payable by that person;<sup>F61</sup> . . .
  - <sup>F61</sup>(b) . . . . .
- (3) Section 127 of the Management Act (determination of disputes as to duties on imported goods) shall cease to have effect;<sup>F62</sup> . . .
- <sup>F63</sup>(4) . . . . .
- (5) In section 29A(1)(d) of that Act of 1981 (certificate to be evidence of certain matters), for the words “or estimate made in pursuance of this Act” there shall be substituted “made in pursuance of this Act or in any assessment made under section 12 of the Finance Act 1994”.
- (6) In section 35(1)(c) of the<sup>M13</sup> Finance Act 1993 (certificate to be evidence of certain matters), for the words “in an estimate made under section 116A of the Customs and Excise Management Act 1979” there shall be substituted “in any assessment made under section 12 of the Finance Act 1994”.
- (7) In section 827 of the Taxes Act 1988 (VAT penalties etc.), after subsection (1) there shall be inserted the following subsection—
 

“(1A) Where a person is liable to make a payment by way of a penalty under any of sections 8 to 11 of the Finance Act 1994 (penalties relating to excise), that payment shall not be allowed as a deduction in computing any income, profits or losses for any tax purposes.”
- (8) Subsections (1) [<sup>F64</sup>and (2)] above shall be without prejudice to section 13(5) above; and subsection (7) above shall have effect in relation to any chargeable period ending after the coming into force of the provision which provides for the imposition of the penalty in question.

### Textual Amendments

- F60** Words in s. 18(2)(a) repealed (1.7.1997) by 1997 c. 16, s. 113, **Sch. 18 Pt. V(2)**, Note; S.I. 1997/1433, **art. 2**
- F61** S. 18(2)(b) and the preceding word “and” repealed (1.7.1997) by 1997 c. 16, s. 113, **Sch. 18 Pt. V(2)**, Note; S.I. 1997/1433, **art. 2**
- F62** Words in s. 18(3) repealed (1.9.1994 with effect as mentioned in s. 101(1) of the amending Act) by 1994 c. 23, s. 100(2), **Sch. 15**
- F63** S. 18(4) repealed (1.7.1997) by 1997 c. 16, s. 113, **Sch. 18 Pt. V(2)**, Note; S.I. 1997/1433, **art. 2**
- F64** Words in s. 18(8) substituted (1.7.1997) by 1997 c. 16, s. 53(4)(9); S.I. 1997/1432, **art. 2**

### Commencement Information

- I12** S. 18 wholly in force at 1.1.1995; s. 18 not in force at Royal Assent see s. 19(1); s. 18(1)(2)(7)(8) in force for certain purposes at 1.11.1994 by S.I. 1994/2679, **art. 2**, **Sch.**; s. 18 in force at 1.1.1995 insofar as not already in force by S.I. 1994/2679, **art. 3**

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#### Marginal Citations

**M13** 1993 c. 34.

### 19 Commencement of Chapter.

- (1) Subject to section 18(8) above, this Chapter shall come into force on such day as the Commissioners may by order made by statutory instrument appoint, and different days may be appointed under this subsection for different provisions and for different purposes.
- (2) An order under this section may make such transitional provision and savings as appear to the Commissioners to be appropriate in connection with the bringing into force by such an order of any provision of this Chapter.
- (3) Nothing in any provision of this Chapter shall, in respect of conduct occurring before the coming into force of that provision, impose or affect any liability to any civil or criminal penalty or any liability of goods to forfeiture.

#### Subordinate Legislation Made

**P1** [S. 19](#) power partly exercised: 1.7.1994 appointed for specified provisions by [S.I. 1994/1690, art. 2](#)  
[S. 19](#) power partly exercised: 31.8.1994 appointed for specified provision by [S.I. 1994/2143, art. 2](#)  
[S. 19](#) power partly exercised: different dates appointed for specified provisions by [S.I. 1994/2679, arts. 2, 3](#)

#### Commencement Information

**I13** [S. 19](#) wholly in force at 1.1.1995; [s. 19](#) not in force at Royal Assent see [s. 19\(1\)](#); [s. 19](#) in force at 1.1.1995 by [S.I. 1994/2679, art. 3](#)

## CHAPTER III

### CUSTOMS: ENFORCEMENT POWERS

### 20 Interpretation, etc.

- (1) This Chapter applies to any person carrying on a trade or business which consists of or includes any of the following activities—
  - (a) importing or exporting any goods of a class or description subject to a duty of customs (whether or not in fact chargeable with that duty);
  - (b) producing, manufacturing or applying a process to them;
  - (c) buying, selling or dealing in them;
  - (d) handling or storing them;
  - (e) financing or facilitating any activity mentioned in paragraphs (a) to (d) above.
- (2) In subsection (1) above “duty of customs” includes any agricultural levy of the European Community.
- (3) In this Chapter—
  - (a) “customs goods” means any goods mentioned in paragraph (a) of subsection (1) above; and

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- (b) any reference to the business of a person to whom this Chapter applies is a reference to the trade or business carried on by him as mentioned in that subsection.
- (4) This Chapter shall have effect and be construed as if it were contained in the <sup>M14</sup>Customs and Excise Management Act 1979.
- (5) In consequence of the provision made by sections 21 to 27 below, any power under—
  - (a) section 75A, 75B or 75C of the Customs and Excise Management Act 1979 to require a person importing or exporting goods to keep or preserve records, or
  - (b) section 77A, 77B or 77C of that Act to require a person to furnish information or produce documents relating to imported or exported goods,
 shall cease to be exercisable in relation to a person to the extent that the goods in question are customs goods.

**Marginal Citations**

M14 1979 c. 2.

**21 Requirements about keeping records.**

- (1) The Commissioners may by regulations require any person to whom this Chapter applies—
  - (a) to keep such records as may be prescribed in the regulations; and
  - (b) to preserve those records—
    - (i) for such period not exceeding four years as may be prescribed in the regulations, or
    - (ii) for such lesser period as the Commissioners may require.
- (2) The Commissioners may also require any person mentioned in subsection (3) below—
  - (a) to keep such records as they may specify; and
  - (b) to preserve those records for such period not exceeding four years as they may require.
- (3) The person referred to is any person who—
  - (a) is not carrying on a trade or business which consists of or includes the importation or exportation of customs goods, but
  - (b) is concerned in some other capacity in such importation or exportation.
- (4) A duty imposed under subsection (1)(b) or (2)(b) above to preserve records may be discharged by the preservation of the information contained in them by such means as the Commissioners may approve.
- (5) On giving approval under subsection (4) above, the Commissioners may impose such reasonable requirements as appear to them necessary for securing that the information will be as readily available to them as if the records themselves had been preserved.
- (6) Regulations under this section may—
  - (a) make different provision for different cases; and
  - (b) be framed by reference to such records as may be specified in any notice published by the Commissioners in pursuance of the regulations and not withdrawn by a further notice.

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- (7) Any person who fails to comply with a requirement imposed by virtue of this section shall be liable on summary conviction to a penalty not exceeding level 3 on the standard scale.

## 22 Records and rules of evidence.

- (1) Where any information is preserved by approved means as mentioned in section 21(4) above, a copy of any document in which it is contained shall, subject to subsection (2) below, be admissible in evidence in any proceedings, whether civil or criminal, to the same extent as the records themselves.
- (2) A statement contained in a document produced by a computer shall not by virtue of subsection (1) above be admissible in evidence—
- <sup>F65</sup>(a) .....
  - <sup>F66</sup>(b) .....
  - (c) in civil proceedings in Scotland, except in accordance with sections 5 and 6 of the <sup>M15</sup>Civil Evidence (Scotland) Act 1988;
  - (d) in criminal proceedings in Scotland, except in accordance with [<sup>F67</sup>Schedule 8 to the Criminal Procedure (Scotland) Act 1995];
  - <sup>F68</sup>(e) .....
  - <sup>F69</sup>(f) .....

### Textual Amendments

- F65** S. 22(2)(a) repealed (31.1.1997) by 1995 c. 38, s. 15(2), **Sch. 2**; S.I. 1996/3217, **art. 2**
- F66** S. 22(2)(b) repealed (4.4.2005) by Criminal Justice Act 2003 (c. 44), s. 336(3)(4), **Sch. 37 Pt. 6**; S.I. 2005/950, **art. 2(1)**, **Sch. 1 para. 44(3)** (with **Sch. 2**) (as explained (29.7.2005) by S.I. 2005/2122, **art. 2**; and as amended: (14.7.2008) by 2008 c. 4, **Sch. 26 para. 78**, **Sch. 28 Pt. 2**; S.I. 2008/1586, **Sch. 1 paras. 48(s)**, **50(2)(d)**; (30.11.2009) by S.I. 2009/3111, **art. 2**; (3.12.2012) by S.I. 2012/2905, **art. 4**; (3.12.2012) by 2012 c. 10, **Sch. 14 para. 17**; S.I. 2012/2906, **art. 2(l)**)
- F67** Words in s. 22(2) substituted (1.4.1996) by 1995 c. 40, s. 5, **Sch. 4 para. 89(2)**
- F68** S. 22(2)(e) repealed (6.9.1999) by S.I. 1997/2983 (N.I. 21), **arts. 1(2)**, **3(2)**, **Sch. 2**; S.R. 1999/339, **art. 2**
- F69** S. 22(2)(f) repealed (N.I.) (3.4.2006) by The Criminal Justice (Evidence) (Northern Ireland) Order 2004 (S.I. 2004/1501), **art. 1(3)**, **Sch. 2** (with **art. 43**); S.R. 2006/63, **art. 2**

### Marginal Citations

- M15** 1988 c. 32.

## 23 Furnishing of information and production of documents.

- (1) Every person to whom this Chapter applies shall furnish the Commissioners, within such time and in such form as they may reasonably require, with such information relating to his business as they may reasonably specify.
- (2) Every person to whom this Chapter applies shall, if required to do so by an officer, produce or cause to be produced for inspection by the officer—
- (a) at that person's principal place of business or at such other place as the officer may reasonably require, and
  - (b) at such time as the officer may reasonably require,

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any documents which relate to his business.

- (3) Where it appears to an officer that any documents which relate to a business of a person to whom this Chapter applies are in the possession of another person, the officer may require that other person, at such time and place as the officer may reasonably require, to produce those documents or cause them to be produced.
- (4) For the purposes of this section, the documents which relate to a business of a person to whom this Chapter applies shall be taken to include—
  - (a) any profit and loss account and balance sheet, and
  - (b) any documents required to be kept by virtue of section 21(1) above.
- (5) Every person mentioned in section 21(3) above shall furnish the Commissioners, within such time and in such form as they may reasonably require, with such information relating to the importation or exportation of customs goods in which he is concerned as they may reasonably specify.
- (6) Every person mentioned in section 21(3) above shall, if required to do so by an officer, produce or cause to be produced for inspection by the officer at such time and place as the officer may reasonably require, any documents which relate to the importation or exportation of customs goods in which he is concerned.
- (7) An officer may take copies of, or make extracts from, any document produced under this section.
- (8) If it appears to an officer to be necessary to do so, he may, at a reasonable time and for a reasonable period, remove any document produced under this section.
- (9) Where a document is removed under subsection (8) above—
  - (a) if the person from whom the document is removed so requests, he shall be given a record of what was removed;
  - (b) if the document is reasonably required for the proper conduct of any business, the person by whom the document was produced or caused to be produced shall be provided as soon as practicable with a copy of the document free of charge;
  - (c) if the document is lost or damaged, the Commissioners shall be liable to compensate the owner of it for any expenses reasonably incurred by him in replacing or repairing it.
- (10) If a person claims a lien on any document produced by him under subsection (3) or (6) above—
  - (a) the production of the document shall be without prejudice to the lien; and
  - (b) the removal of the document under subsection (8) above shall not be regarded as breaking the lien.
- (11) Any person who fails to comply with a requirement imposed under this section shall be liable on summary conviction to a penalty not exceeding level 3 on the standard scale.

## **24 Power of entry.**

Where an officer has reasonable cause to believe that—

- (a) any premises are used in connection with a business of a person to whom this Chapter applies, and
- (b) any customs goods are on those premises,



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he may at any reasonable time enter and inspect those premises and inspect any goods found on them.

## 25 Order for production of documents.

- (1) Where, on an application by an officer, a justice is satisfied that there are reasonable grounds for believing—
- (a) that an offence in connection with a duty of customs is being, has been or is about to be committed, and
  - (b) that any information or documents which may be required as evidence for the purpose of any proceedings in respect of such an offence is in the possession of any person,

he may make an order under this section.

- (2) An order under this section is an order that the person who appears to the justice to be in possession of the information or documents to which the application relates shall—
- (a) furnish an officer with the information or produce the document,
  - (b) permit an officer to take copies of or make extracts of any document produced, and
  - (c) permit an officer to remove any document which he reasonably considers necessary,

not later than the end of the period of seven days beginning with the date of the order or the end of such longer period as the order may specify.

- (3) In this section “justice” means a justice of the peace or, in relation to Scotland, a justice within the meaning of [F70 section 308 of the Criminal Procedure (Scotland) Act 1995].

### Textual Amendments

**F70** Words in s. 25(3) substituted (1.4.1996) by 1995 c. 40, s. 5, Sch. 4 para. 89(3)

## 26 Procedure when documents are removed.

- (1) An officer who removes any document in the exercise of a power conferred under section 25 above shall, if so requested by a person showing himself—
- (a) to be the occupier of premises from which it was removed, or
  - (b) to have had custody or control of it immediately before the removal,
- provide that person with a record of what he removed.
- (2) The officer shall provide the record within a reasonable time from the making of the request for it.
- (3) Subject to subsection (7) below, if a request for permission to be granted access to any document which—
- (a) has been removed by an officer, and
  - (b) is retained by the Commissioners for the purposes of investigating an offence,
- is made to the officer in charge of the investigation by a person who had custody or control of the document immediately before it was so removed or by someone acting on behalf of such a person, the officer shall allow the person who made the request access to it under the supervision of an officer.

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- (4) Subject to subsection (7) below, if a request for a photograph or copy of any such document is made to the officer in charge of the investigation by a person who had custody or control of the document immediately before it was so removed, or by someone acting on behalf of such a person, the officer shall—
  - (a) allow the person who made the request access to it under the supervision of an officer for the purpose of photographing it or copying it, or
  - (b) photograph or copy it, or cause it to be photographed or copied.
- (5) Where any document is photographed or copied under subsection (4)(b) above, the photograph or copy shall be supplied to the person who made the request.
- (6) The photograph or copy shall be supplied within a reasonable time from the making of the request.
- (7) There is no duty under this section to grant access to, or to supply a photograph or copy of, any document if the officer in charge of the investigation for the purposes of which it was removed has reasonable grounds for believing that to do so would prejudice—
  - (a) that investigation;
  - (b) the investigation of an offence other than the offence for the purposes of the investigation of which the document was removed; or
  - (c) any criminal proceedings which may be brought as a result of—
    - (i) the investigation of which he is in charge; or
    - (ii) any such investigation as is mentioned in paragraph (b) above.
- (8) Any reference in this section to the officer in charge of the investigation is a reference to the person whose name and address are endorsed on the order concerned as being the officer in charge of it.

## 27 Failure of officer to comply with requirements under section 26.

- (1) Where, on an application made as mentioned in subsection (2) below, the appropriate judicial authority is satisfied that a person has failed to comply with a requirement imposed by section 26 above, the authority may order that person to comply with the requirement within such time and in such manner as may be specified in the order.
- (2) An application under subsection (1) above shall be made—
  - (a) in the case of a failure to comply with any of the requirements imposed by subsections (1) and (2) of section 26 above, by the occupier of the premises from which the document in question was removed or by the person who had custody or control of it immediately before it was so removed, and
  - (b) in any other case, by the person who has such custody or control.
- (3) In this section “the appropriate judicial authority” means—
  - (a) in England and Wales, a magistrates’ court;
  - (b) in Scotland, the sheriff; and
  - (c) in Northern Ireland, a court of summary jurisdiction, as defined in Article 2(2) (a) of the <sup>M16</sup>Magistrates’ Courts (Northern Ireland) Order 1981.
- (4) Any application for an order under this section—
  - (a) in England and Wales, shall be made by way of complaint; or
  - (b) in Northern Ireland, shall be made by way of civil proceedings upon complaint.

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- (5) Sections 21 and 42(2) of the <sup>M17</sup>Interpretation Act (Northern Ireland) 1954 (rules and orders regulating procedure of courts etc and assignment of business to particular courts) shall apply as if any reference in those provisions to any enactment included a reference to this section.

#### Marginal Citations

M16 S.I. 1981/1675 (N.I. 26).

M17 1954 c. 33 (N.I.).

## CHAPTER IV

### AIR PASSENGER DUTY

#### *The duty*

#### **28 Air passenger duty.**

- (1) A duty to be known as air passenger duty shall be charged in accordance with this Chapter on the carriage on a chargeable aircraft of any chargeable passenger.
- (2) Subject to the provisions of this Chapter about accounting and payment, the duty in respect of any carriage on an aircraft of a chargeable passenger—
  - (a) becomes due when the aircraft first takes off on the passenger's flight, and
  - (b) shall be paid by the operator of the aircraft.
- (3) Subject to section 29 below, every aircraft designed or adapted to carry persons in addition to the flight crew is a chargeable aircraft for the purposes of this Chapter.
- (4) Subject to sections 31 and 32 below, every passenger on an aircraft is a chargeable passenger for the purposes of this Chapter if his flight begins at an airport in the United Kingdom.
- (5) In this Chapter, "flight", in relation to any person, means his carriage on an aircraft; and for the purposes of this Chapter, a person's flight is to be treated as beginning when he first boards the aircraft and ending when he finally disembarks from the aircraft.

#### **29 Chargeable aircraft.**

- (1) Where—
  - (a) the authorised take-off weight in respect of an aircraft is less than ten tonnes, or
  - (b) an aircraft is not authorised to seat twenty or more persons (excluding members of the flight crew and cabin attendants),the aircraft is not a chargeable aircraft for the purposes of this Chapter.
- (2) In this section "take-off weight", in relation to an aircraft, means the total weight of the aircraft and its contents when taking off; and for the purposes of this section the authorised take-off weight of an aircraft is less than ten tonnes if—

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- (a) there is a certificate of airworthiness in force in respect of the aircraft showing that the maximum authorised take-off weight (assuming the most favourable circumstances for take-off) is less than ten tonnes, or
  - (b) the Commissioners are satisfied that the aircraft is not designed or adapted to take off when its take-off weight is ten tonnes or more (assuming the most favourable circumstances for take-off) or the aircraft belongs to a class or description of aircraft in respect of which the Commissioners are so satisfied.
- (3) For the purposes of this section an aircraft is not authorised as mentioned in subsection (1)(b) above if—
- (a) there is a certificate of airworthiness in force in respect of the aircraft showing that the maximum number of persons who may be seated on the aircraft (excluding members of the flight crew and cabin attendants) is less than twenty, or
  - (b) the Commissioners are satisfied that the aircraft is not designed or adapted to seat twenty or more persons (excluding members of the flight crew and cabin attendants) or the aircraft belongs to a class or description of aircraft in respect of which the Commissioners are so satisfied.
- (4) In this section “certificate of airworthiness” has the same meaning as in the Air Navigation Order.

### **30 The rate of duty.**

- [<sup>F71</sup>(1) Air passenger duty is chargeable on the carriage of each chargeable passenger at the rate determined as follows.
- (2) If the passenger's journey ends at a place in the United Kingdom or a territory specified in Part 1 of Schedule 5A—
- (a) if the passenger's agreement for carriage provides for standard class travel in relation to every flight on the passenger's journey, the rate is £11, and
  - (b) in any other case, the rate is £22.
- (3) If the passenger's journey ends at a place in a territory specified in Part 2 of Schedule 5A—
- (a) if the passenger's agreement for carriage provides for standard class travel in relation to every flight on the passenger's journey, the rate is £45, and
  - (b) in any other case, the rate is £90.
- (4) If the passenger's journey ends at a place in a territory specified in Part 3 of Schedule 5A—
- (a) if the passenger's agreement for carriage provides for standard class travel in relation to every flight on the passenger's journey, the rate is £50, and
  - (b) in any other case, the rate is £100.
- (4A) If the passenger's journey ends at any other place—
- (a) if the passenger's agreement for carriage provides for standard class travel in relation to every flight on the passenger's journey, the rate is £55, and
  - (b) in any other case, the rate is £110.]

(5) Subject to subsection (6) below, the journey of a passenger whose agreement for carriage is evidenced by a ticket ends for the purposes of this section at his final place of destination.

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- (6) Where in the case of such a passenger—
  - (a) his journey includes two or more flights, and
  - (b) any of those flights is not followed by a connected flight,his journey ends for those purposes where the first flight not followed by a connected flight ends.
- (7) The journey of any passenger whose agreement for carriage is not evidenced by a ticket ends for those purposes where his flight ends.
- (8) For the purposes of this Chapter, successive flights are connected if (and only if) they are treated under an order as connected.

[<sup>F72</sup>(8A) The Treasury may by order amend Schedule 5A.]

<sup>F73</sup>(9) .....

<sup>F73</sup>(9A) .....

<sup>F73</sup>(9B) .....

[<sup>F74</sup>(10) In this section “standard class travel”, in relation to carriage on an aircraft, means—

- (a) in the case of an aircraft on which only one class of travel is available, that class of travel;
- (b) in any other case, the lowest class of travel available on the aircraft.]

[<sup>F75</sup>(11) But a class of travel is not standard class travel if the seats for passengers whose agreement for carriage provides for that class of travel have a pitch exceeding 1.016 metres (40 inches).

(12) For this purpose “pitch”, in relation to a seat, means the distance between a fixed point on the seat and the same point on the seat immediately in front of it; but where there is no seat immediately in front of the seat, the seat is to be treated as having the same pitch as the seat immediately behind it.]

#### Textual Amendments

- F71** S. 30(1)-(4A) substituted for s. 30(1)-(4) (with effect in accordance with s. 17(3) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [s. 17\(1\)](#)
- F72** S. 30(8A) inserted (with effect in accordance with Sch. 5 para. 8(2) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 5 para. 2\(2\)](#)
- F73** S. 30(9)-(9B) omitted (with effect in accordance with Sch. 5 para. 7 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 5 para. 2\(3\)](#)
- F74** S. 30(10) added (with application as mentioned in [s. 18\(8\)](#) of the amending Act) by [2000 c. 17](#), [s. 18\(6\)](#)
- F75** S. 30(11)(12) inserted (with effect in accordance with s. 153(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 153\(1\)](#)

### 31 Passengers: exceptions.

<sup>F76</sup>(1) .....

<sup>F76</sup>(2) .....

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- (3) A passenger whose agreement for carriage is evidenced by a ticket is not a chargeable passenger in relation to a flight which is the second or a subsequent flight on his journey if—
- (a) the prescribed particulars of the flight are shown on the ticket, and
  - (b) that flight and the previous flight are connected.
- (4) A child who—
- (a) has not attained the age of two years, and
  - (b) is not allocated a separate seat before he first boards the aircraft,
- is not a chargeable passenger.
- [<sup>F77</sup>(4A) A passenger is not a chargeable passenger in relation to a flight if under his agreement for carriage (whether or not it is evidenced by a ticket)—
- (a) the flight is to depart from and return to the same airport, and
  - (b) the duration of the flight (excluding any period during which the aircraft's doors are open for boarding or disembarkation) is not to exceed 60 minutes.]

[<sup>F78</sup>(4B) A passenger is not a chargeable passenger in relation to a flight if under his agreement for carriage (whether or not it is evidenced by a ticket) the flight is to depart from an airport which is in a region of the United Kingdom designated by order.

(4C) An order may be made for the purposes of subsection (4B) above in respect of any region which has a population density of not more than 12.5 persons per square kilometre.

(4D) In subsections (4B) and (4C) above, references to a region are references to an area which is determined by the Treasury to constitute a region for the purposes of those subsections.]

(5) A passenger not carried for reward is not a chargeable passenger if he is carried—

    - (a) in pursuance of any requirement imposed under any enactment, or
    - (b) for the purpose only of inspecting matters relating to the aircraft or the flight crew.

<sup>F76</sup>(6) .....

#### **Textual Amendments**

- F76** S. 31(1)(2)(6) repealed (28.7.2000 with application as mentioned in s. 19(6) of the repealing Act) by 2000 c. 17, ss. 19(2)(4), 156, **Sch. 40 Pt. I(4)**
- F77** S. 31(4A) inserted (29.4.1996) by 1996 c. 8, **s. 13(1)**
- F78** S. 31(4B)-(4D) inserted (28.7.2000 with application as mentioned in s. 19(6) of the amending Act) by 2000 c. 17, **s. 19(3)**

## **32 Change of circumstances after ticket issued etc.**

- (1) [<sup>F79</sup>Subsections (2) and (3) below apply] in the case of a person whose agreement for carriage is evidenced by a ticket.
- (2) Where—

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- (a) at the time the ticket is issued or, if it is altered, at the time it is last altered, he would not (assuming there is no change of circumstances) be a chargeable passenger in relation to any flight in the course of his journey, and
- (b) by reason only of a change of circumstances not attributable to any act or default of his, he arrives at or departs from an airport in the course of that journey on a flight the prescribed particulars of which were not shown on his ticket at that time,

he shall not by reason of the change of circumstances be treated as a chargeable passenger in relation to that flight.

(3) Where—

- (a) at the time the ticket is issued or, if it is altered, at the time it is last altered, he would (assuming there is no change of circumstances) be a chargeable passenger in relation to one or more flights (“the proposed chargeable flights”) in the course of his journey,
- (b) by reason only of a change of circumstances not attributable to any act or default of his, he arrives at or departs from an airport in the course of that journey on a flight the prescribed particulars of which were not shown on his ticket at that time, and
- (c) but for this subsection he would by reason of the change be a chargeable passenger in relation to a number of flights exceeding the number of the proposed chargeable flights,

he shall not by reason of the change of circumstances be treated as a chargeable passenger in relation to that flight.

[<sup>F80</sup>(4) Where—

- (a) at the time a passenger’s flight begins, by virtue of section 31(4A) above he would not (assuming there is no change of circumstances) be a chargeable passenger in relation to the flight, and
- (b) by reason only of a change of circumstances not attributable to any act or default of his, the flight does not return to the airport from which it departed or exceeds 60 minutes in duration (excluding any period during which the aircraft’s doors are open for boarding or disembarkation),

he shall not by reason of the change of circumstances be treated as a chargeable passenger in relation to that flight.]

#### Textual Amendments

**F79** Words in s. 32(1) substituted (29.4.1996) by 1996 c. 8, s. 13(2)(a)

**F80** S. 32(4) added (29.4.1996) by 1996 c. 8, s. 13(2)(b)

#### *Persons liable for the duty*

### 33 Registration of aircraft operators.

- (1) The Commissioners shall under this section keep a register of aircraft operators.
- (2) The operator of a chargeable aircraft becomes liable to be registered under this section if the aircraft is used for the carriage of any chargeable passengers.

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- (3) A person who has become liable to be registered under this section ceases to be so liable if the Commissioners are satisfied at any time—
  - (a) that he no longer operates any chargeable aircraft, or
  - (b) that no chargeable aircraft which he operates will be used for the carriage of chargeable passengers.
- (4) A person who is not registered and has not given notice under this subsection shall, if he becomes liable to be registered at any time, give written notice of that fact to the Commissioners not later than the end of the prescribed period beginning with that time.
- (5) Notice under subsection (4) above shall be in such form, be given in such manner and contain such information as the Commissioners may direct.
- (6) If a person who is required to give notice under subsection (4) above fails to do so, his failure shall attract a penalty under section 9 above which, if any amount of duty is then due from him and unpaid, shall be calculated by reference to that amount.
- (7) Regulations may make provision as to the information to be included in, and the correction of, the register kept under this section.
- (8) In particular, the regulations may provide—
  - (a) for the inclusion in the register of persons who have not given notice under this section but appear to the Commissioners to be liable to be registered,
  - (b) for persons who are liable to be registered—
    - (i) not to be included in, or
    - (ii) to be removed from,
 the register in prescribed circumstances,
  - (c) for the removal from the register of persons who have ceased to be so liable, and
  - (d) for the time from which an entry in the register is to be effective (which may be earlier than the time when the entry is first made in the register).

### **34 Fiscal representatives.**

- (1) An aircraft operator who—
  - (a) is or is liable to be registered, and
  - (b) does not meet the requirements of subsection (3) below,
 is required to have a fiscal representative.
- (2) In this Chapter “fiscal representative”, in relation to an aircraft operator, means a person who meets those requirements and stands appointed by the operator for the purposes of this section.
- (3) A person meets the requirements of this subsection if—
  - (a) he has any business establishment or other fixed establishment in the United Kingdom, or
  - (b) if he is an individual, he has his usual place of residence in the United Kingdom.
- (4) Where any person is appointed under this section to be the fiscal representative of any aircraft operator (in this section referred to as his “principal”), then, subject to subsection (5) below [F81 and section 34A], the fiscal representative—



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- (a) shall be entitled to act on his principal's behalf for any of the purposes of the enactments relating to duty,
  - (b) shall, subject to such provisions as may be made by regulations, secure (where appropriate by acting on his principal's behalf) his principal's compliance with and discharge of the obligations and liabilities to which his principal is subject by virtue of those enactments, and
  - (c) shall be personally liable in respect of any failure of his principal to comply with or discharge any such obligation or liability as if the obligations and liabilities imposed on his principal were imposed jointly and severally on the fiscal representative and his principal.
- (5) A fiscal representative shall not be liable by virtue of subsection (4) above himself to be registered under section 33 above, but regulations may—
- (a) require the names of fiscal representatives to be shown in such manner as may be prescribed against the names of their principals in the register kept under that section, and
  - (b) make it the duty of a fiscal representative, for the purposes of registration, to notify the Commissioners, within such period as may be prescribed, that his appointment has taken effect or has ceased to have effect.

#### Textual Amendments

**F81** Words in s. 34(4) inserted (31.7.1998) by 1998 c. 36, s. 15(2)

#### [<sup>F82</sup>34A Administrative representatives.

- (1) Subject to the following provisions of this section, where—
- (a) the appointment of any person to be the fiscal representative of an aircraft operator contains a statement that the appointment is made for administrative purposes only,
  - (b) the operator has complied with any obligations for the provision of security imposed, in relation to appointments containing such statements, by any general directions given by the Commissioners, and
  - (c) the operator is not for the time being in contravention of any requirement to provide any security that he is required to provide under section 36 below,
- that appointment shall have effect in accordance with subsection (2) below.
- (2) Where the appointment of any person as a fiscal representative has effect in accordance with this subsection section 34(4)(b) and (c) above shall be taken, in the case of that person—
- (a) not to impose any requirement on the representative to secure the payment of amounts of duty which are or may become due from his principal, and
  - (b) not to make him personally liable either to pay any such amounts or in respect of any failure by his principal to pay them.
- (3) The security that may be required by general directions given by the Commissioners for the purposes of this section is any such security for the payment of amounts of duty which are or may become due from the person providing the security as may be determined in accordance with the directions.

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- (4) The power of the Commissioners under section 36 below to require the provision of security shall not include any power to require a fiscal representative of an aircraft operator whose appointment has effect in accordance with subsection (2) above to provide any security for the payment of amounts of duty which are or may become due from his principal.
- (5) In this section references to an amount of duty include references to any penalty or interest that is recoverable as if it were an amount of duty, but only in so far as the penalty or interest is in respect of a failure by an aircraft operator to pay an amount of duty, or to pay such an amount before a certain time.]

#### Textual Amendments

**F82** S. 34A inserted (31.7.1998) by 1998 c. 36, s. 15(1)

### 35 Fiscal representatives: supplementary.

- (1) Regulations may make provision about—
- (a) the manner in which a person is to be appointed as a fiscal representative, and
  - (b) the circumstances in which a person is to be treated as having ceased to be a fiscal representative.
- (2) If any aircraft operator who is required to have a fiscal representative fails to appoint such a representative before the prescribed time, his failure shall attract a penalty under section 9 above.
- (3) Any failure of a fiscal representative to give any notice which he is required to give by regulations under section 34(5)(b) above shall attract a penalty under section 9 above.

### 36 Security for payment of duty.

- (1) The Commissioners may require—
- (a) any operator of an aircraft who is or is liable to be registered, or
  - (b) any fiscal representative,
- to provide such security, or further security, as they may think appropriate for the payment of any duty which is or may become due from the operator.
- (2) Any failure by a person to provide any security which he is required by the Commissioners to provide under subsection (1) above shall attract a penalty under section 9 above.
- (3) For the purposes of this section, a person shall not be treated as having been required to provide security under subsection (1) above unless the Commissioners have either—
- (a) served notice of the requirement on him, or
  - (b) taken all such other steps as appear to them to be reasonable for bringing the requirement to his attention.

### 37 Handling agents.

- (1) Where any amount of duty becomes payable at any time by the operator of an aircraft and, within the period of ninety days beginning with that time, that amount, or any

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other amount which becomes payable by him within the period, is not paid, the Commissioners may give notice under this section to any handling agent of his.

- (2) If any operator of an aircraft who is required to have a fiscal representative fails to appoint such a representative before the prescribed time, the Commissioners may give notice under this section to any handling agent of his.
- (3) In this Chapter “handling agent”, in relation to the operator of an aircraft (“the principal”), means any person (other than an individual) who, under an agreement with the principal, makes arrangements for—
  - (a) the allocation of seats to passengers on aircraft operated by the principal, or
  - (b) the supervision of the boarding of such aircraft by passengers.
- (4) A notice under this section—
  - (a) may be given on the ground referred to in subsection (1) above only if the Commissioners consider it necessary to do so for the protection of the revenue, and
  - (b) may at any time be withdrawn by the Commissioners.
- (5) A notice under this section shall become effective on the date stated in it or, if later, the time when the notice is received by the handling agent and shall continue to be effective until withdrawn.
- (6) If, where a notice given to a handling agent under this section is effective—
  - (a) the allocation of seats to passengers on aircraft operated by his principal, or the supervision of the boarding of such aircraft by passengers, is carried out in pursuance of arrangements made by him under any agreement with his principal, and
  - (b) any duty payable in respect of those passengers is not paid,the handling agent shall be liable jointly and severally with his principal for the payment of the duty.

### **38 Accounting for and payment of duty.**

- (1) Regulations shall require aircraft operators who are registered or liable to be registered—
  - (a) to keep accounts for the purposes of duty in such form and manner as may be prescribed, and
  - (b) to make returns in respect of duty—
    - (i) by reference to such periods as may be prescribed or as may be allowed by the Commissioners, in relation to a particular operator, in accordance with regulations, and
    - (ii) at such time and in such manner as may be prescribed or specified.
- (2) Any person from whom any duty is due shall pay the duty at such time and in such manner as may be prescribed or specified.
- (3) In this section “specified” means specified in a notice published, and not withdrawn, by the Commissioners.
- (4) Any failure by any person to comply with regulations under this section shall, unless he is complying with the corresponding provisions of such a notice, attract a penalty under section 9 above and, in the case of any failure to keep accounts, daily penalties.

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### **[<sup>F83</sup>39 Schemes for simplified operation of Chapter**

- (1) This section applies if the Commissioners consider that, having regard to difficulties encountered or expected to be encountered by any registered operator in obtaining and recording information about passengers and their journeys, it is appropriate for this Chapter to have effect in relation to the registered operator in accordance with a special accounting scheme.
- (2) The Commissioners may agree with the registered operator that this Chapter is to have effect in relation to the registered operator in accordance with a special accounting scheme agreed between the Commissioners and the registered operator (but subject to subsection (4)).
- (3) A special accounting scheme is a scheme which makes provision for methods of calculating—
  - (a) how many persons are to be regarded for the purposes of this Chapter as chargeable passengers carried by chargeable aircraft operated by a registered operator, and
  - (b) how many of those are to be so regarded as having been so carried on journeys in respect of which duty is chargeable at any particular rate.
- (4) The Commissioners may publish a notice specifying terms and conditions subject to which special accounting schemes are to have effect.
- (5) Where the Commissioners and a registered operator have agreed that this Chapter is to have effect in relation to the registered operator in accordance with a special accounting scheme, this Chapter has effect in relation to the registered operator in accordance with the scheme (and with any notice under subsection (4) which has been published by the Commissioners and not withdrawn) for the period agreed by the Commissioners and the registered operator.
- (6) The Commissioners and the registered operator may at any time agree to vary the special accounting scheme for the future.
- (7) The Commissioners may at any time terminate the operation of the special accounting scheme—
  - (a) on the application of the registered operator, or
  - (b) where they have reasonable grounds for doing so,
 by giving notice to the registered operator.]

#### **Textual Amendments**

**F83** S. 39 substituted (21.7.2009) (with effect in accordance with Sch. 5 para. 8(2) of the amending Act) by Finance Act 2009 (c. 10), **Sch. 5 para. 3** (with Sch. 5 para. 8(1))

### *Administration and enforcement*

#### **40 Administration and enforcement.**

- (1) Air passenger duty shall be a duty of excise and, accordingly, shall be under the care and management of the Commissioners.
- (2) Schedule 6 to this Act (administration and enforcement) shall have effect.

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#### **41 Offences.**

- (1) A person who is knowingly concerned—
  - (a) in the fraudulent evasion (by him or another person) of duty, or
  - (b) in taking steps with a view to such fraudulent evasion,is guilty of an offence.
- (2) A person guilty of an offence under subsection (1) above is liable—
  - (a) on summary conviction, to a penalty of—
    - (i) the statutory maximum, or
    - (ii) if greater, treble the amount of the duty evaded or sought to be evaded, or to imprisonment for a term not exceeding six months, or to both, or
  - (b) on conviction on indictment, to a penalty of any amount or to imprisonment for a term not exceeding seven years, or to both.
- (3) A person who in connection with duty—
  - (a) makes a statement that he knows to be false in a material particular or recklessly makes a statement that is false in a material particular, or
  - (b) with intent to deceive, produces or makes use of a book, account, return or other document that is false in a material particular,is guilty of an offence.
- (4) A person guilty of an offence under subsection (3) above is liable—
  - (a) on summary conviction, to a penalty of the statutory maximum or to imprisonment for a term not exceeding six months, or to both, or
  - (b) on conviction on indictment, to a penalty of any amount or to imprisonment for a term not exceeding two years, or to both.

#### *Supplementary*

#### **42 Regulations and orders.**

- (1) In this Chapter “regulations” means regulations made by the Commissioners and “order” means an order made by the Treasury.
- (2) Regulations and orders may make different provision for different cases or circumstances and make incidental, supplemental, saving or transitional provision.
- (3) Any power to make regulations or an order is exercisable by statutory instrument.
- (4) No order which appears to the Treasury to extend the circumstances in which passengers are to be treated as chargeable passengers [F84], or to increase the rate of air passenger duty to be charged on the carriage of any chargeable passengers whose journeys end in any place, ] shall be made unless a draft of the order has been laid before and approved by the House of Commons.
- (5) Any other order, and any regulations, shall be subject to annulment in pursuance of a resolution of the House of Commons.

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### Textual Amendments

**F84** Words in s. 42(4) inserted (21.7.2009) (with effect in accordance with Sch. 5 para. 8(2) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 5 para. 4](#)

## 43 Interpretation.

(1) In this Chapter—

“accounting period” means any period prescribed or allowed for the purposes of section 38 above,

“agreement for carriage”, in relation to the carriage of any person, means the agreement or arrangement under which he is carried, whether the carriage is by a single carrier or successive carriers,

“Air Navigation Order” has the same meaning as in the <sup>M18</sup>Civil Aviation Act 1982,

“airport” means any aerodrome (within the meaning of that Act),

“carriage” means carriage wholly or partly by air, and “carried” is to be read accordingly,

“connected”, in relation to any flights, has the meaning given by section 30(8) above,

“document” includes information recorded in any form,

“duty” means air passenger duty,

“fiscal representative” has the meaning given by section 34(2) above,

“flight” has the meaning given by section 28(5) above,

“operator”, in relation to any aircraft, means the person having the management of the aircraft for the time being,

“passenger”, in relation to any aircraft, means—

(a) where the operator is an air transport undertaking (within the meaning of the Air Navigation Order), any person carried on the aircraft other than—

(i) a member of the flight crew,

(ii) a cabin attendant, or

(iii) a person who is not carried for reward, who is an employee of any aircraft operator and who satisfies such other requirements as may be prescribed, and

(b) in any other case, any person carried on the aircraft for reward,

“prescribed” means prescribed by regulations,

“reward”, in relation to the carriage of any person, includes any form of consideration received or to be received wholly or partly in connection with the carriage, irrespective of the person by whom or to whom the consideration has been or is to be given, and

“ticket” means a document or documents evidencing an agreement (wherever made) for the carriage of any person.

(2) <sup>F85</sup> . . ., in this Chapter, in relation to a passenger whose agreement for carriage is evidenced by a ticket—

“journey” means the journey from his original place of departure to his final place of destination, and

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“original place of departure” and “final place of destination” mean the original place of departure and the final place of destination indicated on his ticket.

<sup>F86</sup>(3) .....

(4) Subject to the preceding provisions of this section, expressions used in this Chapter and in the <sup>M19</sup>Customs and Excise Management Act 1979 have the same meaning as in that Act.

**Textual Amendments**

**F85** Words in s. 43(2) repealed (28.7.2000 with effect as mentioned in s. 19(6) of the repealing Act) by 2000 c. 17, ss. 19(5)(a), 156, **Sch. 40 Pt. I(4)**

**F86** S. 43(3) repealed (28.7.2000 with effect as mentioned in s. 19(6) of the repealing Act) by 2000 c. 17, ss. 19(5)(b), 156, **Sch. 40 Pt. I(4)**

**Marginal Citations**

**M18** 1982 c. 16.

**M19** 1979 c. 2.

**44 Commencement.**

- (1) This Chapter applies to any carriage of a passenger on an aircraft which begins after 31st October 1994.
- (2) For the purpose of determining whether or not a person is a chargeable passenger in relation to any carriage on an aircraft beginning after that date, the provisions of section 31 above and any order made by virtue of that section shall be treated as having applied to any such carriage of that person which began on or before that date as they would apply to any such carriage of that person beginning after that date.

**PART II**

**VALUE ADDED TAX**

<sup>F87</sup>**45** .....

**Textual Amendments**

**F87** S. 45 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15**

**46 Repayment supplement.**

- (1) Section 20 of the Finance Act 1985 (repayment supplement) shall be amended as follows.
- (2) In subsection (1) (supplement of 5 per cent. or £30, whichever is greater) for “£30” there shall be substituted “ £50 ”.

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- (3) In subsection (2)(a) (return or claim must be received not later than one month after last day on which it is required) the words “one month after” shall be omitted.
- (4) This section shall apply where the requisite return or claim is received after the expiry of the period of one month beginning with the day after that on which this Act is passed.

<sup>F88</sup>47

**Textual Amendments**

**F88** S. 47 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15**

**PART III**

INSURANCE PREMIUM TAX

*The basic provisions*

**48 Insurance premium tax.**

- (1) A tax, to be known as insurance premium tax, shall be charged in accordance with this Part.
- (2) The tax shall be under the care and management of the Commissioners of Customs and Excise.

**49 Charge to tax.**

Tax shall be charged on the receipt of a premium by an insurer if the premium is received—

- (a) under a taxable insurance contract, and  
(b) on or after 1st October 1994.

**50 Chargeable amount.**

- (1) Tax shall be charged by reference to the chargeable amount.
- (2) For the purposes of this Part, the chargeable amount is such amount as, with the addition of the tax chargeable, is equal to the amount of the premium.
- (3) [<sup>F89</sup>Subsections (1) and (2)] above shall have effect subject to section 69 below.

**Textual Amendments**

**F89** Words in s. 23(3) substituted (19.3.1997 with effect as mentioned in s. 24 of the amending Act) by 1997 c. 16, s. 23(2)



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**[<sup>F90</sup>51 Rate of tax.**

- (1) Tax shall be charged—
  - (a) at the higher rate, in the case of a premium which is liable to tax at that rate; and
  - (b) at the standard rate, in any other case.
- (2) For the purposes of this Part—
  - (a) the higher rate is 17.5 per cent.; and
  - (b) the standard rate is [<sup>F91</sup>5 per cent.].]

**Textual Amendments**

**F90** S. 51 substituted (19.3.1997 with effect as mentioned in s. 24 of the amending Act) by 1997 c. 16, s. 21(1)

**F91** Words in s. 51(2)(b) substituted (27.7.1999 with effect as mentioned in s. 125(2) of the amending Act) by 1999 c. 16, s. 125(1)

**[<sup>F92</sup>51A Premiums liable to tax at the higher rate.**

- (1) A premium received under a taxable insurance contract by an insurer is liable to tax at the higher rate if it falls within one or more of the paragraphs of Part II of Schedule 6A to this Act.
- (2) Part I of Schedule 6A to this Act shall have effect with respect to the interpretation of that Schedule.
- (3) Provision may be made by order amending Schedule 6A as it has effect for the time being.
- (4) This section is subject to section 69 below.]

**Textual Amendments**

**F92** S. 51A inserted (19.3.1997 with effect as mentioned in s. 24 of the amending Act) by 1997 c. 16, s. 22(1)

**52 Liability to pay tax.**

- (1) Tax shall be payable by the person who is the insurer in relation to the contract under which the premium is received.
- (2) Subsection (1) above shall have effect subject to any regulations made under section 65 below.

**[<sup>F93</sup>52A Certain fees to be treated as premiums under higher rate contracts.**

- (1) This section applies where—
  - (a) at or about the time when a higher rate contract is effected, and
  - (b) in connection with that contract,

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a fee in respect of an insurance-related service is charged by a taxable intermediary to a person who is or becomes the insured (or one of the insured) under the contract or to a person who acts for or on behalf of such a person.

- (2) Where this section applies—
- (a) a payment in respect of the fee shall be treated for the purposes of this Part as a premium received under a taxable insurance contract by an insurer, and
  - (b) that premium—
    - (i) shall be treated for the purposes of this Part as so received at the time when the payment is made, and
    - (ii) shall be chargeable to tax at the higher rate.
- (3) Tax charged by virtue of subsection (2) above shall be payable by the taxable intermediary as if he were the insurer under the contract mentioned in paragraph (a) of that subsection.
- (4) For the purposes of this section, a contract of insurance is a “higher rate contract” if—
- (a) it is a taxable insurance contract; and
  - (b) the whole or any part of a premium received under the contract by the insurer is (apart from this section) liable to tax at the higher rate.
- (5) For the purposes of this Part a “taxable intermediary” is a person falling within subsection (6) [F94 or (6A)] below who—
- (a) at or about the time when a higher rate contract is effected, and
  - (b) in connection with that contract,
- charges a fee in respect of an insurance-related service to a person who is or becomes the insured (or one of the insured) under the contract or to a person who acts for or on behalf of such a person.
- [ A person falls within this subsection if the higher rate contract mentioned in
- <sup>F95</sup>(6) subsection (1) above falls within paragraph 2 or 3 of Schedule 6A to this Act (motor cars or motor cycles, or relevant goods) and the person is—
- (a) within the meaning of the paragraph in question, a supplier of motor cars or motor cycles or, as the case may be, of relevant goods; or
  - (b) a person connected with a person falling within paragraph (a) above; or
  - (c) a person who in the course of his business pays—
    - (i) the whole or any part of the premium received under that contract, or
    - (ii) a fee connected with the arranging of that contract,
 to a person falling within paragraph (a) or (b) above.
- (6A) A person falls within this subsection if the higher rate contract mentioned in subsection (1) above falls within paragraph 4 of Schedule 6A to this Act (travel insurance) and the person is—
- (a) the insurer under that contract; or
  - (b) a person through whom that contract is arranged in the course of his business; or
  - (c) a person connected with the insurer under that contract; or
  - (d) a person connected with a person falling within paragraph (b) above; or
  - (e) a person who in the course of his business pays—
    - (i) the whole or any part of the premium received under that contract, or
    - (ii) a fee connected with the arranging of that contract,

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to a person falling within any of paragraphs (a) to (d) above.]

(8) For the purposes of this section, any question whether a person is connected with another shall be determined in accordance with section 839 of the Taxes Act 1988.

(9) In this section—

“insurance-related service” means any service which is related to, or connected with, insurance;

<sup>F96</sup> . . .]

#### Textual Amendments

**F93** s. 52A inserted (19.3.1997 with effect as mentioned in s. 25(2) of the amending Act) by 1997 c. 16, s. 25(1)(2)

**F94** Words in s. 52A(5) inserted (31.7.1998 with effect as mentioned in s. 147(5) of the amending Act) by 1998 c. 36, s. 147(2) (with Sch. 18 para. 6(3))

**F95** S. 52A(6)(6A) substituted for s. 52A(6)(7) (31.7.1998 with effect as mentioned in s. 147(5) of the amending Act) by 1998 c. 36, s. 147(3) (with Sch. 18 para. 6(3))

**F96** Definition in s. 52A(9) repealed (31.7.1998 with effect as mentioned in s. 147(5) of the repealing Act) by 1998 c. 36, ss. 147(4), 165, Sch. 27 Pt. V(1), Note (with Sch. 18 para. 6(3))

### Administration

#### 53 Registration of insurers.

(1) A person who—

- (a) receives, as insurer, premiums in the course of a taxable business, and
- (b) is not registered,

is liable to be registered.

[<sup>F97</sup>(1A) The register kept under this section may contain such information as the Commissioners think is required for the purposes of the care and management of the tax.]

(2) A person who—

- (a) at any time forms the intention of receiving, as insurer, premiums in the course of a taxable business, and
- (b) is not already receiving, as insurer, premiums in the course of another taxable business,

shall notify the Commissioners of those facts.

(3) A person who at any time—

- (a) ceases to have the intention of receiving, as insurer, premiums in the course of a taxable business, and
- (b) has no intention of receiving, as insurer, premiums in the course of another taxable business,

shall notify the Commissioners of those facts.

(4) Where a person is liable to be registered by virtue of subsection (1) above the Commissioners shall register him with effect from the time when he begins to receive

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premiums in the course of the business concerned; and it is immaterial whether or not he notifies the Commissioners under subsection (2) above.

- (5) Where a person—
- (a) notifies the Commissioners under subsection (3) above, [<sup>F98</sup>and]
  - (b) satisfies them of the facts there mentioned, <sup>F99</sup> . . .
  - <sup>F99</sup>(c) . . . . .

the Commissioners shall cancel his registration with effect from the earliest practicable time after he ceases to receive, as insurer, premiums in the course of any taxable business.

[<sup>F100</sup>(5A) In a case where—

- (a) the Commissioners are satisfied that a person has ceased to receive, as insurer, premiums in the course of any taxable business, but
  - (b) he has not notified them under subsection (3) above,
- they may cancel his registration with effect from the earliest practicable time after he so ceased.]

- (6) For the purposes of this section regulations may make provision—
- (a) as to the time within which a notification is to be made;
  - (b) as to the circumstances in which premiums are to be taken to be received in the course of a taxable business;
  - (c) as to the form and manner in which any notification is to be made and as to the information to be contained in or provided with it;
  - (d) requiring a person who has made a notification to notify the Commissioners if any information contained in or provided in connection with it is or becomes inaccurate;
  - (e) as to the correction of entries in the register.
- (7) References in this section to receiving premiums are to receiving premiums on or after 1st October 1994.

**Textual Amendments**

- F97** S. 53(1A) inserted (1.5.1995) by 1995 c. 4, s. 34, **Sch. 5 para. 3**
- F98** Word after s. 53(5)(a) inserted (1.5.1995 with application as mentioned in **Sch. 5 para. 2(4)** of the amending Act) by 1995 c. 4, s. 34, **Sch. 5 para. 2(2)(a)**
- F99** S. 53(5)(c) and the word immediately preceding it repealed (1.5.1995 with application as mentioned in **Sch. 5 para. 2(4)** of the repealing Act) by 1995 c. 4, ss. 34, 162, **Sch. 5 para. 2(2)(b), Sch. 29 Pt. VII**, Note
- F100** S. 53(5A) inserted (1.5.1995) by 1995 c. 4, s. 34, **Sch. 5 para. 2(3)**

[<sup>F101</sup>**53A** **Registration of taxable intermediaries.**

- (1) A person who—
- (a) is a taxable intermediary, and
  - (b) is not registered,
- is liable to be registered.

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- (2) The register kept under this section may contain such information as the Commissioners think is required for the purposes of the care and management of the tax.
- (3) A person who—
  - (a) at any time forms the intention of charging taxable intermediary’s fees, and
  - (b) is not already charging such fees in the course of another business,shall notify the Commissioners of those facts.
- (4) A person who at any time—
  - (a) ceases to have the intention of charging taxable intermediary’s fees in the course of his business, and
  - (b) has no intention of charging such fees in the course of another business of his,shall notify the Commissioners of those facts.
- (5) Where a person is liable to be registered by virtue of subsection (1) above, the Commissioners shall register him with effect from the time when he begins to charge taxable intermediary’s fees in the course of the business concerned; and it is immaterial whether or not he notifies the Commissioners under subsection (3) above.
- (6) Where a person—
  - (a) notifies the Commissioners under subsection (4) above, and
  - (b) satisfies them of the facts there mentioned,the Commissioners shall cancel his registration with effect from the earliest practicable time after he ceases to charge taxable intermediary’s fees in the course of any business of his.
- (7) In a case where—
  - (a) the Commissioners are satisfied that a person has ceased to charge taxable intermediary’s fees in the course of any business of his, but
  - (b) he has not notified them under subsection (4) above,they may cancel his registration with effect from the earliest practicable time after he so ceased.
- (8) For the purposes of this section regulations may make provision—
  - (a) as to the time within which a notification is to be made;
  - (b) as to the form and manner in which any notification is to be made and as to the information to be contained in or provided with it;
  - (c) requiring a person who has made a notification to notify the Commissioners if any information contained in or provided in connection with it is or becomes inaccurate;
  - (d) as to the correction of entries in the register.
- (9) In this Part “taxable intermediary’s fees” means fees which, to the extent of any payment in respect of them, are chargeable to tax by virtue of section 52A above.]

#### Textual Amendments

**F101** S. 53AA inserted after s. 53 (19.3.1997) by 1997 c. 16, s. 26

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**[<sup>F102</sup>53A Information required to keep register up to date.**

- (1) Regulations may make provision requiring a registrable person to notify the Commissioners of particulars which—
  - (a) are of changes in circumstances relating to the registrable person or any business carried on by him,
  - (b) appear to the Commissioners to be required for the purpose of keeping the register kept under section 53 [<sup>F103</sup>or 53AA] above up to date, and
  - (c) are of a prescribed description.
- (2) Regulations may make provision—
  - (a) as to the time within which a notification is to be made;
  - (b) as to the form and manner in which a notification is to be made;
  - (c) requiring a person who has made a notification to notify the Commissioners if any information contained in it is inaccurate.]

**Textual Amendments**

**F102** S. 53A inserted (1.5.1995) by 1995 c. 4, s. 34, Sch. 5, para. 4

**F103** Words in s. 53A inserted (19.3.1997) by 1997 c. 16, s. 27(2)

**54 Accounting for tax and time for payment.**

Regulations may provide that a registrable person shall—

- (a) account for tax by reference to such periods (accounting periods) as may be determined by or under the regulations;
- (b) make, in relation to accounting periods, returns in such form as may be prescribed and at such times as may be so determined;
- (c) pay tax at such times and in such manner as may be so determined.

**55 Credit.**

- (1) Regulations may provide that where an insurer [<sup>F104</sup>or taxable intermediary] has paid tax and all or part of the premium [<sup>F105</sup>or taxable intermediary's fee (as the case may be)] is repaid, the insurer [<sup>F104</sup>or taxable intermediary] shall be entitled to credit of such an amount as is found in accordance with prescribed rules.
- (2) Regulations may provide that where—
  - (a) by virtue of regulations made under section 68 below tax is charged in relation to a premium which is shown in the accounts of an insurer as due to him,
  - (b) that tax is paid, and
  - (c) it is shown to the satisfaction of the Commissioners that the premium, or part of it, will never actually be received by or on behalf of the insurer,
 the insurer shall be entitled to credit of such an amount as is found in accordance with prescribed rules.
- (3) Regulations may make provision as to the manner in which an insurer [<sup>F104</sup>or taxable intermediary] is to benefit from credit, and in particular may make provision—
  - (a) that an insurer [<sup>F104</sup>or taxable intermediary] shall be entitled to credit by reference to accounting periods;

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- (b) that an insurer [<sup>F104</sup>or taxable intermediary] shall be entitled to deduct an amount equal to his total credit for an accounting period from the total amount of tax due from him for the period;
  - (c) that if no tax is due from an insurer [<sup>F104</sup>or taxable intermediary] for an accounting period but he is entitled to credit for the period, the amount of the credit shall be paid to him by the Commissioners;
  - (d) that if the amount of credit to which an insurer [<sup>F104</sup>or taxable intermediary] is entitled for an accounting period exceeds the amount of tax due from him for the period, an amount equal to the excess shall be paid to him by the Commissioners;
  - (e) for the whole or part of any credit to be held over to be credited for a subsequent accounting period;
  - (f) as to the manner in which a person who has ceased to be registrable [<sup>F106</sup>(whether under section 53 or section 53AA)] is to benefit from credit.
- (4) Regulations under subsection (3)(c) or (d) above may provide that where at the end of an accounting period an amount is due to an insurer [<sup>F104</sup>or taxable intermediary] who has failed to submit returns for an earlier period as required by this Part, the Commissioners may withhold payment of the amount until he has complied with that requirement.
- (5) Regulations under subsection (3)(e) above may provide for credit to be held over either on the insurer's [<sup>F107</sup>or taxable intermediary's] application or in accordance with general or special directions given by the Commissioners from time to time.
- (6) Regulations may provide that—
- (a) no deduction or payment shall be made in respect of credit except on a claim made in such manner and at such time as may be determined by or under regulations;
  - (b) payment in respect of credit shall be made subject to such conditions (if any) as the Commissioners think fit to impose, including conditions as to repayment in specified circumstances;
  - (c) deduction in respect of credit shall be made subject to such conditions (if any) as the Commissioners think fit to impose, including conditions as to the payment to the Commissioners, in specified circumstances, of an amount representing the whole or part of the amount deducted.
- (7) Regulations may require a claim by an insurer [<sup>F104</sup>or taxable intermediary] to be made in a return required by provision made under section 54 above.
- (8) Regulations may provide that where—
- (a) all or any of the tax payable in respect of a premium [<sup>F108</sup>or taxable intermediary's fee] has not been paid, and
  - (b) the circumstances are such that a person would be entitled to credit if the tax had been paid,
- prescribed adjustments shall be made as regards any amount of tax due from any person.

#### Textual Amendments

**F104** Words in s. 55 inserted (19.3.1997) by 1997 c. 16, s. 27(3)(a)

**F105** Words in s. 55(1) inserted (19.3.1997) by 1997 c. 16, s. 27(3)(b)

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**F106** Words in s. 55(3)(f) inserted (19.3.1997) by 1997 c. 16, s. 27(3)(c)

**F107** Words in s. 55(5) inserted (19.3.1997) by 1997 c. 16, s. 27(3)(d)

**F108** Words in s. 55(8)(a) inserted (19.3.1997) by 1997 c. 16, s. 27(3)(e)

## 56 Power to assess.

- (1) In a case where—
- (a) a person has failed to make any returns required to be made under this Part,
  - (b) a person has failed to keep any documents necessary to verify returns required to be made under this Part,
  - (c) a person has failed to afford the facilities necessary to verify returns required to be made under this Part, or
  - (d) it appears to the Commissioners that returns required to be made by a person under this Part are incomplete or incorrect,
- the Commissioners may assess the amount of tax due from the person concerned to the best of their judgment and notify it to him.
- (2) Where a person has for an accounting period been paid an amount to which he purports to be entitled under regulations made under section 55 above, then, to the extent that the amount ought not to have been paid or would not have been paid had the facts been known or been as they later turn out to be, the Commissioners may assess the amount as being tax due from him for that period and notify it to him accordingly.
- (3) Where a person is assessed under subsections (1) and (2) above in respect of the same accounting period the assessments may be combined and notified to him as one assessment.
- (4) Where the person failing to make a return, or making a return which appears to the Commissioners to be incomplete or incorrect, was required to make the return as a personal representative, trustee in bankruptcy, trustee in sequestration, receiver, liquidator or person otherwise acting in a representative capacity in relation to another person, subsection (1) above shall apply as if the reference to tax due from him included a reference to tax due from that other person.
- (5) An assessment under subsection (1) or (2) above of an amount of tax due for an accounting period shall not be made after the later of the following—
- (a) two years after the end of the accounting period;
  - (b) one year after evidence of facts, sufficient in the Commissioners' opinion to justify the making of the assessment, comes to their knowledge;
- but where further such evidence comes to their knowledge after the making of an assessment under subsection (1) or (2) above another assessment may be made under the subsection concerned in addition to any earlier assessment.
- (6) In a case where—
- (a) as a result of a person's failure to make a return for an accounting period the Commissioners have made an assessment under subsection (1) above for that period,
  - (b) the tax assessed has been paid but no proper return has been made for the period to which the assessment related, and
  - (c) as a result of a failure to make a return for a later accounting period, being a failure by the person referred to in paragraph (a) above or a person acting in a representative capacity in relation to him, as mentioned in subsection (4)



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above, the Commissioners find it necessary to make another assessment under subsection (1) above,

then, if the Commissioners think fit, having regard to the failure referred to in paragraph (a) above, they may specify in the assessment referred to in paragraph (c) above an amount of tax greater than that which they would otherwise have considered to be appropriate.

(7) Where an amount has been assessed and notified to any person under subsection (1) or (2) above it shall be deemed to be an amount of tax due from him and may be recovered accordingly unless, or except to the extent that, the assessment has subsequently been withdrawn or reduced.

(8) For the purposes of this section notification to—

- (a) a personal representative, trustee in bankruptcy, trustee in sequestration, receiver or liquidator, or
- (b) a person otherwise acting in a representative capacity in relation to another person,

shall be treated as notification to the person in relation to whom the person mentioned in paragraph (a) above, or the first person mentioned in paragraph (b) above, acts.

*Tax representatives*

**<sup>F109</sup>57 Tax representatives.**

.....

**Textual Amendments**

**F109** S. 57 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 142\(1\)\(a\)](#)

**<sup>F110</sup>58 Rights and duties of tax representatives.**

.....

**Textual Amendments**

**F110** S. 58 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 142\(1\)\(a\)](#)

*Review and appeal*

**59 [<sup>F111</sup>Appeals]**

(1) [<sup>F112</sup>Subject to section 60, an appeal shall lie to an appeal tribunal from any person who is or will be affected by any decision of HMRC with respect to the any of the following matters—]

- (a) the registration or cancellation of registration of any person under this Part;
- (b) whether tax is chargeable in respect of a premium or how much tax is chargeable;

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- [<sup>F113</sup>(bb) whether a payment falls to be treated under section 52A(2) above as a premium received under a taxable insurance contract by an insurer and chargeable to tax at the higher rate;]
  - (c) whether a person is entitled to credit by virtue of regulations under section 55 above or how much credit a person is entitled to or the manner in which he is to benefit from credit;
  - (d) an assessment [<sup>F114</sup>falling within subsection (1A) below] or the amount of such an assessment;
  - (e) any refusal of an application under section 63 below;
  - (f) whether a notice may be served on a person by virtue of regulations made under section 65 below;
  - (g) an assessment under regulations made under section 65 below or the amount of such an assessment;
  - (h) whether a scheme established by regulations under section 68 below applies to an insurer as regards an accounting period;
  - (i) the requirement of any security under paragraph 24 of Schedule 7 to this Act or its amount;
  - (j) any liability to a penalty under paragraphs 12 to 19 of Schedule 7 to this Act;
  - (k) the amount of any penalty or interest specified in an assessment under paragraph 25 of Schedule 7 to this Act;
  - (l) a claim for the repayment of an amount under paragraph 8 of Schedule 7 to this Act;
  - (m) any liability of the Commissioners to pay interest under paragraph 22 of Schedule 7 to this Act or the amount of the interest payable.
- [<sup>F115</sup>(1A) An assessment falls within this subsection if it is an assessment under section 56 above in respect of an accounting period in relation to which a return required to be made by virtue of regulations under section 54 above has been made.]

- <sup>F116</sup>(2) .....
- <sup>F116</sup>(3) .....
- <sup>F116</sup>(4) .....
- <sup>F116</sup>(5) .....
- <sup>F116</sup>(6) .....
- <sup>F116</sup>(7) .....
- <sup>F116</sup>(8) .....

**Textual Amendments**

**F111** S. 59 heading substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 205(2)** (with Sch. 3 paras. 2-4)

**F112** Words in s. 59(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 205(3)** (with Sch. 3 paras. 2-4)

**F113** S. 59(1)(bb) inserted (19.3.1997) by [1997 c. 16, s. 27\(6\)](#)

**F114** Words in s. 59(1)(d) substituted (1.5.1995 with application as mentioned in [Sch. 5 para. 5\(4\)](#) of the amending Act) by [1995 c. 4, s. 34, Sch. 5 para. 5\(2\)](#)

*Status: Point in time view as at 21/07/2009.*

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**F115** S. 59(1A) inserted (1.5.1995 with application as mentioned in [Sch. 5 para. 5\(4\)](#) of the amending Act) by 1995 c. 4, s. 34, [Sch. 5 para. 5\(3\)](#)

**F116** S. 59(2)-(8) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 205\(4\)](#)

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

**C25** S. 59 extended (19.3.1997) by 1997 c. 16, s. 50(1), [Sch. 5 para. 19\(2\)](#)

**Commencement Information**

**I14** S. 59 wholly in force at 1.10.1994 by [S.I. 1994/1773](#), [art. 2](#)

[<sup>F117</sup>**59A Offer of review**

- (1) HMRC must offer a person (P) a review of a decision that has been notified to P if an appeal lies under section 59 in respect of the decision.
- (2) The offer of the review must be made by notice given to P at the same time as the decision is notified to P.
- (3) This section does not apply to the notification of the conclusions of a review.

**Textual Amendments**

**F117** [Ss. 59A-59G](#) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 206](#)

**59B Right to require review**

- (1) Any person (other than P) who has the right of appeal under section 59 against a decision may require HMRC to review that decision if that person has not appealed to the appeal tribunal under section 59G.
- (2) A notification that such a person requires a review must be made within 30 days of that person becoming aware of the decision.

**Textual Amendments**

**F117** [Ss. 59A-59G](#) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 206](#)

**59C Review by HMRC**

- (1) HMRC must review a decision if—
  - (a) they have offered a review of the decision under section 59A, and
  - (b) P notifies HMRC accepting the offer within 30 days from the date of the document containing the notification of the offer.
- (2) But P may not notify acceptance of the offer if P has already appealed to the appeal tribunal under section 59G.

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- (3) HMRC must review a decision if a person other than P notifies them under section 59B.
- (4) HMRC shall not review a decision if P, or another person, has appealed to the appeal tribunal under section 59G in respect of the decision.

#### Textual Amendments

**F117** Ss. 59A-59G inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 206**

### 59D Extensions of time

- (1) If under section 59A HMRC have offered P a review of a decision, HMRC may within the relevant period notify P that the relevant period is extended.
- (2) If under section 59B another person may require HMRC to review a matter, HMRC may within the relevant period notify the other person that the relevant period is extended.
- (3) If notice is given the relevant period is extended to the end of 30 days from—
  - (a) the date of the notice, or
  - (b) any other date set out in the notice or a further notice.
- (4) In this section “relevant period” means—
  - (a) the period of 30 days referred to in—
    - (i) section 59C(1)(b) (in a case falling within subsection (1)), or
    - (ii) section 59B(2) (in a case falling within subsection (2)), or
  - (b) if notice has been given under subsection (1) or (2), that period as extended (or as most recently extended) in accordance with subsection (3).

#### Textual Amendments

**F117** Ss. 59A-59G inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 206**

### 59E Review out of time

- (1) This section applies if—
  - (a) HMRC have offered a review of a decision under section 59A and P does not accept the offer within the time allowed under section 59C(1)(b) or 59D(3); or
  - (b) a person who requires a review under section 59B does not notify HMRC within the time allowed under that section or section 59D(3).
- (2) HMRC must review the decision under section 59C if—
  - (a) after the time allowed, P, or the other person, notifies HMRC in writing requesting a review out of time,
  - (b) HMRC are satisfied that P, or the other person, had a reasonable excuse for not accepting the offer or requiring review within the time allowed, and

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- (c) HMRC are satisfied that P, or the other person, made the request without unreasonable delay after the excuse had ceased to apply.
- (3) HMRC shall not review a decision if P, or another person, has appealed to the appeal tribunal under section 59G in respect of the decision.

#### Textual Amendments

**F117** Ss. 59A-59G inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 206**

### 59F Nature of review etc

- (1) This section applies if HMRC are required to undertake a review under section 59C or 59E.
- (2) The nature and extent of the review are to be such as appear appropriate to HMRC in the circumstances.
- (3) For the purpose of subsection (2), HMRC must, in particular, have regard to steps taken before the beginning of the review—
  - (a) by HMRC in reaching the decision, and
  - (b) by any person in seeking to resolve disagreement about the decision.
- (4) The review must take account of any representations made by P, or the other person, at a stage which gives HMRC a reasonable opportunity to consider them.
- (5) The review may conclude that the decision is to be—
  - (a) upheld,
  - (b) varied, or
  - (c) cancelled.
- (6) HMRC must give P, or the other person, notice of the conclusions of the review and their reasoning within—
  - (a) a period of 45 days beginning with the relevant date, or
  - (b) such other period as HMRC and P, or the other person, may agree.
- (7) In subsection (6) “relevant date” means—
  - (a) the date HMRC received P’s notification accepting the offer of a review (in a case falling within section 59A), or
  - (b) the date HMRC received notification from another person requiring review (in a case falling within section 59B), or
  - (c) the date on which HMRC decided to undertake the review (in a case falling within section 59E).
- (8) Where HMRC are required to undertake a review but do not give notice of the conclusions within the time period specified in subsection (6), the review is to be treated as having concluded that the decision is upheld.
- (9) If subsection (8) applies, HMRC must notify P or the other person of the conclusion which the review is treated as having reached.

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### Textual Amendments

**F117** Ss. 59A-59G inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 206**

## 59G Bringing of appeals

- (1) An appeal under section 59 is to be made to the appeal tribunal before—
  - (a) the end of the period of 30 days beginning with—
    - (i) in a case where P is the appellant, the date of the document notifying the decision to which the appeal relates, or
    - (ii) in a case where a person other than P is the appellant, the date that person becomes aware of the decision, or
  - (b) if later, the end of the relevant period (within the meaning of section 59D).
- (2) But that is subject to subsections (3) to (5).
- (3) In a case where HMRC are required to undertake a review under section 59C—
  - (a) an appeal may not be made until the conclusion date, and
  - (b) any appeal is to be made within the period of 30 days beginning with the conclusion date.
- (4) In a case where HMRC are requested to undertake a review by virtue of section 59E—
  - (a) an appeal may not be made—
    - (i) unless HMRC have decided whether or not to undertake a review, and
    - (ii) if HMRC decide to undertake a review, until the conclusion date; and
  - (b) any appeal is to be made within the period of 30 days beginning with—
    - (i) the conclusion date (if HMRC decide to undertake a review), or
    - (ii) the date on which HMRC decide not to undertake a review.
- (5) In a case where section 59F(8) applies, an appeal may be made at any time from the end of the period specified in section 59F(6) to the date 30 days after the conclusion date.
- (6) An appeal may be made after the end of the period specified in subsection (1), (3)(b), (4)(b) or (5) if the appeal tribunal gives permission to do so.
- (7) In this section “conclusion date” means the date of the document notifying the conclusion of the review.]

### Textual Amendments

**F117** Ss. 59A-59G inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 206**

## 60 [F118 Further provisions relating to appeals]

<sup>F119</sup>(1) .....

- (2) Without prejudice to paragraph 13 of Schedule 7 to this Act, nothing in [F120 section 59] above shall be taken to confer on a tribunal any power to vary an amount assessed by

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way of penalty or interest except in so far as it is necessary to reduce it to the amount which is appropriate under paragraphs 12 to 21 of that Schedule.

<sup>F121</sup>(3) . . . . .

[<sup>F122</sup>(4) Subject to subsections (4A) and (4B), where the appeal is against the decisions with respect to any of the matters mentioned in section 59(1)(b) and (d), it shall not be entertained unless the amount which HMRC have determined to be payable as tax has been paid or deposited with them.

(4A) In a case where the amount determined to be payable as tax has not been paid or deposited an appeal shall be entertained if—

- (a) HMRC are satisfied (on the application of the appellant), or
- (b) the appeal tribunal decides (HMRC not being so satisfied and on the application of the appellant),

that the requirement to pay or deposit the amount determined would cause the appellant to suffer hardship.

(4B) Notwithstanding the provisions of sections 11 and 13 of the Tribunals, Courts and Enforcement Act 2007, the decision of the appeal tribunal as to the issue of hardship is final.]

(5) Where on an appeal against a decision with respect to any of the matters mentioned in section 59(1)(d) above—

- (a) it is found that the amount specified in the assessment is less than it ought to have been, and
- (b) the tribunal gives a direction specifying the correct amount,

the assessment shall have effect as an assessment of the amount specified in the direction and that amount shall be deemed to have been notified to the appellant.

(6) Where on an appeal under this section it is found that the whole or part of any amount paid or deposited in pursuance of subsection (4) above is not due, so much of that amount as is found not to be due shall be repaid with interest [<sup>F123</sup>at the rate applicable under section 197 of the Finance Act 1996]( ) .

(7) Where on an appeal under this section it is found that the whole or part of any amount due to the appellant by virtue of regulations under section 55(3)(c) or (d) or (f) above has not been paid, so much of that amount as is found not to have been paid shall be paid with interest [<sup>F124</sup>at the rate applicable under section 197 of the Finance Act 1996] .

(8) Where an appeal under this section has been entertained notwithstanding that an amount determined by [<sup>F125</sup>HMRC] to be payable as tax has not been paid or deposited and it is found on the appeal that that amount is due [<sup>F126</sup>; it shall be paid with interest at the rate applicable under section 197 of the Finance Act 1996.]

[<sup>F127</sup>(8A) Interest under subsection (8) shall be paid without any deduction of income tax.]

(9) On an appeal against an assessment to a penalty under paragraph 12 of Schedule 7 to this Act, the burden of proof as to the matters specified in paragraphs (a) and (b) of sub-paragraph (1) of paragraph 12 shall lie upon [<sup>F128</sup>HMRC] .

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- [<sup>F129</sup>(10) Sections 85 and 85B of the Value Added Tax Act 1994 (settling of appeals by agreement and payment of tax where there is a further appeal) shall have effect as if—
- (a) the references to section 83 of that Act included references to section 59 above, and
  - (b) the references to value added tax included references to insurance premium tax.]

#### Textual Amendments

- F118** S. 60 heading substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 207(2)** (with Sch. 3 paras. 2-4)
- F119** S. 60(1) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 207(3)** (with Sch. 3 paras. 2-4)
- F120** Words in s. 60(2) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 207(4)** (with Sch. 3 paras. 2-4)
- F121** S. 60(3) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 207(5)** (with Sch. 3 paras. 2-4)
- F122** S. 60(4)-(4B) substituted for s. 60(4) (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 207(6)** (with Sch. 3 paras. 2-4)
- F123** Words in s. 60(6) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 207(7)** (with Sch. 3 paras. 2-4, 9(2)(b))
- F124** Words in s. 60(7) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 207(8)** (with Sch. 3 paras. 2-4, 9(2)(b))
- F125** Word in s. 60(8) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 207(9)(a)** (with Sch. 3 paras. 2-4, 9(2)(b))
- F126** Words in s. 60(8) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 207(9)(b)** (with Sch. 3 paras. 2-4, 9(2)(b))
- F127** S. 60(8A) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 207(10)** (with Sch. 3 paras. 2-4)
- F128** Word in s. 60(9) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 207(11)** (with Sch. 3 paras. 2-4)
- F129** S. 60(10) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 207(12)** (with Sch. 3 paras. 2-4)

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

- C26** S. 60 extended (19.3.1997) by [1997 c. 16](#), s. 50(1), **Sch. 5 para. 19(2)**

#### Commencement Information

- I15** S. 60 wholly in force at 1.10.1994 by [S.I. 1994/1773](#), **art. 2**

## 61 Review and appeal: commencement.

Sections 59 and 60 above shall come into force on such day as may be appointed by order.



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### Subordinate Legislation Made

**P2** S. 61 power exercised: 1.10.1994 appointed by [S.I. 1994/1773](#), [art. 2](#)

## Miscellaneous

### 62 Partnership, bankruptcy, transfer of business, etc.

- (1) Regulations may make provision for determining by what persons anything required by this Part to be done by an insurer [<sup>F130</sup>or taxable intermediary] is to be done where the business concerned is carried on in partnership or by another unincorporated body.
- (2) The registration under this Part of an unincorporated body other than a partnership may be in the name of the body concerned; and in determining whether premiums are received by such a body no account shall be taken of any change in its members.
- (3) Regulations may make provision for determining by what person anything required by this Part to be done by an insurer is to be done in a case where insurance business is carried on by persons who are underwriting members of Lloyd's and are members of a syndicate of such underwriting members.
- (4) Regulations may—
  - (a) make provision for the registration for the purposes of this Part of a syndicate of underwriting members of Lloyd's;
  - (b) provide that for purposes prescribed by the regulations no account shall be taken of any change in the members of such a syndicate;and regulations under paragraph (a) above may modify section 53 above.
- (5) As regards any case where a person carries on a business of an insurer [<sup>F130</sup>or taxable intermediary] who has died or become bankrupt or incapacitated or been sequestrated, or of an insurer [<sup>F130</sup>or taxable intermediary] which is in liquidation or receivership or [<sup>F131</sup>administration] , regulations may—
  - (a) require the person to inform the Commissioners of the fact that he is carrying on the business and of the event that has led to his carrying it on;
  - (b) make provision allowing the person to be treated for a limited time as if he were the insurer [<sup>F130</sup>or taxable intermediary];
  - (c) make provision for securing continuity in the application of this Part where a person is so treated.
- (6) Regulations may make provision for securing continuity in the application of this Part in cases where a business carried on by a person is transferred to another person as a going concern.
- (7) Regulations under subsection (6) above may in particular provide—
  - (a) for liabilities and duties under this Part of the transferor to become, to such extent as may be provided by the regulations, liabilities and duties of the transferee;
  - (b) for any right of either of them to repayment or credit in respect of tax to be satisfied by making a repayment or allowing a credit to the other;

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but the regulations may provide that no such provision as is mentioned in paragraph (a) or (b) of this subsection shall have effect in relation to any transferor and transferee unless an application in that behalf has been made by them under the regulations.

#### Textual Amendments

**F130** Words in s. 62(1)(5) inserted (19.3.1997) by 1997 c. 16, s. 27(7)

**F131** Word in s. 62(5) substituted (15.9.2003) by The Enterprise Act 2002 (Insolvency) Order 2003 (S.I. 2003/2096), art. 1(1), Sch. para. 23 (with art. 6)

### 63 Groups of companies.

- (1) Where under the following provisions of this section any bodies corporate are treated as members of a group, for the purposes of this Part—
- (a) any taxable business carried on by a member of the group shall be treated as carried on by the representative member,
  - [<sup>F132</sup>(aa) any business carried on by a member of the group who is a taxable intermediary shall be treated as carried on by the representative member,]
  - (b) the representative member shall be taken to be the insurer in relation to any taxable insurance contract as regards which a member of the group is the actual insurer,
  - [<sup>F133</sup>(bb) the representative member shall be taken to be the taxable intermediary in relation to any taxable intermediary's fees as regards which a member of the group is the actual taxable intermediary,]
  - (c) any receipt by a member of the group of a premium under a taxable insurance contract shall be taken to be a receipt by the representative member, and
  - (d) all members of the group shall be jointly and severally liable for any tax due from the representative member.
- (2) Two or more bodies corporate are eligible to be treated as members of a group if each of them falls within subsection (3) below and—
- (a) one of them controls each of the others,
  - (b) one person (whether a body corporate or an individual) controls all of them, or
  - (c) two or more individuals carrying on a business in partnership control all of them.
- (3) A body falls within this subsection if it is resident in the United Kingdom or it has an established place of business in the United Kingdom.
- (4) Where an application to that effect is made to the Commissioners with respect to two or more bodies corporate eligible to be treated as members of a group, then—
- (a) from the beginning of an accounting period they shall be so treated, and
  - (b) one of them shall be the representative member,
- unless the Commissioners refuse the application; and the Commissioners shall not refuse the application unless it appears to them necessary to do so for the protection of the revenue.
- (5) Where any bodies corporate are treated as members of a group and an application to that effect is made to the Commissioners, then, from the beginning of an accounting period—

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- (a) a further body eligible to be so treated shall be included among the bodies so treated,
  - (b) a body corporate shall be excluded from the bodies so treated,
  - (c) another member of the group shall be substituted as the representative member, or
  - (d) the bodies corporate shall no longer be treated as members of a group, unless the application is to the effect mentioned in paragraph (a) or (c) above and the Commissioners refuse the application.
- (6) The Commissioners may refuse an application under subsection (5)(a) or (c) above only if it appears to them necessary to do so for the protection of the revenue.
- (7) Where a body corporate is treated as a member of a group as being controlled by any person and it appears to the Commissioners that it has ceased to be so controlled, they shall, by notice given to that person, terminate that treatment from such date as may be specified in the notice.
- (8) An application under this section with respect to any bodies corporate must be made by one of those bodies or by the person controlling them and must be made not less than 90 days before the date from which it is to take effect, or at such later time as the Commissioners may allow.
- (9) For the purposes of this section a body corporate shall be taken to control another body corporate if it is empowered by statute to control that body's activities or if it is that body's holding company within the meaning of section 736 of the <sup>M20</sup>Companies Act 1985; and an individual or individuals shall be taken to control a body corporate if he or they, were he or they a company, would be that body's holding company within the meaning of that section.

#### Textual Amendments

**F132** S. 63(1)(aa) inserted (19.3.1997) by 1997 c. 16, s. 27(8)(a)

**F133** S. 63(1)(bb) inserted (19.3.1997) by 1997 c. 16, s. 27(8)(b)

#### Marginal Citations

**M20** 1985 c. 6.

## 64 Information, powers, penalties, etc.

Schedule 7 to this Act (which contains provisions relating to information, powers, penalties and other matters) shall have effect.

## 65 Liability of insured in certain cases.

- (1) Regulations may make provision under this section with regard to any case where at any time <sup>F134</sup>...<sup>F135</sup>the insurer—
- (a) does not have any business establishment or other fixed establishment in the United Kingdom, and
  - (b) is established in a country or territory in respect of which it appears to the Commissioners that the condition in subsection (1A) below is met.]

<sup>F136</sup>(1A) The condition mentioned in subsection (1)(b) above is that—

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- (a) the country or territory is neither a member State nor a part of a member State, and
  - (b) there is no provision for mutual assistance between the United Kingdom and the country or territory similar in scope to the assistance provided for between the United Kingdom and each other member State by the mutual assistance provisions.
- (1B) In subsection (1A) above “the mutual assistance provisions” means—
- (a) section 134 of, and Schedule 39 to, the Finance Act 2002 (recovery of taxes etc due in other member States), and
  - (b) section 197 of the Finance Act 2003 (exchange of information between tax authorities of member States).]
- (2) Regulations may make provision allowing notice to be served in accordance with the regulations on—
- (a) the person who is insured under a taxable insurance contract, if there is one insured person, or
  - (b) one or more of the persons who are insured under a taxable insurance contract, if there are two or more insured persons;
- and a notice so served is referred to in this section as a liability notice.
- (3) Regulations may provide that if a liability notice has been served in accordance with the regulations—
- (a) the Commissioners may assess to the best of their judgment the amount of any tax due in respect of premiums received by the insurer under the contract concerned after the material date and before the date of the assessment, and
  - (b) that amount shall be deemed to be the amount of tax so due.
- (4) The material date is—
- (a) where there is one person on whom a liability notice has been served in respect of the contract, the date when the notice was served or such later date as may be specified in the notice;
  - (b) where there are two or more persons on whom liability notices have been served in respect of the contract, the date when the last of the notices was served or such later date as may be specified in the notices.
- (5) Regulations may provide that where—
- (a) an assessment is made in respect of a contract under provision included in the regulations by virtue of subsection (3) above, and
  - (b) the assessment is notified to the person, or each of the persons, on whom a liability notice in respect of the contract has been served,
- the persons mentioned in subsection (6) below shall be jointly and severally liable to pay the tax assessed, and that tax shall be recoverable accordingly.
- (6) The persons are—
- (a) the person or persons mentioned in subsection (5)(b) above, and
  - (b) the insurer.
- (7) Where regulations make provision under subsection (5) above they must also provide that any provision made under that subsection shall not apply if, or to the extent that, the assessment has subsequently been withdrawn or reduced.

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- (8) Regulations may make provision as to the time within which, and the manner in which, tax which has been assessed is to be paid.
- (9) Where any amount is recovered from an insured person by virtue of regulations made under this section, the insurer shall be liable to pay to the insured person an amount equal to the amount recovered; and regulations may make provision requiring an insurer to pay interest where this subsection applies.
- (10) Regulations may make provision for adjustments to be made of a person's liability in any case where—
- (a) an assessment is made under section 56 above in relation to the insurer, and
  - (b) an assessment made by virtue of regulations under this section relates to premiums received (or assumed for the purposes of the assessment to be received) within a period which corresponds to any extent with the accounting period to which the assessment under section 56 relates.
- (11) Regulations may make provision as regards a case where—
- (a) an assessment made in respect of a contract by virtue of regulations under this section relates to premiums received (or assumed for the purposes of the assessment to be received) within a given period, and
  - (b) an amount of tax is paid by the insurer in respect of an accounting period which corresponds to any extent with that period;
- and the regulations may include provision for determining whether, or how much of, any of the tax paid as mentioned in paragraph (b) above is attributable to premiums received under the contract in the period mentioned in paragraph (a) above.
- (12) Regulations may—
- (a) make provision requiring the Commissioners, in prescribed circumstances, to furnish prescribed information to an insured person;
  - (b) make provision requiring any person on whom a liability notice has been served to keep records, to furnish information, or to produce documents for inspection or cause documents to be produced for inspection;
  - (c) make such provision as the Commissioners think is reasonable for the purpose of facilitating the recovery of tax from the persons having joint and several liability (rather than from the insurer alone);
  - (d) modify the effect of any provision of this Part.
- (13) Regulations may provide for an insured person to be liable to pay tax assessed by virtue of the regulations notwithstanding that he has already paid an amount representing tax as part of a premium.

#### Textual Amendments

**F134** Words in s. 65(1) omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 142\(1\)\(b\)](#)

**F135** Words in s. 65(1) substituted (21.7.2008) by [Finance Act 2008 \(c. 9\), s. 143\(2\)](#)

**F136** S. 65(1A)(1B) inserted (21.7.2008) by [Finance Act 2008 \(c. 9\), s. 143\(3\)](#)

## 66 Directions as to amounts of premiums.

- (1) This section applies where—

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- (a) anything is received by way of premium under a taxable insurance contract, and
  - (b) the amount of the premium is less than it would be if it were received under the contract in open market conditions.
- (2) The Commissioners may direct that the amount of the premium shall be taken for the purposes of this Part to be such amount as it would be if it were received under the contract in open market conditions.
- (3) A direction under subsection (2) above shall be given by notice in writing to the insurer, and no direction may be given more than three years after the time of the receipt.
- (4) Where the Commissioners make a direction under subsection (2) above in the case of a contract they may also direct that if—
- (a) anything is received by way of premium under the contract after the giving of the notice or after such later date as may be specified in the notice, and
  - (b) the amount of the premium is less than it would be if it were received under the contract in open market conditions,
- the amount of the premium shall be taken for the purposes of this Part to be such amount as it would be if it were received under the contract in open market conditions.
- (5) For the purposes of this section a premium is received in open market conditions if it is received—
- (a) by an insurer standing in no such relationship with the insured person as would affect the premium, and
  - (b) in circumstances where there is no other contract or arrangement affecting the parties.
- (6) For the purposes of this section it is immaterial whether what is received by way of premium is money or something other than money or both.

**67 Deemed date of receipt of certain premiums.**

- (1) In a case where—
- (a) a premium under a contract of insurance is received by the insurer after 30th November 1993 and before 1st October 1994, and
  - (b) the period of cover for the risk begins on or after 1st October 1994,
- for the purposes of this Part the premium shall be taken to be received on 1st October 1994.
- (2) Subsection (3) below applies where—
- (a) a premium under a contract of insurance is received by the insurer after 30th November 1993 and before 1st October 1994,
  - (b) the period of cover for the risk begins before 1st October 1994 and ends after 30th September 1995, and
  - (c) the premium, or any part of it, is attributable to such of the period of cover as falls after 30th September 1995.
- (3) For the purposes of this Part—
- (a) so much of the premium as is attributable to such of the period of cover as falls after 30th September 1995 shall be taken to be received on 1st October 1994;

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- (b) so much as is so attributable shall be taken to be a separate premium.
- (4) If a contract relates to more than one risk subsection (1) above shall have effect as if the reference in paragraph (b) to the risk were to any given risk.
- (5) If a contract relates to more than one risk, subsections (2) and (3) above shall apply as follows—
  - (a) so much of the premium as is attributable to any given risk shall be deemed for the purposes of those subsections to be a separate premium relating to that risk;
  - (b) those subsections shall then apply separately in the case of each given risk and the separate premium relating to it;and any further attribution required by those subsections shall be made accordingly.
- (6) Subsections (1) and (4) above do not apply in relation to a contract if the contract belongs to a class of contract as regards which the normal practice is for a premium to be received by or on behalf of the insurer before the date when cover begins.
- (7) Subsections (2), (3) and (5) above do not apply in relation to a contract if the contract belongs to a class of contract as regards which the normal practice is for cover to be provided for a period exceeding twelve months.
- (8) Any attribution under this section shall be made on such basis as is just and reasonable.

**[<sup>F137</sup>67A Announced increase in rate of tax: certain premiums treated as received on date of increase.**

- (1) This section applies in any case where a proposed increase is announced by a Minister of the Crown in the rate at which tax is to be charged on a premium if it is received by the insurer on or after a date specified in the announcement (“the date of the change”).
- (2) In a case where—
  - (a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement but before the date of the change, and
  - (b) the period of cover for the risk begins on or after the date of the change,for the purposes of this Part the premium shall be taken to be received on the date of the change.
- (3) Subsection (4) below applies where—
  - (a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement but before the date of the change;
  - (b) the period of cover for the risk begins before the date of the change and ends on or after the first anniversary of the date of the change; and
  - (c) the premium, or any part of it, is attributable to such of the period of cover as falls on or after the first anniversary of the date of the change.
- (4) For the purposes of this Part—
  - (a) so much of the premium as is attributable to such of the period of cover as falls on or after the first anniversary of the date of the change shall be taken to be received on the date of the change; and
  - (b) so much as is so attributable shall be taken to be a separate premium.

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- (5) In determining whether the condition in subsection (2)(a) or (3)(a) above is satisfied, the provisions of regulations made by virtue of subsection (3) or (7) of section 68 below apply as they would apart from this section; but, subject to that, where subsection (2) or (4) above applies—
- (a) that subsection shall have effect notwithstanding anything in section 68 below or regulations made under that section; and
  - (b) any regulations made under that section shall have effect as if the entry made in the accounts of the insurer showing the premium as due to him had been made as at the date of the change.
- (6) Any attribution under this section shall be made on such basis as is just and reasonable.
- (7) In this section—
- “increase”, in relation to the rate of tax, includes the imposition of a charge to tax by adding to the descriptions of contract which are taxable insurance contracts;
- “Minister of the Crown” has the same meaning as in the Ministers of the <sup>M21</sup>Crown Act 1975.]

#### Textual Amendments

**F137** Ss. 67A-67C inserted (with effect *retrospectively* to 26.11.1996) by 1997 c. 16, s. 29(1)(3)

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

**C27** Ss. 67A-67C modified (19.3.1997) by 1997 c. 16, s. 29(2)  
Ss. 67A-67C modified (31.7.1998) by 1998 c. 36, s. 146(5)  
Ss. 67A-67C modified (27.7.1999) by 1999 c. 16, s. 125(5)

#### Marginal Citations

**M21** 1975 c. 26.

### [<sup>F138</sup>67B Announced increase in rate of tax: certain contracts treated as made on date of increase.

- (1) This section applies in any case where—
- (a) an announcement falling within section 67A(1) above is made; but
  - (b) a proposed exception from the increase in question is also announced by a Minister of the Crown; and
  - (c) the proposed exception is to apply in relation to a premium only if the conditions described in subsection (2) below are satisfied in respect of the premium.
- (2) Those conditions are—
- (a) that the premium is in respect of a contract made before the date of the change;
  - (b) that the premium falls, by virtue of regulations under section 68 below, to be regarded for the purposes of this Part as received under the contract by the insurer before such date (“the concessionary date”) as is specified for the purpose in the announcement.
- (3) In a case where—



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- (a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement but before the concessionary date, and
  - (b) the period of cover for the risk begins on or after the date of the change,
- the rate of tax applicable in relation to the premium shall be determined as if the contract had been made on the date of the change.
- (4) Subsection (5) below applies where—
- (a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement but before the concessionary date;
  - (b) the period of cover for the risk begins before the date of the change and ends on or after the first anniversary of the date of the change; and
  - (c) the premium, or any part of it, is attributable to such of the period of cover as falls on or after the first anniversary of the date of the change.
- (5) Where this subsection applies—
- (a) the rate of tax applicable in relation to so much of the premium as is attributable to such of the period of cover as falls on or after the first anniversary of the date of the change shall be determined as if the contract had been made on the date of the change; and
  - (b) so much of the premium as is so attributable shall be taken to be a separate premium.
- (6) Any attribution under this section shall be made on such basis as is just and reasonable.
- (7) In this section—
- “the date of the change” has the same meaning as in section 67A above;
  - “Minister of the Crown” has the same meaning as in section 67A above.]

#### Textual Amendments

**F138** Ss. 67A-67C inserted (with effect *retrospectively* to 26.11.1996) by 1997 c. 16, s. 29(1)(3)

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

**C28** Ss. 67A-67C modified (19.3.1997) by 1997 c. 16, s. 29(2)

Ss. 67A-67C modified (31.7.1998) by 1998 c. 36, s. 146(5)

Ss. 67A-67C modified (27.7.1999) by 1999 c. 16, s. 125(5)

#### [<sup>F139</sup>67C Announced increase in rate of tax: exceptions and apportionments.

- (1) Sections 67A(2) and 67B(3) above do not apply in relation to a premium if the risk to which that premium relates belongs to a class of risk as regards which the normal practice is for a premium to be received by or on behalf of the insurer before the date when cover begins.
- (2) Sections 67A(3) and (4) and 67B(4) and (5) above do not apply in relation to a premium if the risk to which that premium relates belongs to a class of risk as regards which the normal practice is for cover to be provided for a period exceeding twelve months.
- (3) If a contract relates to more than one risk, then, in the application of section 67A(2), 67A(3) and (4), 67B(3) or 67B(4) and (5) above—

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- (a) the reference in section 67A(2)(b) or (3)(b) or 67B(3)(b) or (4)(b), as the case may be, to the risk shall be taken as a reference to any given risk,
  - (b) so much of the premium as is attributable to any given risk shall be taken for the purposes of section 67A(2), 67A(3) and (4), 67B(3) or 67B(4) and (5) above, as the case may be, to be a separate premium relating to that risk,
  - (c) those provisions shall then apply separately in the case of each given risk and the separate premium relating to it, and
  - (d) any further attribution required by section 67A(3) and (4) or 67B(4) and (5) above shall be made accordingly,
- and subsections (1) and (2) above shall apply accordingly.
- (4) Any attribution under this section shall be made on such basis as is just and reasonable.]

#### Textual Amendments

**F139** Ss. 67A-67C inserted (with effect *retrospectively* to 26.11.1996) by 1997 c. 16, s. 29(1)(3)

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

- C29** Ss. 67A-67C modified (19.3.1997) by 1997 c. 16, s. 29(2)  
 Ss. 67A-67C modified (31.7.1998) by 1998 c. 36, s. 146(5)  
 Ss. 67A-67C modified (27.7.1999) by 1999 c. 16, s. 125(5)

## 68 Special accounting schemes.

- (1) Regulations may make provision establishing a scheme in accordance with the following provisions of this section; and in this section “a relevant accounting period”, in relation to an insurer, means an accounting period as regards which the scheme applies to the insurer.
- (2) Regulations may provide that if an insurer notifies the Commissioners that the scheme should apply to him as regards accounting periods beginning on or after a date specified in the notification and prescribed conditions are fulfilled, then, subject to any provision made under subsection (9) below, the scheme shall apply to the insurer as regards accounting periods beginning on or after that date.
- (3) Regulations may provide that where—
  - (a) an entry is made in the accounts of an insurer showing a premium under a taxable insurance contract as due to him, and
  - (b) the entry is made as at a particular date which falls within a relevant accounting period,
 then (whether or not that date is one on which the premium is actually received by the insurer or on which the premium would otherwise be treated for the purposes of this Part as received by him) the premium shall for the purposes of this Part be taken to be received by the insurer on that date or, in prescribed circumstances, to be received by him on a different date determined in accordance with the regulations.
- (4) Where regulations make provision under subsection (3) above they may also provide that, for the purposes of this Part, the amount of the premium shall be taken to be the amount which the entry in the accounts treats as its amount.

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- (5) Regulations may provide that provision made under subsections (3) and (4) above shall apply even if the premium, or part of it, is never actually received by the insurer or on his behalf; and the regulations may include provision that, where the premium is never actually received because the contract under which it would have been received is never entered into or is terminated, the premium is nonetheless to be taken for the purposes of this Part to be received under a taxable insurance contract.
- (6) Regulations may provide that any provision made under subsection (4) above shall be subject to any directions made under section 66 above.
- (7) Regulations may provide that where a premium is treated as received on a particular date by virtue of provision made under subsection (3) above and there is another date on which the premium—
- (a) is actually received by the insurer, or
  - (b) would, apart from the regulations, be treated for the purposes of this Part as received by him,
- the premium shall be taken for the purposes of this Part not to be received by him on that other date.
- (8) Regulations may provide that provision made under subsection (7) above shall apply only to the extent that there is no excess of the actual amount of the premium over the amount which, by virtue of regulations under this section or of a direction under section 66 above, is to be taken for the purposes of this Part to be its amount; and the regulations may include provision that where there is such an excess, the excess amount shall be taken for the purposes of this Part to be a separate premium and to be received by the insurer on a date determined in accordance with the regulations.
- (9) Regulations may provide that if a notification has been given in accordance with provision made under subsection (2) above and subsequently—
- (a) the insurer gives notice to the Commissioners that the scheme should not apply to him as regards accounting periods beginning on or after a date specified in the notice, or
  - (b) the Commissioners give notice to the insurer that the scheme is not to apply to him as regards accounting periods beginning on or after a date specified in the notice,
- then, if prescribed conditions are fulfilled, the scheme shall not apply to the insurer as regards an accounting period beginning on or after the date specified in the notice mentioned in paragraph (a) or (b) above unless the circumstances are such as may be prescribed.
- (10) Regulations may include provision—
- (a) enabling an insurer to whom the scheme applies as regards an accounting period to account for tax due in respect of that period on the assumption that the scheme will apply to him as regards subsequent accounting periods;
  - (b) designed to secure that, where the scheme ceases to apply to an insurer, any tax which by virtue of provision made under paragraph (a) above has not been accounted for is accounted for and paid.
- (11) Regulations may provide that where—
- (a) an entry in the accounts of an insurer shows a premium as due to him,
  - (b) the entry is made as at a date falling before 1st October 1994,

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- (c) tax in respect of the receipt of the premium would, apart from the regulations, be charged by reference to a date (whether or not the date on which the premium is actually received by the insurer) falling on or after 1st October 1994,
  - (d) the date by reference to which tax would be charged falls within a relevant accounting period, and
  - (e) prescribed conditions are fulfilled,
- the premium, or such part of it as may be found in accordance with prescribed rules, shall be taken for the purposes of this Part to have been received by the insurer before 1st October 1994.
- (12) Without prejudice to subsection (13) below, regulations may include provision modifying any provision made under this section so as to secure the effective operation of the provision in a case where a premium consists wholly or partly of anything other than money.
- (13) Regulations may modify the effect of any provision of this Part.
- (14) The reference in subsection (3)(a) above to a premium under a taxable insurance contract includes a reference to anything that, although not actually received by or on behalf of the insurer, would be such a premium if it were so received.

**[<sup>F140</sup>69 Charge to tax where different rates of tax apply.**

- (1) This section applies for the purpose of determining the chargeable amount in a case where a contract provides cover falling within any one of the following paragraphs, that is to say—
- (a) cover for one or more exempt matters,
  - (b) cover for one or more standard rate matters, or
  - (c) cover for one or more higher rate matters,
- and also provides cover falling within another of those paragraphs.
- (2) In the following provisions of this section “the non-exempt premium” means the difference between—
- (a) the amount of the premium; and
  - (b) such part of the premium as is attributable to any exempt matter or matters or, if no part is so attributable, nil.
- (3) If the contract provides cover for one or more exempt matters and also provides cover for either—
- (a) one or more standard rate matters, or
  - (b) one or more higher rate matters,
- the chargeable amount is such amount as, with the addition of the tax chargeable at the standard rate or (as the case may be) the higher rate, is equal to the non-exempt premium.
- (4) If the contract provides cover for both—
- (a) one or more standard rate matters, and
  - (b) one or more higher rate matters,
- the higher rate element and the standard rate element shall be found in accordance with the following provisions of this section.

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- (5) For the purposes of this section—
- (a) “the higher rate element” is such portion of the non-exempt premium as is attributable to the higher rate matters (including tax at the higher rate); and
  - (b) “the standard rate element” is the difference between—
    - (i) the non-exempt premium; and
    - (ii) the higher rate element.
- (6) In a case falling within subsection (4) above, tax shall be charged separately—
- (a) at the standard rate, by reference to the standard rate chargeable amount, and
  - (b) at the higher rate, by reference to the higher rate chargeable amount,
- and the tax chargeable in respect of the premium is the aggregate of those amounts of tax.
- (7) For the purposes of this section—
- “the higher rate chargeable amount” is such amount as, with the addition of the tax chargeable at the higher rate, is equal to the higher rate element;
  - “the standard rate chargeable amount” is such amount as, with the addition of the tax chargeable at the standard rate, is equal to the standard rate element.
- (8) References in this Part to the chargeable amount shall, in a case falling within subsection (4) above, be taken as referring separately to the standard rate chargeable amount and the higher rate chargeable amount.
- (9) In applying subsection (2)(b) above, any amount that is included in the premium as being referable to tax (whether or not the amount corresponds to the actual amount of tax payable in respect of the premium) shall be taken to be wholly attributable to the non-exempt matter or matters.
- (10) In applying subsection (5)(a) above, any amount that is included in the premium as being referable to tax at the higher rate (whether or not the amount corresponds to the actual amount of tax payable at that rate in respect of the premium) shall be taken to be wholly attributable to the higher rate element.
- (11) Subject to subsections (9) and (10) above, any attribution under subsection (2)(b) or (5)(a) above shall be made on such basis as is just and reasonable.
- (12) For the purposes of this section—
- (a) an “exempt matter” is any matter such that, if it were the only matter for which the contract provided cover, the contract would not be a taxable insurance contract;
  - (b) a “non-exempt matter” is a matter which is not an exempt matter;
  - (c) a “standard rate matter” is any matter such that, if it were the only matter for which the contract provided cover, tax at the standard rate would be chargeable on the chargeable amount;
  - (d) a “higher rate matter” is any matter such that, if it were the only matter for which the contract provided cover, tax at the higher rate would be chargeable on the chargeable amount.
- (13) If the contract relates to a lifeboat and lifeboat equipment, the lifeboat and the equipment shall be taken together in applying this section.
- (14) For the purposes of this section “lifeboat” and “lifeboat equipment” have the same meaning as in paragraph 6 of Schedule 7A to this Act.]

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#### Textual Amendments

**F140** S. 69 substituted (19.3.1997) by 1997 c. 16, s. 23(1)

### Supplementary

#### 70 Interpretation: taxable insurance contracts.

- (1) Subject to [<sup>F141</sup>subsection (1A) below], any contract of insurance is a taxable insurance contract.
- [<sup>F142</sup>(1A) A contract is not a taxable insurance contract if it falls within one or more of the paragraphs of Part I of Schedule 7A to this Act.
- (1B) Part II of Schedule 7A to this Act (interpretation of certain provisions of Part I) shall have effect.]
- <sup>F143</sup>(2) .....
- <sup>F143</sup>(3) .....
- <sup>F143</sup>(4) .....
- <sup>F143</sup>(5) .....
- <sup>F143</sup>(6) .....
- <sup>F143</sup>(7) .....
- <sup>F143</sup>(8) .....
- <sup>F143</sup>(9) .....
- <sup>F143</sup>(10) .....
- (11) This section has effect subject to section 71 below.
- (12) This section and section 71 below have effect for the purposes of this Part.

#### Textual Amendments

**F141** Words in s. 70(1) substituted (1.10.1994) by S.I. 1994/1698, art. 4(a)

**F142** S. 70(1A)(1B) inserted (1.10.1994) by S.I. 1994/1698, art. 4(b)

**F143** S. 70(2)-(10) deleted (1.10.1994) by S.I. 1994/1698, art. 4(c)

#### 71 Taxable insurance contracts: power to change definition.

- (1) Provision may be made by order that—
- (a) a contract of insurance that would otherwise not be a taxable insurance contract shall be a taxable insurance contract if it falls within a particular description;
  - (b) a contract of insurance that would otherwise be a taxable insurance contract shall not be a taxable insurance contract if it falls within a particular description.

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- (2) A description referred to in subsection (1) above may be by reference to the nature of the insured or by reference to such other factors as the Treasury think fit.
- (3) Provision under this section may be made in such way as the Treasury think fit, and in particular may be made by amending this Part.
- (4) An order under this section may amend or modify the effect of section 69 above in such way as the Treasury think fit.

## **72 Interpretation: premium.**

- (1) In relation to a taxable insurance contract, a premium is any payment received under the contract by the insurer, and in particular includes any payment wholly or partly referable to—
  - (a) any risk,
  - (b) costs of administration,
  - (c) commission,
  - (d) any facility for paying in instalments or making deferred payment (whether or not payment for the facility is called interest), or
  - (e) tax.

- [<sup>F144</sup>(1A) Where an amount is charged to the insured by any person in connection with a taxable insurance contract, any payment in respect of that amount is to be regarded as a payment received under that contract by the insurer unless—
- (a) the payment is chargeable to tax at the higher rate by virtue of section 52A above; or
  - (b) the amount is charged under a separate contract and is identified in writing to the insured as a separate amount so charged.]

- [<sup>F145</sup>(1B) Where—
- (a) an amount is charged (to the insured or any other person) in respect of the acquisition of a right (whether of the insured or any other person) to require the insurer to provide, or offer to provide, any of the cover included in a taxable insurance contract, and
  - (b) any payment in respect of that amount is not regarded as a payment received under that contract by the insurer by virtue of subsection (1A) above,
- the payment is to be regarded as a payment received under that contract by the insurer unless it is chargeable to tax at the higher rate by virtue of section 52A above.]
- (2) A premium may consist wholly or partly of anything other than money, and references to payment in subsection (1) above shall be construed accordingly.
  - (3) Where a premium is to any extent received in a form other than money, its amount shall be taken to be—
    - (a) an amount equal to the value of whatever is received in a form other than money, or
    - (b) if money is also received, the aggregate of the amount found under paragraph (a) above and the amount received in the form of money.
  - (4) The value to be taken for the purposes of subsection (3) above is open market value at the time of the receipt by the insurer.

*Status: Point in time view as at 21/07/2009.*

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- (5) The open market value of anything at any time shall be taken to be an amount equal to such consideration in money as would be payable on a sale of it at that time to a person standing in no such relationship with any person as would affect that consideration.
- (6) Where (apart from this subsection) anything received under a contract by the insurer would be taken to be an instalment of a premium, it shall be taken to be a separate premium.
- (7) Where anything is received by any person on behalf of the insurer—
- (a) it shall be treated as received by the insurer when it is received by the other person, and
  - (b) the later receipt of the whole or any part of it by the insurer shall be disregarded.
- [<sup>F146</sup>(7A) Where any person is authorised by or on behalf of an employee to deduct from anything due to the employee under his contract of employment an amount in respect of a payment due under a taxable insurance contract, subsection (7) above shall not apply to the receipt on behalf of the insurer by the person so authorised of the amount deducted.]
- (8) In a case where—
- (a) a payment under a taxable insurance contract is made to a person (the intermediary) by or on behalf of the insured, and
  - (b) the whole or part of the payment is referable to commission to which the intermediary is entitled,
- in determining for the purposes of subsection (7) above whether, or how much of, the payment is received by the intermediary on behalf of the insurer any of the payment that is referable to that commission shall be regarded as received by the intermediary on behalf of the insurer notwithstanding the intermediary's entitlement.
- [<sup>F147</sup>(8A) Where, by virtue of subsection (7A) above, subsection (7) above does not apply to the receipt of an amount by a person and the whole or part of the amount is referable to commission to which he is entitled—
- (a) if the whole of the amount is so referable, the amount shall be treated as received by the insurer when it is deducted by that person; and
  - (b) otherwise, the part of the amount that is so referable shall be treated as received by the insurer when the remainder of the payment concerned is or is treated as received by him.]
- (9) References in subsection (8) above to a payment include references to a payment in a form other than money.
- (10) This section has effect for the purposes of this Part.

#### Textual Amendments

- F144** S. 72(1A) inserted (19.3.1997 with effect as mentioned in s. 28(2) of the amending Act) by 1997 c. 16, s. 28(1)
- F145** S. 72(1B) inserted (19.7.2007 with effect in accordance with s. 101(2) of the amending Act) by Finance Act 2007 (c. 11), s. 101(1)
- F146** S. 72(7A) inserted (19.3.1997 with effect as mentioned in s. 30(3) of the amending Act) by 1997 c. 16, s. 30(1)



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**F147** S. 72(8A) inserted (19.3.1997 with effect as mentioned in s. 30(3) of the amending Act) by 1997 c. 16, s. 30(2)

### 73 Interpretation: other provisions.

(1) Unless the context otherwise requires—

“accounting period” shall be construed in accordance with section 54 above;

“appeal tribunal” means [<sup>F148</sup>the First-tier Tribunal or, where determined by or under Tribunal Procedure Rules, the Upper Tribunal;] ;

“authorised person” means any person acting under the authority of the Commissioners;

“the Commissioners” means the Commissioners of Customs and Excise;

“conduct” includes any act, omission or statement;

[<sup>F149</sup>“the higher rate” shall be construed in accordance with section 51 above;]

[<sup>F150</sup>“HMRC” means Her Majesty’s Revenue and Customs;]

[<sup>F151</sup>“insurance business” means a business which consists of or includes the provision of insurance;]

“insurer” means a person or body of persons (whether incorporated or not) carrying on insurance business;

“legislation relating to insurance premium tax” means this Part (as defined by subsection (9) below), any other enactment (whenever passed) relating to insurance premium tax, and any subordinate legislation made under any such enactment;

“prescribed” means prescribed by an order or regulations under this Part;

[<sup>F149</sup>“the standard rate” shall be construed in accordance with section 51 above;]

“tax” means insurance premium tax;

<sup>F152</sup> ...

“taxable business” means a business which consists of or includes the provision of insurance under taxable insurance contracts;

“taxable insurance contract” shall be construed in accordance with section 70 above.

[<sup>F153</sup>“taxable intermediary” shall be construed in accordance with section 52A above;]

[<sup>F153</sup>“taxable intermediary’s fees” has the meaning given by section 53AA(9) above.]

(2) A risk is situated in the United Kingdom if, by virtue of section 96A(3) of the <sup>M22</sup>Insurance Companies Act 1982, it is situated in the United Kingdom for the purposes of that Act.

(3) [<sup>F154</sup>Subject to subsection (3A) below,] a registrable person is a person who—

(a) is registered under section 53 above, or

(b) is liable to be registered under that section.

[<sup>F155</sup>(3A) References in sections 53A and 54 above and paragraphs 1, 9 and 12 of Schedule 7 to this Act to a registrable person include a reference to a person who—

(a) is registered under section 53AA above; or

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- (b) is liable to be registered under that section.]
- (4) A commercial ship is a ship which is—
- (a) of a gross tonnage of 15 tons or more, and
  - (b) not designed or adapted for use for recreation or pleasure.
- (5) A commercial aircraft is an aircraft which is—
- (a) of a weight of 8,000 kilogrammes or more, and
  - (b) not designed or adapted for use for recreation or pleasure.
- (6) A lifeboat is a vessel used or to be used solely for rescue or assistance at sea; and lifeboat equipment is anything used or to be used solely in connection with a lifeboat.
- (7) Foreign or international railway rolling stock is railway rolling stock used principally for journeys taking place wholly or partly outside the United Kingdom.
- (8) Goods in foreign or international transit are goods in transit where their carriage—
- (a) begins and ends outside the United Kingdom,
  - (b) begins outside but ends in the United Kingdom, or
  - (c) ends outside but begins in the United Kingdom.
- (9) A reference to this Part includes a reference to any order or regulations made under it and a reference to a provision of this Part includes a reference to any order or regulations made under the provision, unless otherwise required by the context or any order or regulations.
- (10) This section has effect for the purposes of this Part.

#### Textual Amendments

- F148** Words in s. 73(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 208(2)(a)**
- F149** Definitions in s. 73(1) inserted (19.3.1997 with effect as mentioned in s. 24 of the amending Act) by 1997 c. 16, **s. 21(2)**
- F150** Words in s. 73(1) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 208(2)(b)**
- F151** Definition in s. 73(1) inserted (1.5.1995) by 1995 c. 4, s. 34, **Sch. 5 para. 6**
- F152** Words in s. 73(1) omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), **s. 142(1)(c)**
- F153** Definitions in s. 73(1) inserted (19.3.1997) by 1997 c. 16, **s. 27(9)**
- F154** Words in s. 73(3) inserted (19.3.1997) by 1997 c. 16, **s. 27(10)**
- F155** S. 73(3A) inserted (19.3.1997) by 1997 c. 16, **s. 27(10)**

#### Marginal Citations

- M22** 1982 c. 50.

## 74 Orders and regulations.

- (1) The power to make an order under section 61 above shall be exercisable by the Commissioners, and the power to make an order under any other provision of this Part shall be exercisable by the Treasury.
- (2) Any power to make regulations under this Part shall be exercisable by the Commissioners.

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- (3) Any power to make an order or regulations under this Part shall be exercisable by statutory instrument.
- (4) An order under section [<sup>F156</sup>51A or] 71 above shall be laid before the House of Commons; and unless it is approved by that House before the expiration of a period of 28 days beginning with the date on which it was made it shall cease to have effect on the expiration of that period, but without prejudice to anything previously done under the order or to the making of a new order.
- (5) In reckoning any such period as is mentioned in subsection (4) above no account shall be taken of any time during which Parliament is dissolved or prorogued or during which the House of Commons is adjourned for more than four days.
- (6) A statutory instrument containing an order or regulations under this Part (other than an order under section [<sup>F157</sup>51A or] 71 above) shall be subject to annulment in pursuance of a resolution of the House of Commons.
- (7) Any power to make an order or regulations under this Part—
  - (a) may be exercised as regards prescribed cases or descriptions of case;
  - (b) may be exercised differently in relation to different cases or descriptions of case.
- (8) An order or regulations under this Part may include such supplementary, incidental, consequential or transitional provisions as appear to the Treasury or the Commissioners (as the case may be) to be necessary or expedient.
- (9) No specific provision of this Part about an order or regulations shall prejudice the generality of subsections (7) and (8) above.

#### **Textual Amendments**

**F156** Words in s. 74(4) inserted (19.3.1997 with effect as mentioned in s. 24 of the amending Act) by 1997 c. 16, s. 22(2)(a)

**F157** Words in s. 74(6) inserted (19.3.1997 with effect as mentioned in s. 24 of the amending Act) by 1997 c. 16, s. 22(2)(b)

## **PART IV**

### **INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX**

## **CHAPTER I**

### **GENERAL**

#### *Income tax: charge, rates and reliefs*

#### **<sup>F158</sup>75 Charge and rates of income tax for 1994-95.**

.....

*Status: Point in time view as at 21/07/2009.*

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**Textual Amendments**

**F158** S. 75 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

**F159** **76 Personal allowance.**

.....

**Textual Amendments**

**F159** S. 76 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

**77 Rate of relief to married couples etc.**

**F160**(1) .....

**F160**(2) .....

**F161**(3) .....

**F161**(4) .....

**F162**(5) .....

(6) The Taxes Act 1988 and the <sup>M23</sup>Taxes Management Act 1970 shall have effect with the amendments specified in Schedule 8 to this Act (which supplements the provisions of this section).

(7) This section and Schedule 8 to this Act shall have effect for the year 1994-95 and, subject to the following provisions of this section, for subsequent years of assessment.

**F163**(8) .....

**F163**(9) .....

**F163**(10) .....

**Textual Amendments**

**F160** S. 77(1)(2) omitted (21.7.2009) (with effect in accordance with Sch. 1 para. 7 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), **Sch. 1 para. 6(f)**

**F161** S. 77(3)(4) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(4), Note in the repealing Act) by [1999 c. 16, s. 139](#), **Sch. 20 Pt. III(4)**, Note

**F162** S. 77(5) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(5), Note 2 in the repealing Act) by [1999 c. 16, s. 139](#), **Sch. 20 Pt. III(5)**, Note 2

**F163** S. 77(8)-(10) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

**Marginal Citations**

**M23** [1970 c. 9](#).

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**F16478 Amount by reference to which MCA is reduced.**

.....

**Textual Amendments**

**F164** S. 78 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

**79 Relief for maintenance payments.**

(1) Sections 347A and 347B of the <sup>M24</sup>Taxes Act 1988 <sup>F165</sup> . . . (which contain provision with respect to the deductions from income allowed on account of maintenance payments) shall have effect in relation to payments becoming due on or after 6th April 1994 with the following modifications.

<sup>F166</sup>(2) .....

<sup>F167</sup>(3) .....

<sup>F167</sup>(4) .....

<sup>F167</sup><sup>F166</sup>(5) .....

<sup>F167</sup>(6) .....

<sup>F166</sup>(7) .....

<sup>F166</sup>(8) .....

**Textual Amendments**

**F165** Words in s. 79(1) repealed (27.7.1999 with effect as mentioned in [Sch. 20 Pt. III\(6\)](#), Note in the repealing Act) by [1999 c. 16, s. 139, Sch. 20 Pt. III\(6\)](#), Note

**F166** S. 79(2)(5)(7)(8) repealed (27.7.1999 with effect as mentioned in [Sch. 20 Pt. III\(6\)](#), Note in the repealing Act) by [1999 c. 16, s. 139, Sch. 20 Pt. III\(6\)](#), Note

**F167** S. 79(3)-(6) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

**Marginal Citations**

**M24** [1988 c. 39](#).

**80 Limit on relief for interest.**

For each of the years 1994-95 and 1995-96 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.

**81 Mortgage interest relief etc.**

(1) For subsection (1) of section 353 of the Taxes Act 1988 (general provision for relief for interest payments) there shall be substituted the following subsection—

“(1) Where a person pays interest in any year of assessment, that person, if he makes a claim to the relief, shall for that year of assessment be entitled (subject to sections 354 to 368) to relief in accordance with this section in respect of

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so much (if any) of the amount of that interest as is eligible for relief under this section by virtue of sections 354 to 365.”

(2) After that subsection there shall be inserted the following subsections—

“(1A) Where a person is entitled for any year of assessment to relief under this section in respect of any amount of interest which—

- (a) is eligible for that relief by virtue of section 354 or 365, and
- (b) so far as eligible by virtue of section 354, is so eligible in a case which falls, or is treated as falling, within section 355(1)(a), 356 or 358,

that relief shall consist in an income tax reduction for that year calculated by reference to that amount.

(1B) Where a person is entitled for any year of assessment to relief under this section in respect of any amount of interest which—

- (a) is eligible for that relief otherwise than by virtue of section 354 or 365, or
- (b) is eligible for that relief by virtue of section 354 in a case falling within section 355(1)(b),

that relief shall consist (subject to sections 237(5)(b) and 355(4)) in a deduction or set-off of that amount from or against that person’s income for that year.

(1C) Without prejudice to subsection (1E) below, where the whole or any part of an amount of interest is eligible for relief under this section by virtue of section 354 in a case which (apart from this subsection) would fall, or be treated as falling, within both section 355(1)(a) or 356 and section 355(1)(b), then that case shall be treated for the purposes of this section and the following provisions of this Act—

- (a) except in relation to payments to which an election made for the purposes of this subsection by the person entitled to the relief applies, as falling within section 355(1)(b) and not within section 355(1)(a) or 356; and
- (b) in relation to payments to which such an election does apply, as falling within section 355(1)(a) or, as the case may be, 356, and not within section 355(1)(b).

(1D) An election for the purposes of subsection (1C)—

- (a) shall be made, and may be withdrawn, by the giving of written notice to an officer of the Board;
- (b) shall apply to every payment of interest which—
  - (i) is made after the time specified in the notice of that election as the time as from which it takes effect; and
  - (ii) is not made after a time specified in a notice of the withdrawal of that election as the time as from which that election is withdrawn;
- (c) shall not be made so as to take effect as from any time except the beginning of a year of assessment or a time as from which the conditions for the case to fall, or be treated as falling, within both section 355(1)(a) or 356 and section 355(1)(b) have begun to be satisfied in relation to payments of interest on the loan in question;

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- (d) shall not be withdrawn except as from the beginning of a year of assessment; and
  - (e) shall not be made so as to take effect, and shall not be withdrawn, as from any time before the beginning of the year of assessment immediately before that in which the notice of the election or, as the case may be, of the withdrawal is given to an officer of the Board.
- (1E) Where any person is entitled for any year of assessment to relief under this section in respect of any amount of interest as is eligible for that relief partly as mentioned in subsection (1A) above and partly as mentioned in subsection (1B) above, that amount of interest shall be apportioned between the cases to which each of those subsections applies without regard to what parts of the total amount borrowed remain outstanding but according to the following factors, that is to say—
- (a) the proportions of the total amount borrowed which were applied for different purposes; and
  - (b) in the case of so much of any amount of interest which is, or in pursuance of an apportionment under paragraph (a) above is treated as, eligible for relief by virtue of section 354, the different uses to which the land or other property in question is put from time to time;
- and subsection (1A) or (1B) above shall apply accordingly in relation to the interest apportioned to the case to which that subsection applies.
- (1F) Where any person is entitled under this section for any year of assessment to an income tax reduction calculated by reference to an amount of interest, the amount of that person's liability for that year to income tax on his total income shall be the amount to which he would have been liable apart from this section less whichever is the smaller of—
- (a) the amount equal to the applicable percentage of that amount of interest; and
  - (b) the amount which reduces his liability to nil.
- (1G) In subsection (1F) above “the applicable percentage”—
- (a) in relation to so much of any interest as is eligible for relief under this section by virtue of section 354, means 20 per cent.; and
  - (b) in relation to so much of any interest as is eligible for relief under this section by virtue of section 365, means the percentage which is the basic rate for the year of assessment in question;
- but, in relation to any payment of interest which (whenever falling due) is made in the year 1995-96 or any subsequent year of assessment, paragraph (a) above shall have effect with the substitution of “15 per cent.” for “20 per cent.”
- (1H) In determining for the purposes of subsection (1F) above the amount of income tax to which a person would be liable apart from any income tax reduction under this section, no account shall be taken of—
- (a) any income tax reduction under Chapter I of Part VII or section 347B;
  - (b) any relief by way of a reduction of liability to tax which is given in accordance with any arrangements having effect by virtue of section 788 or by way of a credit under section 790(1); or
  - (c) any tax at the basic rate on so much of that person's income as is income the income tax on which he is entitled to charge against any other person or to deduct, retain or satisfy out of any payment.”

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F168(3) .....

(4) For subsections (3) to (5B) of section 369 of that Act (provisions balancing deduction of relevant loan interest from income against charge to tax) there shall be substituted the following subsection—

“(3) The following payments, that is to say—

- (a) payments of relevant loan interest to which this section applies, and
- (b) payments which would be such payments but for section 373(5),

shall not be allowable as deductions for any purpose of the Income Tax Acts except in so far as they fall to be treated as such payments by virtue only of section 375(2) and would be allowable apart from this subsection.”

(5) Schedule 9 to this Act (which for the purposes of or in connection with the provisions of this section makes further modifications of certain enactments in relation to tax relief on interest payments) shall have effect.

(6) The preceding provisions of this section and that Schedule—

- (a) shall have effect in relation to payments of interest made on or after 6th April 1994 (whenever falling due); and
- (b) shall also have effect, so far as they relate to relevant loan interest, in relation to any payments of interest becoming due on or after 6th April 1994 which have been made at any time before that date but on or after 30th November 1993.

(7) Any provision made before the passing of this Act by reference to the basic rate of income tax and contained in any instrument or agreement under or in accordance with which payments of relevant loan interest have been or are to be made shall be taken, in relation to any such payment as is mentioned in subsection (6)(a) or (b) above, to have been made, instead, by reference to a rate which, in the case of that payment, is the applicable percentage for the purposes of subsection (1) of section 369 of the Taxes Act 1988.

F168(8) .....

(9) In this section “relevant loan interest” has the same meaning as in Part IX of the Taxes Act 1988.

**Textual Amendments**

**F168** S. 81(3)(8) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(7), Note 4 in the repealing Act) by 1999 c. 16, s. 139, Sch. 20 Pt. III(7), Note 4

**82 Relief for blind persons.**

(1) In section 265(1) of the Taxes Act 1988 (blind person’s allowance) for “£1,080” there shall be substituted “ £1,200 ”.

(2) This section shall apply for the year 1994-95 and subsequent years of assessment.

F169**83** .....



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**Textual Amendments**

**F169** S. 83 repealed (31.7.1997 with effect as mentioned in Sch. 8 Pt. II(2), Note in the repealing Act) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(2)**, Note

**F170** **84** .....

**Textual Amendments**

**F170** S. 84 repealed (27.7.1999 with effect as mentioned in s. 59(3)(b), Sch. 20 Pt. III(15), Note in the repealing Act) by 1999 c. 16, ss. 59(3)(b), 139, **Sch. 20 Pt. III(15)**, Note; S.I. 2000/2004, **art. 2**

*Corporation tax charge and rate*

**85 Charge and rate of corporation tax for 1994.**

Corporation tax shall be charged for the financial year 1994 at the rate of 33 per cent.

**86 Small companies.**

- (1) For the financial year 1994—
  - (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.
- (2) In section 13(3) of that Act (limits of marginal relief) in paragraphs (a) and (b)—
  - (a) for “£250,000” there shall be substituted “ £300,000 ”, and
  - (b) for “£1,250,000” there shall be substituted “ £1,500,000 ”.
- (3) Subsection (2) above shall have effect for the financial year 1994 and subsequent financial years; and where by virtue of that subsection section 13 of the Taxes Act 1988 has effect with different relevant maximum amounts in relation to different parts of a company's accounting period, then for the purposes of that section those parts shall be treated as if they were separate accounting periods and the profits and basic profits of the company for that period shall be apportioned between those parts.

*Benefits in kind*

**87 Car fuel.**

- (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	£640

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More than 1,400 but not more than 2,000	£810
More than 2,000	£1,200

**TABLE AB**

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Cash equivalent</i>
2,000 or less	£580
More than 2,000	£750

**TABLE B**

<i>Description of car</i>	<i>Cash equivalent</i>
Any car	£1,200”

(2) This section shall have effect for the year 1994-95 and subsequent years of assessment.

<sup>F171</sup>**88 Beneficial loan arrangements.**

.....

**Textual Amendments**

**F171** S. 89 repealed (6.4.2003) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

<sup>F171</sup>**89 Vouchers and credit-tokens.**

.....

**Textual Amendments**

**F171** S. 89 repealed (6.4.2003) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

*Chargeable gains*

**90 Annual exempt amount for 1994-95.**

For the year 1994-95 section 3 of the <sup>M25</sup>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**

**M25** 1992 c. 12.

*Status: Point in time view as at 21/07/2009.*

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## 91 Relief on re-investment.

- (1) Schedule 11 to this Act (which extends the relief on re-investment for individuals and trustees provided by Chapter IA of Part V of the Taxation of Chargeable Gains Act 1992) shall have effect.
- (2) That Schedule shall have effect in relation to disposals made on or after 30th November 1993.
- (3) In section 164H(1) of that Act—
  - (a) for “is greater than” there shall be substituted “exceeds”, and
  - (b) at the end there shall be added “or half the value of the company’s assets as a whole (whichever is the greater); and section 294(3) and (4) of the Taxes Act (meaning of value of company’s assets as a whole) applies for the purposes of this subsection as it applies for the purposes of section 294 of that Act”.
- (4) Subsection (3) above shall apply to determine whether a company is a qualifying company on or after 30th November 1993.

F172 92 .....

### Textual Amendments

F172 S. 92 repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(31), Note in the repealing Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(31) Note

## 93 Indexation losses.

- (1) In section 53 of the Taxation of Chargeable Gains Act 1992 (indexation allowance), in subsection (1), for the words following “contrary” to the end of paragraph (c) there shall be substituted “if on the disposal of an asset there is an unindexed gain, an allowance (“the indexation allowance”) shall be allowed against the unindexed gain—
  - (a) so as to give the gain for the purposes of this Act, or
  - (b) if the indexation allowance equals or exceeds the unindexed gain, so as to extinguish it (in which case the disposal shall be one on which, after taking account of the indexation allowance, neither a gain nor a loss accrues)”.
- (2) In subsection (2) of that section—
  - (a) for “subsection (1) above” there shall be substituted “this Chapter”,
  - (b) for paragraph (a) there shall be substituted—
    - (a) “unindexed gain” means the amount of the gain on the disposal computed in accordance with this Part”, and
  - (c) in paragraph (b), for “gain or loss” there shall be substituted “gain”.
- (3) After that subsection there shall be inserted—

“(2A) Notwithstanding anything in section 16 of this Act, this section shall not apply to a disposal on which a loss accrues.”
- (4) In section 55 of that Act (assets acquired on a no gain/no loss disposal), after subsection (6) there shall be inserted—

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- “(7) The rules in subsection (8) below apply (after the application of section 53 but before the application of section 35(3) or (4)) to give the gain or loss for the purposes of this Act where—
- (a) subsection (6) above applies to the disposal (the “disposal in question”) of an asset by any person (the “transferor”), and
  - (b) but for paragraph (b) of that subsection, the consideration the transferor would be treated as having given for the asset would include an amount or amounts of indexation allowance brought into account by virtue of section 56(2) on any disposal made before 30th November 1993.
- (8) The rules are as follows—
- (a) where (apart from this subsection) there would be a loss, an amount equal to the rolled-up indexation shall be added to it so as to increase it,
  - (b) where (apart from this subsection) the unindexed gain or loss would be nil, there shall be a loss of an amount equal to the rolled-up indexation, and
  - (c) where (apart from this subsection)—
    - (i) there would be an unindexed gain, and
    - (ii) the gain or loss would be nil but the amount of the indexation allowance used to extinguish the gain would be less than the rolled-up indexation,
 the difference shall constitute a loss.
- (9) In this section the “rolled-up indexation” means, subject to subsections (10) and (11) below, the amount or, as the case may be, the aggregate of the amounts referred to in subsection (7)(b) above; and subsections (10) and (11) below shall, as well as applying on the disposal in question, be treated as having applied on any previous part disposal by the transferor.
- (10) Where, for the purposes of any disposal of the asset by the transferor, any amount falling within any, or any combination of, paragraphs (a) to (c) of section 38(1) is required by any enactment to be excluded, reduced or written down, the amount or aggregate referred to in subsection (9) above (or so much of it as remains after the application of this subsection and subsection (11) below on a previous part disposal) shall be reduced in proportion to any reduction made in the amount falling within the paragraph, or the combination of paragraphs, in question.
- (11) Where the transferor makes a part disposal of the asset at any time, then, for the purposes of that and any subsequent disposal, the amount or aggregate referred to in subsection (9) above (or so much of it as remains after the application of this subsection and subsection (10) above on a previous part disposal by him or after the application of subsection (10) above on the part disposal) shall be apportioned between the property disposed of and the property which remains in the same proportions as the sums falling within section 38(1)(a) and (b).”
- (5) In section 56 of that Act (amount of consideration on no gain/no loss disposals)—

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- (a) in subsection (2) for the words preceding paragraph (a) there shall be substituted “ On a no gain/no loss disposal by any person (“the transferor”)”, and
- (b) after that subsection there shall be added—
  - “(3) Where apart from this subsection—
    - (a) a loss would accrue on the disposal of an asset, and
    - (b) the sums allowable as a deduction in computing that loss would include an amount attributable to the application of the assumption in subsection (2) above on any no gain/no loss disposal made on or after 30th November 1993,those sums shall be determined as if that subsection had not applied on any such disposal made on or after that date and the loss shall be reduced accordingly or, if those sums are then equal to or less than the consideration for the disposal, the disposal shall be one on which neither a gain nor a loss accrues.
  - (4) For the purposes of this section a no gain/no loss disposal is one which, by virtue of any enactment other than section 35(4), 53(1) or this section, is treated as a disposal on which neither a gain nor a loss accrues to the person making the disposal.”
- (6) In section 110 of that Act (indexation allowance for share pools), after subsection (6) there shall be inserted—
  - “(6A) Where a disposal to a person acquiring or adding to a new holding is treated by virtue of any enactment as one on which neither a gain nor a loss accrues to the person making the disposal—
    - (a) section 56(2) shall not apply to the disposal (and, accordingly, the amount of the consideration shall not be calculated on the assumption that a gain of an amount equal to the indexation allowance accrues to the person making the disposal), but
    - (b) an amount equal to the indexation allowance on the disposal shall be added to the indexed pool of expenditure for the holding acquired or, as the case may be, held by the person to whom the disposal is made (and, where it is added to the indexed pool of expenditure for a holding so held, it shall be added after any increase required by subsection (8)(a) below).”
- (7) Sections 103 (collective investment schemes, etc.), 111 (building society etc. shares), 182 to 184 (groups and associated companies) and 200 (oil industry assets) of that Act (all of which relate to indexation allowance) shall cease to have effect.
- (8) In Schedule 7A to that Act (restriction on set-off of pre-entry losses), in paragraph 2—
  - (a) in sub-paragraph (2), for the definitions of “B” and “C” there shall be substituted—
    - “B is the amount of the item of relevant allowable expenditure for which an amount falls to be determined under this paragraph;
    - C is the total amount of all the relevant allowable expenditure”;
  - (b) in sub-paragraph (4), “except in relation to the calculation of any indexed rise” shall cease to have effect,
  - (c) after sub-paragraph (8) there shall be inserted—

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- “(8A) Where by virtue of section 55(8) the allowable loss accruing on the disposal of a pre-entry asset, or any part of the loss, is attributable to an amount (“the rolled-up amount”) of rolled-up indexation (as defined in section 55(9) to (11)), then, for the purposes of this paragraph—
- (a) the total amount of all the relevant allowable expenditure shall be treated as increased by the rolled-up amount, and
  - (b) the amount of each item of relevant allowable expenditure shall be treated as increased by so much (if any) of the rolled-up amount as is attributable to that item.
- (8B) Where—
- (a) section 56(3) applies on the disposal of a pre-entry asset on which an allowable loss accrues, and
  - (b) in accordance with that subsection, the total amount of all the relevant allowable expenditure is reduced by any amount (“the global reduction”),
- the amount of each item of relevant allowable expenditure shall be treated for the purposes of this paragraph as reduced by so much (if any) of the global reduction as is attributable to that item”, and
- (d) in sub-paragraph (9), the definition of “indexed rise” shall cease to have effect.
- (9) In paragraph 4 of that Schedule—
- (a) in sub-paragraph (12) the words from “together” to the end, and
  - (b) sub-paragraph (13),
- shall cease to have effect.
- (10) In paragraph 5 of that Schedule, after sub-paragraph (2) there shall be inserted—
- “(2A) In determining for the purposes of sub-paragraph (2)(a) above the amount of any loss which would have accrued if the asset had been disposed of at the relevant time at its market value at that time—
- (a) it shall be assumed that the amendments of this Act made by section 93(1) to (5) of the Finance Act 1994 (indexation losses) had effect in relation to that disposal and, accordingly,
  - (b) references in those amendments and in subsection (11) of that section to 30th November 1993 shall be read as references to the day on which the relevant time falls.”
- (11) This section shall have effect in relation to disposals made on or after 30th November 1993 and Schedule 12 to this Act (which gives transitional relief) shall have effect for the years 1993–94 and 1994–95.

## 94 Set-off of pre-entry losses.

- (1) Schedule 7A to the <sup>M26</sup>Taxation of Chargeable Gains Act 1992 (set off of pre-entry losses) shall be amended as follows.
- (2) In sub-paragraph (3)(a) of paragraph 2 (calculation of pre-entry proportion of loss), for “assumption applying by virtue of sub-paragraphs (4) and (5)” there shall be substituted “assumptions applying by virtue of sub-paragraphs (4) to (6B)”, and for sub-paragraph (7) of that paragraph there shall be substituted the following sub-paragraphs—

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“(6A) Notwithstanding anything in section 56(2), where in the case of the disposal of any pre-entry asset—

- (a) any company has at any time between the relevant time and the time of the disposal acquired that asset or the equivalent asset, and
- (b) the acquisition was either an acquisition in pursuance of a disposal on which there is treated by virtue of section 171 as having been neither a gain nor a loss accruing or an acquisition by virtue of which an asset is treated as the equivalent asset,

the items of relevant allowable expenditure and the times when those items shall be treated as having been incurred shall be determined for the purposes of this paragraph on the assumptions specified in sub-paragraph (6B) below.

(6B) Those assumptions are that—

- (a) the company by reference to which the asset in question is a pre-entry asset, and
- (b) the company mentioned in sub-paragraph (6A) above and every other company which has made an acquisition which, in relation to the disposal of that asset, falls within that sub-paragraph,

were the same person and, accordingly, that the pre-entry asset had been acquired by the company disposing of it at the time when it or the equivalent asset would have been treated for the purposes of this paragraph as acquired by the company mentioned in paragraph (a) above.

(7) In sub-paragraphs (5) to (6B) above the references to the equivalent asset, in relation to another asset acquired or disposed of by any company, are references to any asset which falls in relation to that company to be treated (whether by virtue of paragraph 1(8) above or otherwise) as the same as the other asset or which would fall to be so treated after applying, as respects other assets, the assumptions for which those sub-paragraphs provide.”

- (3) In paragraph 9(2)(c) (cases where a group is relevant if a company was a member of it in the accounting period in which it joined another relevant group), after “paragraph (a)” there shall be inserted “ or (b) ”.
- (4) This section shall apply in relation to the making in respect of any loss of any deduction from a chargeable gain where either the gain or the loss is one accruing on or after 11th March 1994.

#### **Marginal Citations**

**M26** 1992 c. 12.

## **95 Commodity and financial futures.**

(1) In section 143 of the <sup>M27</sup>Taxation of Chargeable Gains Act 1992 (commodity and financial futures and qualifying options), subsection (4) shall cease to have effect and for subsection (6) there shall be substituted the following subsections—

“(6) In any case where, in the course of dealing in commodity or financial futures, a person has entered into a futures contract and—

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- (a) he has not closed out the contract (as mentioned in subsection (5) above), and
- (b) he becomes entitled to receive or liable to make a payment, whether under the contract or otherwise, in full or partial settlement of any obligations under the contract,

then, for the purposes of this Act, he shall be treated as having disposed of an asset (namely, that entitlement or liability) and the payment received or made by him shall be treated as consideration for the disposal or, as the case may be, as incidental costs to him of making the disposal.

(7) Section 46 shall not apply to obligations under—

- (a) a commodity or financial futures contract which is entered into by a person in the course of dealing in such futures on a recognised futures exchange; or
- (b) a commodity or financial futures contract to which an authorised person or listed institution is a party.

(8) In this section—

“authorised person” has the same meaning as in the Financial Services Act 1986, and

“listed institution” has the same meaning as in section 43 of that Act.”

(2) This section shall apply in relation to contracts entered into on or after 30th November 1993.

**Marginal Citations**

M27 1992 c.12.

**96 Cash-settled options.**

(1) After section 144 of the <sup>M28</sup>Taxation of Chargeable Gains Act 1992 (options and forfeited deposits) there shall be inserted the following section—

**“144A Cash-settled options.**

(1) In any case where—

- (a) an option is exercised; and
- (b) the nature of the option (or its exercise) is such that the grantor of the option is liable to make, and the person exercising it is entitled to receive, a payment in full settlement of all obligations under the option,

subsections (2) and (3) below shall apply in place of subsections (2) and (3) of section 144.

(2) As regards the grantor of the option—

- (a) he shall be treated as having disposed of an asset (namely, his liability to make the payment) and the payment made by him shall be treated as incidental costs to him of making the disposal; and



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- (b) the grant of the option and the disposal shall be treated as a single transaction and the consideration for the option shall be treated as the consideration for the disposal.
  - (3) As regards the person exercising the option—
    - (a) he shall be treated as having disposed of an asset (namely, his entitlement to receive the payment) and the payment received by him shall be treated as the consideration for the disposal;
    - (b) the acquisition of the option (whether directly from the grantor or not) and the disposal shall be treated as a single transaction and the cost of acquiring the option shall be treated as expenditure allowable as a deduction under section 38(1)(a) from the consideration for the disposal; and
    - (c) for the purpose of computing the indexation allowance (if any) on the disposal, the cost of the option shall be treated (notwithstanding paragraph (b) above) as incurred when the option was acquired.
  - (4) In any case where subsections (2) and (3) above would apply as mentioned in subsection (1) above if the reference in that subsection to full settlement included a reference to partial settlement, those subsections and subsections (2) and (3) of section 144 shall both apply but with the following modifications—
    - (a) for any reference to the grant or acquisition of the option there shall be substituted a reference to the grant or acquisition of so much of the option as relates to the making and receipt of the payment or, as the case may be, the sale or purchase by the grantor; and
    - (b) for any reference to the consideration for, or the cost of or of acquiring, the option there shall be substituted a reference to the appropriate proportion of that consideration or cost.
  - (5) In this section “appropriate proportion” means such proportion as may be just and reasonable in all the circumstances.”
- (2) This section shall apply in relation to options granted on or after 30th November 1993.

**Marginal Citations**

M28 1992 c.12.

**97 Settlements with foreign element: information.**

- (1) The <sup>M29</sup>Taxation of Chargeable Gains Act 1992 shall be amended as mentioned in subsections (2) to (4) below.
- (2) In Chapter II of Part III (settlements) the following section shall be inserted after section 98—

**“98A Settlements with foreign element: information.**

Schedule 5A to this Act (which contains general provisions about information relating to settlements with a foreign element) shall have effect.”

- (3) The following Schedule shall be inserted after Schedule 5—

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“SCHEDULE 5A

Section 98A.

SETTLEMENTS WITH FOREIGN ELEMENT: INFORMATION

- 1 In this Schedule “the commencement day” means the day on which the Finance Act 1994 was passed.
- 2 (1) This paragraph applies if—
  - (a) a settlement was created before 19th March 1991,
  - (b) on or after the commencement day a person transfers property to the trustees otherwise than under a transaction entered into at arm’s length and otherwise than in pursuance of a liability incurred by any person before that day,
  - (c) the trustees are not resident or ordinarily resident in the United Kingdom at the time the property is transferred, and
  - (d) the transferor knows, or has reason to believe, that the trustees are not so resident or ordinarily resident.
- (2) Before the expiry of the period of twelve months beginning with the relevant day, the transferor shall deliver to the Board a return which—
  - (a) identifies the settlement, and
  - (b) specifies the property transferred, the day on which the transfer was made, and the consideration (if any) for the transfer.
- (3) For the purposes of sub-paragraph (2) above the relevant day is the day on which the transfer is made.
- 3 (1) This paragraph applies if a settlement is created on or after the commencement day, and at the time it is created—
  - (a) the trustees are not resident or ordinarily resident in the United Kingdom, or
  - (b) the trustees are resident or ordinarily resident in the United Kingdom but fall to be regarded for the purposes of any double taxation relief arrangements as resident in a territory outside the United Kingdom.
- (2) Any person who—
  - (a) is a settlor in relation to the settlement at the time it is created, and
  - (b) at that time fulfils the condition mentioned in sub-paragraph (3) below,
 shall, before the expiry of the period of three months beginning with the relevant day, deliver to the Board a return specifying the particulars mentioned in sub-paragraph (4) below.
- (3) The condition is that the person concerned is domiciled in the United Kingdom and is either resident or ordinarily resident in the United Kingdom.
- (4) The particulars are—
  - (a) the day on which the settlement was created;
  - (b) the name and address of the person delivering the return;
  - (c) the names and addresses of the persons who are the trustees immediately before the delivery of the return.

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- (5) For the purposes of sub-paragraph (2) above the relevant day is the day on which the settlement is created.
- 4 (1) This paragraph applies if a settlement is created on or after 19th March 1991, and at the time it is created—
    - (a) the trustees are not resident or ordinarily resident in the United Kingdom, or
    - (b) the trustees are resident or ordinarily resident in the United Kingdom but fall to be regarded for the purposes of any double taxation relief arrangements as resident in a territory outside the United Kingdom.
  - (2) Any person who—
    - (a) is a settlor in relation to the settlement at the time it is created,
    - (b) at that time does not fulfil the condition mentioned in sub-paragraph (3) below, and
    - (c) first fulfils that condition at a time falling on or after the commencement day,shall, before the expiry of the period of twelve months beginning with the relevant day, deliver to the Board a return specifying the particulars mentioned in sub-paragraph (4) below.
  - (3) The condition is that the person concerned is domiciled in the United Kingdom and is either resident or ordinarily resident in the United Kingdom.
  - (4) The particulars are—
    - (a) the day on which the settlement was created;
    - (b) the name and address of the person delivering the return;
    - (c) the names and addresses of the persons who are the trustees immediately before the delivery of the return.
  - (5) For the purposes of sub-paragraph (2) above the relevant day is the day on which the person first fulfils the condition as mentioned in paragraph (c) of that sub-paragraph.
- 5 (1) This paragraph applies if—
    - (a) the trustees of a settlement become at any time (the relevant time) on or after the commencement day neither resident nor ordinarily resident in the United Kingdom, or
    - (b) the trustees of a settlement, while continuing to be resident and ordinarily resident in the United Kingdom, become at any time (the relevant time) on or after the commencement day trustees who fall to be regarded for the purposes of any double taxation relief arrangements as resident in a territory outside the United Kingdom.
  - (2) Any person who was a trustee of the settlement immediately before the relevant time shall, before the expiry of the period of twelve months beginning with the relevant day, deliver to the Board a return specifying—
    - (a) the day on which the settlement was created,
    - (b) the name and address of each person who is a settlor in relation to the settlement immediately before the delivery of the return, and
    - (c) the names and addresses of the persons who are the trustees immediately before the delivery of the return.

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- (3) For the purposes of sub-paragraph (2) above the relevant day is the day when the relevant time falls.
- 6 (1) Nothing in paragraph 2, 3, 4 or 5 above shall require information to be contained in the return concerned to the extent that—
  - (a) before the expiry of the period concerned the information has been provided to the Board by any person in pursuance of the paragraph concerned or of any other provision, or
  - (b) after the expiry of the period concerned the information falls to be provided to the Board by any person in pursuance of any provision other than the paragraph concerned.
- (2) Nothing in paragraph 2, 3, 4 or 5 above shall require a return to be delivered if—
  - (a) before the expiry of the period concerned all the information concerned has been provided to the Board by any person in pursuance of the paragraph concerned or of any other provision, or
  - (b) after the expiry of the period concerned all the information concerned falls to be provided to the Board by any person in pursuance of any provision other than the paragraph concerned.”
- (4) In Schedule 5, paragraphs 11 to 14 (information) shall be omitted.
- (5) Subsection (4) above shall have effect where the relevant day falls on or after the day on which this Act is passed.
- (6) In the Table in section 98 of the <sup>M30</sup>Taxes Management Act 1970 (penalties) at the end of the second column there shall be inserted—
 

“ Paragraphs 2 to 6 of Schedule 5A to the 1992 Act. ”

**Marginal Citations**  
**M29** 1992 c. 12.  
**M30** 1970 c. 9.

*Profit-related pay*

F173 98 .....

**Textual Amendments**  
**F173** S. 98 repealed (19.3.1997 with effect as mentioned in s. 61(2)(3), Sch. 18 Pt. VI(3), Notes 1, 2 in the repealing Act) by 1997 c. 16, ss. 61(2)(3), 113, **Sch. 18 Pt. VI(3)**, Notes 1, 2

F174 99 .....

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### Textual Amendments

**F174** S. 99 repealed (19.3.1997 with effect as mentioned in s. 61(2)(3), Sch. 18 Pt. VI(3), Notes 1, 2 in the repealing Act) by 1997 c. 16, ss. 61(2)(3), 113, Sch. 18 Pt. VI(3), Notes 1, 2

### *Profit sharing schemes*

#### **100 Relevant age for purpose of appropriate percentage.**

- (1) Schedule 10 to the Taxes Act 1988 (profit sharing schemes) shall be amended as follows.
- (2) In paragraph 3 (the appropriate percentage for purposes of tax charge) the words from “In this paragraph” to the end of the paragraph shall be omitted.
- (3) The following paragraph shall be inserted after paragraph 3—

- “<sup>3A</sup>
- (1) In paragraph 3 above the reference to the relevant age shall be construed as follows.
  - (2) Where the scheme is approved before 25th July 1991 and the event occurs before 30th November 1993, the relevant age is pensionable age.
  - (3) Where—
    - (a) the scheme is approved before 25th July 1991,
    - (b) the event occurs on or after 30th November 1993,
    - (c) the scheme defines the period of retention by reference to the age of 60 for both men and women, and
    - (d) the reference to that age is incorporated in the definition by virtue of an alteration approved by the Board under paragraph 4 of Schedule 9 before the event occurs,the relevant age is 60.
  - (4) Where—
    - (a) the scheme is approved before 25th July 1991,
    - (b) the event occurs on or after 30th November 1993, and
    - (c) sub-paragraph (3) above does not apply,the relevant age is pensionable age.
  - (5) Where the scheme is approved on or after 25th July 1991, the relevant age is the specified age.”

#### **101 Acceptance of qualifying corporate bonds for shares.**

- (1) Schedule 10 to the Taxes Act 1988 (profit sharing schemes) shall be amended as mentioned in subsections (2) to (4) below.
- (2) In paragraph 1 (limitations on contractual obligations of participants) in sub-paragraph (1) the following paragraph shall be inserted after paragraph (c)—

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- “(cc) directing the trustees to accept an offer of a qualifying corporate bond, whether alone or with cash or other assets or both, for his shares if the offer forms part of a general offer which is made as mentioned in paragraph (c) above; or”.
- (3) In paragraph 1 the following sub-paragraph shall be inserted after sub-paragraph (3)—
- “(4) In sub-paragraph (1)(cc) above “qualifying corporate bond” shall be construed in accordance with section 117 of the 1992 Act.”
- (4) The following paragraph shall be inserted after paragraph 5 (company reconstructions)
- 
- “5A
- (1) Paragraph 5(2) to (6) above apply where there occurs in relation to any of a participant’s shares (“the original holding”) a relevant transaction which would result in a new holding being equated with the original holding for the purposes of capital gains tax, were it not for the fact that what would be the new holding consists of or includes a qualifying corporate bond; and “relevant transaction” here means a transaction mentioned in Chapter II of Part IV of the 1992 Act.
- (2) In paragraph 5(2) to (6) above as applied by this paragraph—
- (a) references to a company reconstruction are to the transaction referred to in sub-paragraph (1) above;
- (b) references to the new holding are to what would be the new holding were it not for the fact mentioned in sub-paragraph (1) above;
- (c) references to the original holding shall be construed in accordance with sub-paragraph (1) above (and not paragraph 5(1));
- (d) references to shares, in the context of the new holding, include securities and rights of any description which form part of the new holding.
- (3) In sub-paragraph (1) above “qualifying corporate bond” shall be construed in accordance with section 117 of the 1992 Act.”
- (5) In paragraph 32(1) of Schedule 9 to the Taxes Act 1988 (requirements applicable to profit sharing schemes) for “or (c)” there shall be substituted “, (c) or (cc)”.
- (6) In paragraph 33(a) of Schedule 9 to the Taxes Act 1988 (which provides that the trust instrument must contain certain provision by reference to new shares within the meaning of paragraph 5 of Schedule 10) the reference to paragraph 5 of Schedule 10 shall be construed as including a reference to that paragraph as applied by paragraph 5A.
- (7) Subsections (2) and (3) above shall have effect where a direction is made on or after the day on which this Act is passed.
- (8) Subsection (4) above shall have effect where what would be the new holding comes into being on or after the day on which this Act is passed; but this is subject to subsection (13) below.
- (9) Subsection (5) above shall have effect in relation to any scheme not approved before the day on which this Act is passed.

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- (10) In a case where—
- (a) a scheme is approved before the day on which this Act is passed, and
  - (b) on or after that day the trust instrument is altered in such a way that paragraph 32(1) of Schedule 9 to the Taxes Act 1988 would be fulfilled if subsection (5) above applied in relation to the scheme,
- subsection (5) above shall apply in relation to the scheme with effect from the time the alteration is made.
- (11) Subsection (6) above shall have effect in relation to any scheme not approved before the day on which this Act is passed.
- (12) In a case where—
- (a) a scheme is approved before the day on which this Act is passed, and
  - (b) on or after that day the trust instrument is altered in such a way that paragraph 33(a) of Schedule 9 to the Taxes Act 1988 would be fulfilled if subsection (6) above applied in relation to the scheme,
- subsection (6) above shall apply in relation to the scheme with effect from the time the alteration is made.
- (13) In a case where—
- (a) a scheme is approved before the day on which this Act is passed,
  - (b) subsection (4) above would apply in relation to the scheme by virtue of subsection (8) above and apart from this subsection, and
  - (c) the trust instrument is not altered as mentioned in subsection (12)(b) above before what would be the new holding comes into being,
- subsection (4) above shall not apply in relation to the scheme.
- (14) Subsection (6) above shall not imply a contrary intention for the purposes of section 20(2) of the <sup>M31</sup> Interpretation Act 1978 in its application to other references to paragraph 5 of Schedule 10 to the Taxes Act 1988.

**Marginal Citations**

**M31** 1978 c.30.

*Employee share ownership trusts*

**102 Employee share ownership trusts.**

Schedule 13 to this Act (which contains provisions about employee share ownership trusts) shall have effect.

*Retirement benefits schemes*

<sup>F175</sup> **103 The administrator.**

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**Textual Amendments**

**F175** Ss. 103-107 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

**<sup>F175</sup>104 Default of administrator etc.**

.....

**Textual Amendments**

**F175** Ss. 103-107 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

**<sup>F175</sup>105 Information.**

.....

**Subordinate Legislation Made**

**P3** S. 105(5) power exercised: 1.1.1996 appointed by [S.I. 1995/3125](#), [art. 2](#)

**Textual Amendments**

**F175** Ss. 103-107 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

**Commencement Information**

**I16** S 105 wholly in force at 1.1.1996; s. 105 in force at Royal Assent except for s. 105(3)(4)(b) see s. 105(5); s. 105(3)(4)(b) in force at 1.1.1996 by [S.I. 1995/3125](#), [art. 2](#)

**<sup>F175</sup>106 False statements etc.**

.....

**Textual Amendments**

**F175** Ss. 103-107 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

**<sup>F175</sup>107 Discretionary approval.**

.....

**Textual Amendments**

**F175** Ss. 103-107 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

**108 Taxation of benefits of non-approved schemes.**

<sup>F176</sup>(1) .....

<sup>F176</sup>(2) .....



*Status: Point in time view as at 21/07/2009.*

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F176(3) .....

F176(4) .....

F176(5) .....

F176(6) .....

(7) Subject to subsection (8) below, in the Taxes Act 1988—

(a) in section 188(1), paragraph (c), and

F176(b) .....

(exemption from tax where recipient of benefit or lump sum chargeable to tax in respect of sums paid or treated as paid with a view to the provision of the benefit or lump sum) shall cease to have effect in relation to any benefit provided or lump sum paid on or after 1st December 1993.

(8) The repeals made by subsection (7) above shall not have effect in relation to any benefit provided or lump sum paid on or after 1st December 1993 in pursuance of a scheme or arrangement entered into before that day unless the scheme or arrangement is varied on or after that day with a view to the provision of the benefit or lump sum.

**Textual Amendments**

F176 S. 108(1)-(6)(7)(b) repealed (6.4.2003) (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)

*Annuities*

F177 **109 Annuities derived from personal pension schemes.**

.....

**Textual Amendments**

F177 Ss. 109, 110 repealed (6.4.2003) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

F177 **110 Annuities derived from retirement benefits schemes.**

.....

**Textual Amendments**

F177 Ss. 109, 110 repealed (6.4.2003) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

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### *Authorised unit trusts*

<sup>F178</sup> **111** .....

#### **Textual Amendments**

**F178 S. 111** repealed (29.4.1996 with effect as mentioned in Sch. 41 Pt. V(1) Note 1 of the amending Act) by 1996 c. 8, ss. 73, 205, Sch. 6 para. 28, **Sch. 41 Pt. V(1)** Note 1

#### **112 Distributions of authorised unit trusts.**

Schedule 14 to this Act (distributions of authorised unit trusts) shall have effect.

#### **113 Umbrella schemes.**

(1) In section 468 of the Taxes Act 1988 (authorised unit trusts), in subsection (6) (definitions) at the beginning there shall be inserted “ Subject to subsections (7) to (9) below ”.

(2) After that subsection there shall be added—

“(7) Each of the parts of an umbrella scheme shall be regarded for the purposes of this Chapter as an authorised unit trust and the scheme as a whole shall not be so regarded.

(8) In this section, “umbrella scheme” means a unit trust scheme—

- (a) which provides arrangements for separate pooling of the contributions of the participants and the profits or income out of which payments are to be made to them;
- (b) under which the participants are entitled to exchange rights in one pool for rights in another; and
- (c) in the case of which an order under section 78 of the Financial Services Act 1986 is in force;

and any reference to a part of an umbrella scheme is a reference to such of the arrangements as relate to a separate pool.

(9) In relation to a part of an umbrella scheme, any reference—

- (a) to investments subject to the trusts of an authorised unit trust, shall have effect as a reference to such of the investments as under the arrangements form part of the separate pool to which the part of the umbrella scheme relates; and
- (b) to a unit holder, shall have effect as a reference to a person for the time being having rights in that separate pool.”

<sup>F179</sup> (3) .....

(4) Subject to what follows, the amendments made by subsections (1) to (3) above shall have effect on and after 1st April 1994 in relation to unit trust schemes and their participants.

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- (5) Nothing in those amendments shall have effect before the relevant date in relation to a unit trust scheme which immediately before 1st April 1994 falls within the definition of an umbrella scheme contained in those amendments.
- (6) In this section “the relevant date”, means, in relation to a unit trust scheme, the day after the end of the last distribution period of the scheme which commences before 1st April 1994.
- (7) On and after the relevant date, the amendments made by subsections (1) to (3) above shall have effect in relation to a scheme—
- (a) to which subsection (5) above applies, and
  - (b) which immediately before the relevant date falls within the definition of an umbrella scheme contained in those amendments,
- subject to subsections (8) to (10) below.
- (8) The amendments made by subsections (1) to (3) above shall not prevent the trustees of the scheme on and after the relevant date—
- (a) making a claim under section 239(3) of the Taxes Act 1988 (carry back of surplus advance corporation tax) in respect of accounting periods of the scheme ending before the relevant date; or
  - (b) continuing anything which immediately before that date was in the process of being done for the purposes of tax in relation to such accounting periods.
- (9) Where immediately before the relevant date the trustees of the scheme are entitled to carry forward an excess under—
- (a) section 75(3) of the Taxes Act 1988 (carry forward of management expenses and sums treated as management expenses), or
  - (b) section 241 of that Act (carry forward of franked investment income),
- then, on the relevant date, that right shall be translated into a right in each successor company to carry forward a proportionate part of that excess.
- (10) Where immediately before the relevant date the trustees of the scheme have an amount of surplus advance corporation tax which—
- (a) has not been dealt with under subsection (3) of section 239 of the Taxes Act 1988, and
  - (b) is due to be treated under subsection (4) of that section as if it were advance corporation tax paid by them in their next accounting period,
- then, on and after the relevant date, a proportionate part of that amount shall be treated as paid under subsection (4) of that section by each successor company in its first accounting period.
- (11) In subsections (9) and (10) above “successor company” means, in relation to a scheme, each part of the scheme which on the relevant date becomes an authorised unit trust.

#### **Textual Amendments**

**F179** [S. 113\(3\)](#) omitted (3.2.2009) (with effect in accordance with art. 1(2) of the amending S.I.) by virtue of [The Income Tax Act 2007 \(Amendment\) Order 2009 \(S.I. 2009/23\)](#), arts. 1(1), 4

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*Exchange gains and losses*

**114 Assets and liabilities.**

F180 .....

**Textual Amendments**

**F180** S. 114 repealed (with effect as mentioned in s. 79(3) and Sch. 23 of the amending Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt. 3(10)

**115 Currency contracts: net payments.**

F181 .....

**Textual Amendments**

**F181** S. 115 repealed (with effect as mentioned in s. 79(3) and Sch. 23 of the amending Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt. 3(10)

**116 Currency contracts: matching.**

F182 .....

**Textual Amendments**

**F182** S. 116 repealed (with effect as mentioned in s. 79(3) and Sch. 23 of the amending Act) by Finance Act 2002 (c. 23), s. 141, Sch. 40 Pt. 3(10)

*Capital allowances*

F183 **117** .....

**Textual Amendments**

**F183** S. 117 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by 2001 c. 2, s. 580, Sch. 4

**118 Expenditure on machinery or plant: notification.**

F184(1) .....

F184(2) .....

F184(3) .....

F184(3A) .....

*Status: Point in time view as at 21/07/2009.*

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F184(4) .....

F184(5) .....

(6) For the purposes of—

[<sup>F185F186</sup>(a) .....

(b) section 44(4) of the Finance Act 1971 (provision corresponding to section 25(1) applicable to earlier chargeable periods),]

expenditure which has not formed part of a person's qualifying expenditure for a previous chargeable period may not form part of his qualifying expenditure for a subsequent chargeable period unless the machinery or plant on which the expenditure was incurred belongs to that person at some time in that subsequent period<sup>F187</sup> . . .

F184(7) .....

F184(8) .....

F184(9) .....

#### Textual Amendments

**F184** S. 118(1)-(5)(7)-(9) repealed (28.7.2000 with effect as mentioned in s. 73(2) of the repealing Act) by 2000 c. 17, ss. 73(1)(a), 156, **Sch. 40 Pt. II(8)**, Note 3

**F185** S. 118(6)(a)(b) substituted for words in s. 118(6) (28.7.2000 with effect as mentioned in s. 73(2) of the amending Act) by 2000 c. 17, s. **73(1)(b)**

**F186** S. 118(6)(a) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by 2001 c. 2, s. 580, **Sch. 4**

**F187** Words in s. 118(6) repealed (3.5.1994 with effect as mentioned in ss. 211(2), 218(1)(b) of the amending Act) by 1994 c. 9, s. 258, **Sch. 26 Pt. V(24)**, Note 5

## 119 Transactions between connected persons.

F188(1) .....

(2) Paragraph 4(2) of Schedule 7 to the <sup>M32</sup>Capital Allowances Act 1968 (provision corresponding to section 158(2)) shall be assumed always to have had effect subject to amendments corresponding to those made to section 158(2) of the 1990 Act by section 117(2) and (3) of the Finance Act 1993.

#### Textual Amendments

**F188** S. 119(1) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by 2001 c. 2, s. 580, **Sch. 4**

#### Marginal Citations

**M32** 1968 c. 3.

F189 **120** .....

*Status: Point in time view as at 21/07/2009.*

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**Textual Amendments**

**F189** S. 120 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by 2001 c. 2, s. 580, **Sch. 4**

<sup>F190</sup>**121** .....

**Textual Amendments**

**F190** S. 121 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by 2001 c. 2, s. 580, **Sch. 4**

*Securities*

<sup>F191</sup>**122 Sale and repurchase of securities: deemed manufactured payments.**

.....

**Textual Amendments**

**F191** S. 122 repealed (19.7.2007) by **Finance Act 2007 (c. 11)**, **Sch. 27 Pt. 2(14)**

**123 Manufactured payments.**

<sup>F192</sup>(1) .....

<sup>F193</sup>(2) .....

<sup>F193</sup>(3) .....

<sup>F193</sup>(4) .....

<sup>F193</sup>(5) .....

<sup>F194</sup>(6) .....

<sup>F193</sup>(7) .....

**Textual Amendments**

**F192** S. 123(1) repealed (6.4.2007) by **Income Tax Act 2007 (c. 3)**, s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

**F193** S. 123(2)-(5)(7) repealed (19.3.1997 with effect as mentioned in Sch. 10 para. 7(1), Sch. 18 Pt. VI(10), Note 1 of the repealing Act) by 1997 c. 16, s. 113, **Sch. 18 Pt. VI(10)**; S.I. 1997/991, **art. 2**

**F194** S. 123(6) repealed (6.4.2007) by **Income Tax Act 2007 (c. 3)**, s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

<sup>F195</sup>**124** .....

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**Textual Amendments**

**F195** S. 124 repealed (29.4.1996) by 1996 c. 8, s. 205, **Sch. 41 Pt. V(21)** Note 2

*PAYE*

**F196** **125 Payment by intermediary.**

.....

**Textual Amendments**

**F196** Ss. 125-132 repealed (6.4.2003) (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)

**F196** **126 Employees working for persons other than their employers, etc.**

.....

**Textual Amendments**

**F196** Ss. 125-132 repealed (6.4.2003) (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)

**F196** **127 Tradeable assets.**

.....

**Textual Amendments**

**F196** Ss. 125-132 repealed (6.4.2003) (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)

**F196** **128 Non-cash vouchers.**

.....

**Textual Amendments**

**F196** Ss. 125-132 repealed (6.4.2003) (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)

**F196** **129 Credit-tokens.**

.....

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#### Textual Amendments

**F196** Ss. 125-132 repealed (6.4.2003) (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](#))

### <sup>F196</sup>130 Cash vouchers.

.....

#### Textual Amendments

**F196** Ss. 125-132 repealed (6.4.2003) (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](#))

### <sup>F196</sup>131 Supplementary.

.....

#### Textual Amendments

**F196** Ss. 125-132 repealed (6.4.2003) (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](#))

### <sup>F196</sup>132 Payments etc. received free of tax.

.....

#### Textual Amendments

**F196** Ss. 125-132 repealed (6.4.2003) (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](#))

### 133 PAYE regulations: past cases.

- (1) Regulation 4 of the 1993 Regulations (intermediate employers) is hereby revoked; but in relation to any time before its revocation it shall be deemed to have been validly made.
- (2) Regulation 3 of the 1973 Regulations (intermediate employers) shall, in relation to any time before its revocation, be deemed to have been validly made.
- (3) Where, at any time before the passing of this Act—
  - (a) a payment has been made of, or on account of, any income of an employee not resident or, if resident, not ordinarily resident in the United Kingdom,
  - (b) at the time when the payment was made it appeared that some of the income would be assessable to income tax under Case II of Schedule E, but that some of the income might prove not to be assessable to income tax under that Schedule, and



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- (c) the payment or any proportion of it was treated for the purposes of the 1993 Regulations or the 1973 Regulations as a payment to which the regulations applied,
- then the treatment of that payment or that proportion of the payment as being a payment to which the regulations applied shall be deemed to have been lawful.
- (4) In this section—
- (a) “employee” means a person holding an office or employment under or with any other person;
- (b) “the 1993 Regulations” means the <sup>M33</sup>Income Tax (Employments) Regulations 1993; and
- (c) “the 1973 Regulations” means the <sup>M34</sup>Income Tax (Employments) Regulations 1973.

**Marginal Citations**

**M33** [S.I. 1993/774](#).  
**M34** [S.I. 1973/334](#).

*Miscellaneous provisions about companies*

<sup>F197</sup>**134 Controlled foreign companies.**

.....

**Textual Amendments**

**F197** [S. 134](#) omitted (21.7.2009) (with effect in accordance with Sch. 16 para. 6 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 16 para. 5\(b\)](#) (with [Sch. 16 paras. 7, 8](#))

**135 Prevention of avoidance of corporation tax.**

- (1) In the Taxes Act 1988, immediately before section 768 there shall be inserted—

**“767A Change in company ownership: corporation tax.**

- (1) Where it appears to the Board that—
- (a) there has been a change in the ownership of a company (“the tax-payer company”),
- (b) any corporation tax assessed on the tax-payer company for an accounting period beginning before the change remains unpaid at any time after the relevant date, and
- (c) any of the three conditions mentioned below is fulfilled,
- any person mentioned in subsection (2) below may be assessed by the Board and charged (in the name of the tax-payer company) to an amount of corporation tax in accordance with this section.
- (2) The persons are—

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- (a) any person who at any time during the relevant period before the change in the ownership of the tax-payer company had control of it;
  - (b) any company of which the person mentioned in paragraph (a) above has at any time had control within the period of three years before that change.
- (3) In subsection (2) above, “the relevant period” means—
  - (a) the period of three years before the change in the ownership of the tax-payer company; or
  - (b) if during the period of three years before that change (“the later change”) there was a change in the ownership of the tax-payer company (“the earlier change”), the period elapsing between the earlier change and the later change.
- (4) The first condition is that—
  - (a) at any time during the period of three years before the change in the ownership of the tax-payer company the activities of a trade or business of that company cease or the scale of those activities become small or negligible; and
  - (b) there is no significant revival of those activities before that change occurs.
- (5) The second condition is that at any time after the change in the ownership of the tax-payer company, but under arrangements made before that change, the activities of a trade or business of that company cease or the scale of those activities become small or negligible.
- (6) The third condition is that—
  - (a) at any time during the period of six years beginning three years before the change in the ownership of the tax-payer company there is a major change in the nature or conduct of a trade or business of that company;
  - (b) there is a transfer or there are transfers of assets of the tax-payer company to a person mentioned in subsection (7) below or to any person under arrangements which enable any of those assets or any assets representing those assets to be transferred to a person mentioned in subsection (7) below;
  - (c) that transfer occurs or those transfers occur during the period of three years before the change in the ownership of the tax-payer company or after that change but under arrangements made before that change; and
  - (d) the major change mentioned in paragraph (a) above is attributable to that transfer or those transfers.
- (7) The persons are—
  - (a) any person mentioned in subsection (2)(a) above; and
  - (b) any person connected with him.
- (8) The amount of tax charged in an assessment made under this section must not exceed the amount of the tax which, at the time of that assessment, remains unpaid by the tax-payer company.

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- (9) For the purposes of this section the relevant date is the date six months from the date on which the corporation tax is assessed as mentioned in subsection (1)(b) above.
- (10) Any assessment made under this section shall not be out of time if made within three years from the date on which the liability of the tax-payer company to corporation tax for the accounting period mentioned in subsection (1)(b) above is finally determined.

#### **767B Change of company ownership: supplementary.**

- (1) In relation to corporation tax assessed under section 767A—
  - (a) section 86 of the Management Act (interest on overdue tax), in so far as it has effect in relation to accounting periods ending on or before 30th September 1993, and
  - (b) section 87A of that Act (corresponding provision for corporation tax due for accounting periods ending after that date),shall have effect as if the references in section 86 to the reckonable date and in section 87A to the date when the tax becomes due and payable were, respectively, references to the date which is the reckonable date in relation to the tax-payer company and the date when the tax became due and payable by the tax-payer company.
- (2) A payment in pursuance of an assessment under section 767A shall not be allowed as a deduction in computing any income, profits or losses for any tax purposes; but any person making such a payment shall be entitled to recover an amount equal to the payment from the tax-payer company.
- (3) In subsection (2) above the reference to a payment in pursuance of an assessment includes a reference to a payment of interest under section 86 or 87A of the Management Act (as they have effect by virtue of subsection (1) above).
- (4) For the purposes of section 767A, “control”, in relation to a company, shall be construed in accordance with section 416 as modified by subsections (5) and (6) below.
- (5) In subsection (2)(a) for “the greater part of” there shall be substituted “50 per cent. of”.
- (6) For subsection (3) there shall be substituted—

(”) Where two or more persons together satisfy any of the conditions in subsection (2) above and do so by reason of having acted together to put themselves in a position where they will in fact satisfy the condition in question, each of those persons shall be treated as having control of the company.”
- (7) In section 767A(6) “a major change in the nature or conduct of a trade or business” includes any change mentioned in any of paragraphs (a) to (d) of section 245(4); and also includes a change falling within any of those paragraphs which is achieved gradually as the result of a series of transfers.

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- (8) In section 767A(6) “transfer”, in relation to an asset, includes any disposal, letting or hiring of it, and any grant or transfer of any right, interest or licence in or over it, or the giving of any business facilities with respect to it.
- (9) Section 839 shall apply for the purposes of section 767A(7).
- (10) Subsection (9) of section 768 shall apply for the purposes of section 767A as it applies for the purposes of section 768.”
- (2) Section 769 (rules for ascertaining change of ownership of company) shall be amended as follows.
- (3) In subsections (1), (2) and (5) for the words “sections 768”, in each place where they occur, there shall be substituted “ sections 767A, 768 ”.
- (4) After subsection (2) there shall be inserted—
- “(2A) Where—
- (a) persons, whether company members or not, possess extraordinary rights or powers under the articles of association or under any other document regulating the company, and
- (b) because of that fact ownership of the ordinary share capital may not be an appropriate test of whether there has been a change in the ownership of the company,
- then, in considering whether there has been a change in the ownership of the company for the purposes of section 767A, holdings of all kinds of share capital, including preference shares, or of any particular category of share capital, or voting power or any other kind of special power may be taken into account instead of ordinary share capital.”
- (5) After subsection (8) there shall be inserted—
- “(9) Subsection (8) above shall not apply in relation to section 767A.”
- (6) The amendments made by this section shall have effect in relation to any change in ownership occurring on or after 30th November 1993 other than a change occurring in pursuance of a contract entered into before that day.

### **136 Parts of trades: computations in different currencies.**

- (1) The following section shall be inserted after section 94 of the <sup>M35</sup>Finance Act 1993 (computations in different currencies for different parts of trades)—

#### **“94A Parts of trades: petroleum extraction companies.**

- (1) If a trade carried on by a petroleum extraction company is a ring fence trade—
- (a) subsection (1) of section 94 above shall not apply as regards the trade, but
- (b) regulations may make provision under that section as regards a case where in an accounting period the company carries on the trade and the condition mentioned in subsection (2) below is fulfilled.
- (2) The condition is that—

*Status: Point in time view as at 21/07/2009.*

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- (a) part of the trade consists of activities which relate to oil and are carried on under the authority of a petroleum licence in the United Kingdom or a designated area, and
  - (b) part of the trade consists of activities which relate to gas and are carried on under the authority of a petroleum licence in the United Kingdom or a designated area.
- (3) For the purposes of this section—
- (a) a petroleum licence is a licence granted under the Petroleum (Production) Act 1934 or the Petroleum (Production) Act (Northern Ireland) 1964;
  - (b) a petroleum extraction company is a company which carries on activities under the authority of such a licence;
  - (c) a designated area is an area designated by Order in Council under section 1(7) of the Continental Shelf Act 1964.
- (4) For the purposes of this section “ring fence trade” means activities which—
- (a) fall within any of paragraphs (a) to (c) of subsection (1) of section 492 of the Taxes Act 1988 (oil extraction etc.), and
  - (b) constitute a separate trade (whether by virtue of that subsection or otherwise).
- (5) For the purposes of this section—
- (a) “oil” means such substance as falls within the meaning of oil contained in section 502(1) of the Taxes Act 1988 and is not gas;
  - (b) “gas” means such substance as falls within the meaning of oil contained in section 502(1) of the Taxes Act 1988 and is gas of which the largest component by volume, measured at a temperature of 15 degrees centigrade and a pressure of one atmosphere, is methane or ethane or a combination of those gases.”
- (2) In section 95(6) of the <sup>M36</sup>Finance Act 1993 (commencement of provisions about currency to be used for computations) for “94” there shall be substituted “ 94A ”.

**Marginal Citations**

**M35** 1993 c.34.

**M36** 1993 c. 34.

*Miscellaneous*

**137 Enterprise investment scheme.**

<sup>F198</sup>(1) .....

<sup>F198</sup>(2) .....

- (3) The <sup>M37</sup>Taxation of Chargeable Gains Act 1992 shall have effect with the amendments made by that Schedule.

*Status: Point in time view as at 21/07/2009.*

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**Textual Amendments**

**F198** S. 137(1)(2) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 2** (with [Sch. 2](#))

**Marginal Citations**

**M37** 1992 c. 12.

**138 Foreign income dividends.**

Schedule 16 to this Act (which contains provisions about foreign income dividends) shall have effect.

<sup>F199F200</sup>**139 Taxation of incapacity benefit.**

.....

**Textual Amendments**

**F199** S. 139(1)(b) repealed (6.4.2003) by [Tax Credits Act 2002 \(c. 21\)](#), **Sch. 6**

**F200** S. 139 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](#))

**140 Restriction on deduction from income.**

(1) Section 808 of the Taxes Act 1988 (restriction on deduction of interest or dividends from trading income) shall be amended as follows—

- (a) for “a banking business, an insurance business or a business consisting wholly or partly in dealing in securities” there shall be substituted “ a business ”;
- (b) for “or dividend” there shall be substituted “ , dividend or royalties ”;
- (c) the words “In this section “securities” includes stocks and shares” shall be omitted.

(2) This section shall apply where it is sought to exclude receipts from income or profits of an accounting period beginning on or after 30th November 1993.

<sup>F201</sup>**141 Expenditure involving crime.**

.....

**Textual Amendments**

**F201** S. 141 repealed (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

**142 Mortgage interest payable under deduction of tax: qualifying lenders.**

<sup>F202</sup>(1) .....

(2) The following section shall be inserted in the Taxes Act 1988 after section 376—

*Status: Point in time view as at 21/07/2009.*

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### **“376A The register of qualifying lenders.**

- (1) The Board shall maintain, and publish in such manner as they consider appropriate, a register for the purposes of section 376(4).
  - (2) If the Board are satisfied that an applicant for registration is entitled to be registered, they may register the applicant generally or in relation to any description of loan specified in the register, with effect from such date as may be so specified; and a body which is so registered shall become a qualifying lender in accordance with the terms of its registration.
  - (3) The registration of any body may be varied by the Board—
    - (a) where it is general, by providing for it to be in relation to a specified description of loan, or
    - (b) where it is in relation to a specified description of loan, by removing or varying the reference to that description of loan,and where they do so, they shall give the body written notice of the variation and of the date from which it is to have effect.
  - (4) If it appears to the Board at any time that a body which is registered under this section would not be entitled to be registered if it applied for registration at that time, the Board may by written notice given to the body cancel its registration with effect from such date as may be specified in the notice.
  - (5) The date specified in a notice under subsection (3) or (4) above shall not be earlier than the end of the period of 30 days beginning with the date on which the notice is served.
  - (6) Any body which is aggrieved by the failure of the Board to register it under this section, or by the variation or cancellation of its registration, may, by notice given to the Board before the end of the period of 30 days beginning with the date on which the body is notified of the Board’s decision, require the matter to be determined by the Special Commissioners; and the Special Commissioners shall thereupon hear and determine the matter in like manner as an appeal.”
- (3) Any body which is, immediately before the date on which this Act is passed, a prescribed body for the purposes of section 376 of the Taxes Act 1988 (by virtue of an order made under subsection (5) of that section) shall be entitled to be entered in the register maintained under section 376A of that Act as a qualifying lender except that if it was, immediately before that date, a qualifying lender only in relation to such description of loan as was specified in the order, it shall be entitled to be entered in the register as a qualifying lender only in relation to that description of loan.
  - (4) Until such time as the Board enter any such body in the register, that body shall be deemed to have been registered in accordance with its entitlement.

#### **Textual Amendments**

**F202** S. 142(1) repealed (1.12.2001) by S.I. 2001/3629, arts. 1(2)(a), 109, Sch.

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**F203 143** .....

**Textual Amendments**

**F203** S. 143 repealed (1.5.1995 with effect as mentioned in Sch. 8 para. 57 of the repealing Act) by 1995 c. 4, s. 162, **Sch. 29 Pt. VIII(5)**, Note 2 (with Sch. 8 paras. 55(2), 57(1))

**F204 144 Debts released in voluntary arrangement: relief from tax.**  
.....

**Textual Amendments**

**F204** S. 144 repealed (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F205 145 Relief for business donations.**  
.....

**Textual Amendments**

**F205** S. 145 repealed (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**146 Minor corrections.**

Schedule 17 to this Act (which corrects various mistakes made in or introduced into the Taxes Act 1988) shall have effect.

## CHAPTER II

### INTEREST RATE AND CURRENCY CONTRACTS

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

- C30** Pt. IV Chapter II (ss. 147-177) restricted (31.7.1998) by 1988 c. 1, **Sch. 28AA para. 8(1)(b)** (as inserted (31.7.1998) by 1998 c. 36, s. 108, **Sch. 16**)
- C31** Pt. IV Chapter II (ss. 147-177) applied (29.4.1996 with effect as mentioned in s. 105(1) of the applying Act) by 1996 c. 8, s. 105, **Sch. 15 para. 25(4)** (with savings etc. in Pt. IV Chapter II (ss. 80-105))
- C32** Pt. IV Chapter II (ss. 147-177) modified (29.4.1996 with effect as mentioned in s. 105(1) of the modifying Act) by 1996 c. 8, s. 105, **Sch. 15 para. 25(2)** (with savings etc. in Pt. IV Chapter II (ss. 80-105))
- C33** Pt. IV Chapter II (ss. 147-177) excluded (29.4.1996 with effect as mentioned in s. 105(1) of the excluding Act) by 1996 c. 8, s. 101(1) (with savings etc. in Pt. IV Chapter II (ss. 80-105))



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### *Qualifying contracts*

#### **147 Qualifying contracts.**

F206 .....

##### **Textual Amendments**

**F206** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. {83(2)},141, {Sch. 40 Pt. 3(13)}

#### **147A Debt contracts and options to be qualifying contracts.**

F207 .....

##### **Textual Amendments**

**F207** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. {83(2)},141, {Sch. 40 Pt. 3(13)}

#### **148 Contracts which may become qualifying contracts.**

F208 .....

##### **Textual Amendments**

**F208** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. {83(2)},141, {Sch. 40 Pt. 3(13)}

### *Interest rate and currency contracts and options*

#### **149 Interest rate contracts and options.**

F209 .....

##### **Textual Amendments**

**F209** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. {83(2)},141, {Sch. 40 Pt. 3(13)}

#### **150 Currency contracts and options.**

F210 .....

*Status: Point in time view as at 21/07/2009.*

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#### Textual Amendments

**F210** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. {83(2)},141, {Sch. 40 Pt. 3(13)}

### 150A Debt contracts and options.

F211 .....

#### Textual Amendments

**F211** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. {83(2)},141, {Sch. 40 Pt. 3(13)}

### 151 Provisions which may be included.

F212 .....

#### Textual Amendments

**F212** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. {83(2)}, 141, {Sch. 40 Pt. 3(13)}

### 152 Provisions which may be disregarded.

F213 .....

#### Textual Amendments

**F213** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. {83(2)},141, {Sch. 40 Pt. 3(13)}

#### *Other basic definitions*

### 153 Qualifying payments.

F214 .....

#### Textual Amendments

**F214** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. {83(2)},141, {Sch. 40 Pt. 3(13)}

### 154 Qualifying companies.

F215 .....

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**Textual Amendments**

**F215** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

*Accrual of profits and losses*

**155 Accrual of profits and losses.**

**F216** .....

**Textual Amendments**

**F216** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

**156 Basis of accounting: general.**

**F217** .....

**Textual Amendments**

**F217** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

**157 Basis of accounting for linked currency options.**

**F218** .....

**Textual Amendments**

**F218** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

**158 Adjustments for changes in basis of accounting.**

**F219** .....

**Textual Amendments**

**F219** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

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### *Treatment of profits and losses*

#### **159 Trading profits and losses.**

F220 .....

##### **Textual Amendments**

**F220** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by Finance Act 2002 (c. 23), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

#### **160 Non-trading profits and losses.**

F221 .....

##### **Textual Amendments**

**F221** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by Finance Act 2002 (c. 23), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

### *Special cases*

#### **161 Termination etc. of qualifying contracts.**

F222 .....

##### **Textual Amendments**

**F222** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by Finance Act 2002 (c. 23), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

#### **162 Exchange gains and losses on currency contracts.**

F223 .....

##### **Textual Amendments**

**F223** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by Finance Act 2002 (c. 23), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

#### **163 Irrecoverable payments.**

F224 .....

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**Textual Amendments**

**F224** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

**164 Released payments.**

**F225** .....

**Textual Amendments**

**F225** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

*Anti-avoidance and related provisions*

**165 Transfers of value by qualifying companies.**

**F226** .....

**Textual Amendments**

**F226** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

**166 Transfers of value to associated companies.**

**F227** .....

**Textual Amendments**

**F227** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

**167 Transactions not at arm's length.**

**F228** .....

**Textual Amendments**

**F228** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

**168 Qualifying contracts with non-residents.**

**F229** .....

*Status: Point in time view as at 21/07/2009.*

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**Textual Amendments**

**F229** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

**168A Qualifying contracts for unallowable purposes**

**F230** .....

**Textual Amendments**

**F230** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. {83(2)}, 141, {Sch. 40 Pt. 3(13)}

*Miscellaneous*

**169 Insurance and mutual trading companies.**

**F231** .....

**Textual Amendments**

**F231** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

**170 Investment trusts.**

**F232** .....

**Textual Amendments**

**F232** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

**F233 171** .....

**Textual Amendments**

**F233** S. 171 repealed (29.4.1996 with effect as mentioned in s. 105(1) of the repealing Act) by [1996 c. 8, s. 205, Sch. 41 Pt. V\(3\)](#), Note (with savings etc. in Pt. IV Chapter II (ss. 80-105))

**172 Partnerships involving qualifying companies.**

**F234** .....

*Status: Point in time view as at 21/07/2009.*

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**Textual Amendments**

**F234** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

*Supplemental*

**173 Prevention of double charging etc.**

**F235** .....

**Textual Amendments**

**F235** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

**174 Prevention of deduction of tax.**

**F236** .....

**Textual Amendments**

**F236** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

**175 Transitional provisions.**

**F237** .....

**Textual Amendments**

**F237** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

**176 Minor and consequential amendments.**

**F238**(1) .....

(2) In Schedule 27 to that Act (distributing funds) in paragraph 5 (United Kingdom equivalent profits) the following sub-paragraph shall be substituted for sub-paragraph (2A)—

“(2A) In applying sub-paragraph (1) above the effect of the following shall be ignored, namely—

- (a) sections 125 to 133 of the Finance Act 1993 (exchange gains and losses), and

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- (b) sections 159 and 160 of, and paragraph 1 of Schedule 18 to, the Finance Act 1994 (treatment of profits and losses on interest rate and currency contracts).”

**Textual Amendments**

**F238** S. 176(1) repealed (1.5.1995 with effect as mentioned in Sch. 8 para. 57 of the repealing Act) by 1995 c. 4, s. 162, **Sch. 29 Pt. VIII(5)**, Note 2 (with Sch. 8 paras. 55(2), 57(1))

**177 Interpretation of Chapter II.**

F239 .....

**Textual Amendments**

**F239** Ss. 147-175, 177 repealed (with effect as mentioned in s. 83(3)(4) of the amending Act) by Finance Act 2002 (c. 23), ss. 83(2), 141, **Sch. 40 Pt. 3(13)**

**CHAPTER III**

MANAGEMENT: SELF-ASSESSMENT ETC.

*Income tax and capital gains tax*

**178 Personal and trustee’s returns.**

- (1) For subsection (1) of section 8 of the Management Act (personal return) there shall be substituted the following subsections—

“(1) For the purpose of establishing the amounts in which a person is chargeable to income tax and capital gains tax for a year of assessment, he may be required by a notice given to him by an officer of the Board—

- (a) to make and deliver to the officer, on or before the day mentioned in subsection (1A) below, a return containing such information as may reasonably be required in pursuance of the notice, and
- (b) to deliver with the return such accounts, statements and documents, relating to information contained in the return, as may reasonably be so required.

(1A) The day referred to in subsection (1) above is—

- (a) the 31st January next following the year of assessment, or
- (b) where the notice under this section is given after the 31st October next following the year, the last day of the period of three months beginning with the day on which the notice is given.

(1B) In the case of a person who carries on a trade, profession, or business in partnership with one or more other persons, a return under this section shall include each amount which, in any relevant statement, is stated to be equal



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to his share of any income, loss or charge for the period in respect of which the statement is made.

(1C) In subsection (1B) above “relevant statement” means a statement which, as respects the partnership, falls to be made under section 12AB of this Act for a period which includes, or includes any part of, the year of assessment or its basis period.”

(2) For subsection (1) of section 8A of the Management Act (trustee’s return) there shall be substituted the following subsections—

“(1) For the purpose of establishing the amounts in which a trustee of a settlement, and the settlors and beneficiaries, are chargeable to income tax and capital gains tax for a year of assessment, an officer of the Board may by a notice given to the trustee require the trustee—

- (a) to make and deliver to the officer, on or before the day mentioned in subsection (1A) below, a return containing such information as may reasonably be required in pursuance of the notice, and
- (b) to deliver with the return such accounts, statements and documents, relating to information contained in the return, as may reasonably be so required;

and a notice may be given to any one trustee or separate notices may be given to each trustee or to such trustees as the officer thinks fit.

(1A) The day referred to in subsection (1) above is—

- (a) the 31st January next following the year of assessment, or
- (b) where the notice under this section is given after the 31st October next following the year, the last day of the period of three months beginning with the day on which the notice is given.”

## **179 Returns to include self-assessment.**

For section 9 of the Management Act there shall be substituted the following section—

### **“9 Returns to include self-assessment.**

- (1) Subject to subsection (2) below, every return under section 8 or 8A of this Act shall include an assessment (a self-assessment) of the amounts in which, on the basis of the information contained in the return, the person making the return is chargeable to income tax and capital gains tax for the year of assessment.
- (2) A person shall not be required to comply with subsection (1) above if he makes and delivers his return for a year of assessment—
  - (a) on or before the 30th September next following the year, or
  - (b) where the notice under section 8 or 8A of this Act is given after the 31st July next following the year, within the period of two months beginning with the day on which the notice is given.
- (3) Where, in making and delivering a return, a person does not comply with subsection (1) above, an officer of the Board shall if subsection (2) above applies, and may in any other case—
  - (a) make the assessment on his behalf on the basis of the information contained in the return, and

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- (b) send him a copy of the assessment so made;  
and references in the following provisions of this Act to a person’s self-assessment include references to an assessment made on a person’s behalf under this subsection.
- (4) Subject to subsection (5) below—
  - (a) at any time before the end of the period of nine months beginning with the day on which a person’s return is delivered, an officer of the Board may by notice to that person so amend that person’s self-assessment as to correct any obvious errors or mistakes in the return (whether errors of principle, arithmetical mistakes or otherwise); and
  - (b) at any time before the end of the period of twelve months beginning with the filing date, a person may by notice to an officer of the Board so amend his self-assessment as to give effect to any amendments to his return which he has notified to such an officer.
- (5) No amendment of a self-assessment may be made under subsection (4) above at any time during the period—
  - (a) beginning with the day on which an officer of the Board gives notice of his intention to enquire into the return, and
  - (b) ending with the day on which the officer’s enquiries into the return are completed.
- (6) In this section and section 9A of this Act “the filing date” means the day mentioned in section 8(1A) or, as the case may be, section 8A(1A) of this Act.”

F240 180 .....

**Textual Amendments**  
**F240** S. 180 repealed (11.5.2001 with effect as mentioned in s. 88, Sch. 29 of the repealing Act) by 2001 c. 9, s. 110, **Sch. 33 Pt. II(13)**, Note

*Corporation tax*

F241 181 .....

**Textual Amendments**  
**F241** S. 181 repealed (31.7.1998 with effect as mentioned in the Note to Sch. 27 Pt. III(28) of the repealing Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(28)**

F242 182 .....

*Status: Point in time view as at 21/07/2009.*

*Changes to legislation: Finance Act 1994 is up to date with all changes known to be in force on or before 22 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

**Textual Amendments**

**F242** S. 182 repealed (31.7.1998 with effect as mentioned in the Note to Sch. 27 Pt. III(28) of the repealing Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(28)**

**F243** 183 .....

**Textual Amendments**

**F243** S. 183 repealed (31.7.1998 with effect as mentioned in the Note to Sch. 27 Pt. III(28) of the repealing Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(28)**

*Partnerships*

**184 Partnership return.**

After section 12 of the Management Act there shall be inserted the following section—

*“ Partnerships*

**12AA Partnership return.**

- (1) Where a trade, profession or business is carried on by two or more persons in partnership, for the purpose of facilitating—
  - (a) the assessment to income tax for a year of assessment, and
  - (b) the assessment to corporation tax for any period,of each partner who is liable to be so assessed, an officer of the Board may act under subsection (2) or (3) below (or both).
- (2) An officer of the Board may by a notice given to the partners require such person as is identified in accordance with rules given with the notice—
  - (a) to make and deliver to the officer in respect of such period as may be specified in the notice, on or before such day as may be so specified, a return containing such information as may reasonably be required in pursuance of the notice, and
  - (b) to deliver with the return such accounts and statements as may reasonably be so required.
- (3) An officer of the Board may by notice given to any partner require the partner—
  - (a) to make and deliver to the officer in respect of such period as may be specified in the notice, on or before such day as may be so specified, a return containing such information as may reasonably be required in pursuance of the notice, and
  - (b) to deliver with the return such accounts and statements as may reasonably be so required;

and a notice may be given to any one partner or separate notices may be given to each partner or to such partners as the officer thinks fit.

*Status: Point in time view as at 21/07/2009.*

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- (4) In the case of a partnership which includes one or more individuals, the day specified in a notice under subsection (2) or (3) above shall not be earlier than—
- (a) the 31st January next following the year of assessment concerned, or
  - (b) where the notice under this section is given after the 31st October next following the year, the last day of the period of three months beginning with the day on which the notice is given.
- (5) In the case of a partnership which includes one or more companies, the day specified in a notice under subsection (2) or (3) above shall not be earlier than—
- (a) the first anniversary of the end of the relevant period, or
  - (b) where the notice under this section is given more than nine months after the end of the relevant period, the last day of the period of three months beginning with the day on which the notice is given;
- and the relevant period for the purposes of this subsection and subsection (6) below is the period in respect of which the return is required.
- (6) Every return under this section shall include—
- (a) a declaration of the name, residence and tax reference of each of the persons who have been partners—
    - (i) for the whole of the relevant period, or
    - (ii) for any part of that period,
 and, in the case of a person falling within sub-paragraph (ii) above, of the part concerned; and
  - (b) a declaration by the person making the return to the effect that it is to the best of his knowledge correct and complete.
- (7) Every return under this section shall also include, if the notice under subsection (2) or (3) above so requires—
- (a) with respect to any disposal of partnership property during a period to which any part of the return relates, the like particulars as if the partnership were liable to tax on any chargeable gain accruing on the disposal, and
  - (b) with respect to any acquisition of partnership property, the particulars required under section 12(2) of this Act.
- (8) A notice under this section may require different information, accounts and statements for different periods or in relation to different descriptions of source of income.
- (9) Notices under this section may require different information, accounts and statements in relation to different descriptions of partnership.
- (10) In this section “residence”, in relation to a company, means its registered office.”

## **185 Partnership return to include partnership statement.**

After section 12AA of the Management Act there shall be inserted the following section—

*Status: Point in time view as at 21/07/2009.*

*Changes to legislation: Finance Act 1994 is up to date with all changes known to be in force on or before 22 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

**“12AB Partnership return to include partnership statement.**

- (1) Every return under section 12AA of this Act shall include a statement (a partnership statement) of the following amounts, namely—
  - (a) in the case of each period of account ending within the period in respect of which the return is made—
    - (i) the amount of income or loss from each source which, on the basis of the information contained in the return, has accrued to or has been sustained by the partnership for that period, and
    - (ii) the amount of each charge which, on that basis, was a charge on the income of the partnership for that period; and
  - (b) in the case of each such period and each of the partners, the amount which, on that basis, is equal to his share of that income, loss or charge.
- (2) Subject to subsection (3) below—
  - (a) at any time before the end of the period of nine months beginning with the day on which a person’s return is delivered, an officer of the Board may by notice to that person so amend that person’s partnership statement as to correct any obvious errors or mistakes in the return (whether errors of principle, arithmetical mistakes or otherwise); and
  - (b) at any time before the end of the period of twelve months beginning with the filing date, a person may by notice to an officer of the Board so amend his partnership statement as to give effect to any amendments to his return which he has notified to such an officer.
- (3) No amendment of a partnership statement may be made under subsection (2) above at any time during the period—
  - (a) beginning with the day on which an officer of the Board gives notice of his intention to enquire into the return, and
  - (b) ending with the day on which the officer’s enquiries into the return are completed.
- (4) Where a partnership statement is amended under subsection (2) above, the officer shall by notice to the partners so amend their self-assessments under section 9 or 11AA of this Act as to give effect to the amendments of the partnership statement.
- (5) In this section—

“filing date” means the day specified in the notice under subsection (2) or, as the case may be, subsection (3) of section 12AA of this Act;

“period of account”, in relation to a partnership, means any period for which accounts are drawn up.”

*Status: Point in time view as at 21/07/2009.*

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**Textual Amendments**

**F244** S. 186 repealed (11.5.2001 with effect as mentioned in s. 88, Sch. 29 of the repealing Act) by 2001 c. 9, s. 110, **Sch. 33 Pt. II(13)**, Note

*Enquiries: procedure*

**F245 187 Power to call for documents.**

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**Textual Amendments**

**F245** S. 187 omitted (1.4.2009) by virtue of Finance Act 2008 (c. 9), s. 113(2), **Sch. 36 para. 92(c)** (with Sch. 36 para. 38); S.I. 2009/404, art. 2 (with art. 12)

**F246 188** .....

**Textual Amendments**

**F246** S. 188 repealed (11.5.2001 with effect as mentioned in s. 88, Sch. 29 of the repealing Act) by 2001 c. 9, s. 110, **Sch. 33 Pt. II(13)**, Note

**F247 189** .....

**Textual Amendments**

**F247** S. 189 repealed (11.5.2001 with effect as mentioned in s. 88, Sch. 29 of the repealing Act) by 2001 c. 9, s. 110, **Sch. 33 Pt. II(13)**, Note

*Determinations and assessments to protect revenue*

**190 Determination of tax where no return delivered.**

After section 28B of the Management Act there shall be inserted the following section—

**“28C Determination of tax where no return delivered.**

(1) Where—

(a) a notice has been given to any person under section 8, 8A or 11 of this Act (the relevant section), and

(b) the required return is not delivered on or before the filing date,  
an officer of the Board may make a determination of the amounts in which, to the best of his information and belief, the person who should have made

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the return is chargeable to income tax and capital gains tax for the year of assessment or (as the case may be) is chargeable to corporation tax for the accounting period.

- (2) Notice of any determination under this section shall be served on the person in respect of whom it is made and shall state the date on which it is issued.
- (3) Until such time (if any) as it is superseded by a self-assessment made under section 9 or 11AA of this Act (whether by the taxpayer or an officer of the Board) on the basis of information contained in a return under the relevant section, a determination under this section shall have effect for the purposes of Parts VA, VI, IX and XI of this Act as if it were such a self-assessment.
- (4) Where—
  - (a) an officer of the Board has commenced any proceedings for the recovery of any tax charged by a determination under this section; and
  - (b) before those proceedings are concluded, the determination is superseded by such a self-assessment as is mentioned in subsection (3) above,those proceedings may be continued as if they were proceedings for the recovery of so much of the tax charged by the self-assessment as is due and payable and has not been paid.
- (5) No determination under this section, and no self-assessment superseding such a determination, shall be made otherwise than—
  - (a) before the end of the period of five years beginning with the filing date; or
  - (b) in the case of such a self-assessment, before the end of the period of twelve months beginning with the date of the determination.
- (6) In this section “the filing date” means the day mentioned in section 8(1A), section 8A(1A) or, as the case may be, section 11(4) of this Act.”

## **191 Assessment where loss of tax discovered.**

- (1) For section 29 of the Management Act there shall be substituted the following section—

### **“29 Assessment where loss of tax discovered.**

- (1) If an officer of the Board or the Board discover, as regards any person (the taxpayer) and a chargeable period—
  - (a) that any profits which ought to have been assessed to tax have not been assessed, or
  - (b) that an assessment to tax is or has become insufficient, or
  - (c) that any relief which has been given is or has become excessive,the officer or, as the case may be, the Board may, subject to subsections (2) and (3) below, make an assessment in the amount, or the further amount, which ought in his or their opinion to be charged in order to make good to the Crown the loss of tax.
- (2) Where—

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- (a) the taxpayer has made and delivered a return under section 8, 8A or 11 of this Act in respect of the relevant chargeable period, and
- (b) the situation mentioned in subsection (1) above is attributable to an error or mistake in the return as to the basis on which his liability ought to have been computed,

the taxpayer shall not be assessed under that subsection in respect of the chargeable period there mentioned if the return was in fact made on the basis or in accordance with the practice generally prevailing at the time when it was made.

- (3) Where the taxpayer has made and delivered a return under section 8, 8A or 11 of this Act in respect of the relevant chargeable period, he shall not be assessed under subsection (1) above—

- (a) in respect of the chargeable period mentioned in that subsection; and
- (b) in the case of a return under section 8 or 8A, in the same capacity as that in which he made and delivered the return,

unless one of the two conditions mentioned below is fulfilled.

- (4) The first condition is that the situation mentioned in subsection (1) above is attributable to fraudulent or negligent conduct on the part of the taxpayer or a person acting on his behalf.

- (5) The second condition is that at the time when an officer of the Board—

- (a) ceased to be entitled to give notice of his intention to enquire into the taxpayer's return under section 8, 8A or 11 of this Act in respect of the relevant chargeable period; or
- (b) informed the taxpayer that he had completed his enquiries into that return,

the officer could not have been reasonably expected, on the basis of the information made available to him before that time, to be aware of the situation mentioned in subsection (1) above.

- (6) For the purposes of subsection (5) above, information is made available to an officer of the Board if—

- (a) it is contained in the taxpayer's return under section 8, 8A or 11 of this Act in respect of the relevant chargeable period (the return), or in any accounts, statements or documents accompanying the return;
- (b) it is contained in any claim made as regards the relevant chargeable period by the taxpayer acting in the same capacity as that in which he made the return, or in any accounts, statements or documents accompanying any such claim;
- (c) it is contained in any documents, accounts or particulars which, for the purposes of any enquiries into the return or any such claim by an officer of the Board, are produced or furnished by the taxpayer to the officer, whether in pursuance of a notice under section 19A of this Act or otherwise; or
- (d) it is information the existence of which, and the relevance of which as regards the situation mentioned in subsection (1) above—
  - (i) could reasonably be expected to be inferred by an officer of the Board from information falling within paragraphs (a) to (c) above; or



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- (ii) are notified in writing by the taxpayer to an officer of the Board.
- (7) In subsection (6) above—
- (a) any reference to the taxpayer's return under section 8, 8A or 11 of this Act in respect of the relevant chargeable period includes—
    - (i) a reference to any return of his under that section for either of the two immediately preceding chargeable periods; and
    - (ii) where the return is under section 8 and the taxpayer carries on a trade, profession or business in partnership, a reference to any return with respect to the partnership under section 12AA of this Act for the relevant chargeable period or either of those periods; and
  - (b) any reference in paragraphs (b) to (d) to the taxpayer includes a reference to a person acting on his behalf.
- (8) An objection to the making of an assessment under this section on the ground that neither of the two conditions mentioned above is fulfilled shall not be made otherwise than on an appeal against the assessment.
- (9) Any reference in this section to the relevant chargeable period is a reference to—
- (a) in the case of the situation mentioned in paragraph (a) or (b) of subsection (1) above, the chargeable period mentioned in that subsection; and
  - (b) in the case of the situation mentioned in paragraph (c) of that subsection, the chargeable period in respect of which the claim was made.
- (10) In this section “profits”—
- (a) in relation to income tax, means income,
  - (b) in relation to capital gains tax, means chargeable gains, and
  - (c) in relation to corporation tax, means profits as computed for the purposes of that tax.”
- (2) This section, so far as it relates to partnerships whose trades, professions or businesses are set up and commenced before 6th April 1994, has effect as respects the year 1997-98 and subsequent years of assessment.

#### *Payment of tax*

### **192 Payments on account of income tax.**

After Part V of the Management Act there shall be inserted the following section—

*Status: Point in time view as at 21/07/2009.*

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## “PART VA

### PAYMENT OF TAX

#### 59A Payments on account of income tax.

- (1) This section applies to any person (the taxpayer) as regards a year of assessment if as regards the immediately preceding year—
  - (a) he has been assessed to income tax under section 9 of this Act in any amount, and
  - (b) that amount (the assessed amount) exceeds the amount of any income tax which has been deducted at source, and
  - (c) the amount of the excess (the relevant amount) is not less than such amount as may be prescribed by regulations made by the Board, and
  - (d) the proportion which the relevant amount bears to the assessed amount is not less than such proportion as may be so prescribed.
- (2) Subject to subsection (3) below, the taxpayer shall make two payments on account of his liability to income tax for the year of assessment—
  - (a) the first on or before the 31st January in that year, and
  - (b) the second on or before the next following 31st July;
 and, subject to subsection (4) below, each of those payments on account shall be of an amount equal to 50 per cent. of the relevant amount.
- (3) If, at any time before the 31st January next following the year of assessment, the taxpayer makes a claim under this subsection stating—
  - (a) his belief that he will not be assessed to income tax for that year, or that the amount in which he will be so assessed will not exceed the amount of income tax deducted at source, and
  - (b) his grounds for that belief,
 each of the payments on account shall not be, and shall be deemed never to have been, required to be made.
- (4) If, at any time before the 31st January next following the year of assessment, the taxpayer makes a claim under this subsection stating—
  - (a) his belief that the amount in which he will be assessed to income tax for that year will exceed the amount of income tax deducted at source by a stated amount which is less than the relevant amount, and
  - (b) his grounds for that belief,
 the amount of each of the payments on account required to be made shall be, and shall be deemed always to have been, equal to 50 per cent. of the stated amount.
- (5) Where the taxpayer makes a claim under subsection (3) or (4) above, there shall be made all such adjustments, whether by the repayment of amounts paid on account or otherwise, as may be required to give effect to the provisions of that subsection.

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- (6) Where the taxpayer fraudulently or negligently makes any incorrect statement in connection with a claim under subsection (3) or (4) above, he shall be liable to a penalty not exceeding the difference between—
  - (a) the amount which would have been payable on account if he had made a correct statement, and
  - (b) the amount of the payment on account (if any) made by him.
- (7) The provisions of the Income Tax Acts as to the recovery of income tax shall apply to an amount falling to be paid on account of tax in the same manner as they apply to an amount of tax.
- (8) In this section any reference to income tax deducted at source is a reference to—
  - (a) income tax deducted or treated as deducted from any income or treated as paid on any income, or
  - (b) any amount which, in respect of the year of assessment, is to be deducted at source under section 203 of the principal Act in a subsequent year, or is a tax credit to which section 231 of that Act applies.”

### **193 Payment of income tax and capital gains tax.**

After section 59A of the Management Act there shall be inserted the following section—

#### **“59B Payment of income tax and capital gains tax.**

- (1) Subject to subsection (2) below, the difference between—
  - (a) the amount of income tax and capital gains tax contained in a person’s self-assessment under section 9 of this Act for any year of assessment, and
  - (b) the aggregate of any payments on account made by him in respect of that year (whether under section 59A of this Act or otherwise) and any income tax which in respect of that year has been deducted at source,shall be payable by him or (as the case may be) repayable to him as mentioned in subsection (3) or (4) below.
- (2) The following, namely—
  - (a) any amount which, in the year of assessment, is deducted at source under section 203 of the principal Act in respect of a previous year, and
  - (b) any amount which, in respect of the year of assessment, is to be deducted at source under that section in a subsequent year, or is a tax credit to which section 231 of that Act applies,shall be respectively deducted from and added to the aggregate mentioned in subsection (1)(b) above.
- (3) In a case where the person—
  - (a) gave the notice required by section 7 of this Act within six months from the end of the year of assessment, but
  - (b) was not given notice under section 8 or 8A of this Act until after the 31st October next following that year,

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the difference shall be payable or repayable at the end of the period of three months beginning with the day on which the notice under section 8 or 8A was given.

- (4) In any other case, the difference shall be payable or repayable on or before the 31st January next following the year of assessment.
- (5) Where a person's self-assessment under section 9 of this Act is amended under section 9(4), section 28A(2), (3) or (4) or section 30B(2) of this Act, any amount of tax which is payable or repayable by virtue of the amendment shall, subject to section 55(6) and (9) of this Act, be payable or (as the case may be) repayable—
  - (a) in a case where notice of the amendment is given after, or less than 30 days before, the day given by subsection (3) or (4) above, on or before the day following the end of the period of 30 days beginning with the day on which notice is given; and
  - (b) in any other case, on or before the day given by subsection (3) or (4) above.
- (6) Any amount of income tax or capital gains tax which is payable by virtue of an assessment made under section 29 of this Act shall be payable on the day following the end of the period of 30 days beginning with the day on which the notice of assessment is given.
- (7) In this section any reference to income tax deducted at source is a reference to income tax deducted or treated as deducted from any income or treated as paid on any income.”

#### **194 Surcharges on unpaid income tax and capital gains tax.**

After section 59B of the Management Act there shall be inserted the following section—

##### **“59C Surcharges on unpaid income tax and capital gains tax.**

- (1) This section applies in relation to any income tax or capital gains tax which has become payable by a person (the taxpayer) in accordance with section 55 or 59B of this Act.
- (2) Where any of the tax remains unpaid on the day following the expiry of 28 days from the due date, the taxpayer shall be liable to a surcharge equal to 5 per cent. of the unpaid tax.
- (3) Where any of the tax remains unpaid on the day following the expiry of 6 months from the due date, the taxpayer shall be liable to a further surcharge equal to 5 per cent. of the unpaid tax.
- (4) Where the taxpayer has incurred a penalty under section 7, 93(5) or 95 of this Act, no part of the tax by reference to which that penalty was determined shall be regarded as unpaid for the purposes of subsection (2) or (3) above.
- (5) An officer of the Board may impose a surcharge under subsection (2) or (3) above; and notice of the imposition of such a surcharge—
  - (a) shall be served on the taxpayer, and

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- (b) shall state the day on which it is issued and the time within which an appeal against the imposition of the surcharge may be brought.
- (6) A surcharge imposed under subsection (2) or (3) above shall carry interest at the rate applicable under section 178 of the Finance Act 1989 from the end of the period of 30 days beginning with the day on which the surcharge is imposed until payment.
- (7) An appeal may be brought against the imposition of a surcharge under subsection (2) or (3) above within the period of 30 days beginning with the date on which the surcharge is imposed.
- (8) Subject to subsection (9) below, the provisions of this Act relating to appeals shall have effect in relation to an appeal under subsection (7) above as they have effect in relation to an appeal against an assessment to tax.
- (9) On an appeal under subsection (7) above section 50(6) to (8) of this Act shall not apply but the Commissioners may—
  - (a) if it appears to them that, throughout the period of default, the taxpayer had a reasonable excuse for not paying the tax, set aside the imposition of the surcharge; or
  - (b) if it does not so appear to them, confirm the imposition of the surcharge.
- (10) Inability to pay the tax shall not be regarded as a reasonable excuse for the purposes of subsection (9) above.
- (11) The Board may in their discretion—
  - (a) mitigate any surcharge under subsection (2) or (3) above, or
  - (b) stay or compound any proceedings for the recovery of any such surcharge,and may also, after judgment, further mitigate or entirely remit the surcharge.
- (12) In this section—
  - “the due date”, in relation to any tax, means the date on which the tax becomes due and payable;
  - “the period of default”, in relation to any tax which remained unpaid after the due date, means the period beginning with that date and ending with the day before that on which the tax was paid.”

F248 195 .....

**Textual Amendments**

**F248 S. 195** repealed (31.7.1998 with effect as mentioned in the Note to Sch. 27 Pt. III(28) of the repealing Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(28)**

*Status: Point in time view as at 21/07/2009.*

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*Miscellaneous and supplemental*

**196 Management: other amendments.**

Schedule 19 to this Act (which makes other amendments relating to the management of tax) shall have effect.

**F249 197** .....

**Textual Amendments**

**F249** S. 197 repealed (31.7.1998 with effect as mentioned in the Note to Sch. 27 Pt. III(28) of the repealing Act) by 1998 c. 36, s. 165, **Sch. 27 Pt. III(28)**

**F250 198** .....

**Textual Amendments**

**F250** S. 198 repealed and superseded (1.5.1995) by 1995 c. 4, ss. 116, 162, Sch. 21, **Sch. 29 Pt. VIII(14)**

**199 Interpretation and commencement of Chapter III.**

- (1) In this Chapter “the Management Act” means the <sup>M38</sup>Taxes Management Act 1970.
- (2) Unless the contrary intention appears, this Chapter—
  - (a) so far as it relates to income tax and capital gains tax, has effect as respects the year 1996-97 and subsequent years of assessment, and
  - (b) so far as it relates to corporation tax, has effect as respects accounting periods ending on or after the appointed day.
- (3) For the purposes of this Chapter the appointed day is such day, not earlier than 1st April 1996, as the Treasury may by order appoint.

**Subordinate Legislation Made**

**P4** S. 199(3) power exercised: 1.7.1999 appointed by S.I. 1998/3173, **art. 2**

**Marginal Citations**

**M38** 1970 c.9.

*Status: Point in time view as at 21/07/2009.*

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## CHAPTER IV

### CHANGES FOR FACILITATING SELF-ASSESSMENT

#### *Assessment under Cases I and II of Schedule D*

#### **F251 200 Assessment on current year basis.**

.....

##### **Textual Amendments**

**F251** Ss. 200-208 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

#### **F251 201 Basis of assessment at commencement.**

.....

##### **Textual Amendments**

**F251** Ss. 200-208 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

#### **F251 202 Change of basis period.**

.....

##### **Textual Amendments**

**F251** Ss. 200-208 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

#### **F251 203 Conditions for such a change.**

.....

##### **Textual Amendments**

**F251** Ss. 200-208 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

#### **F251 204 Basis of assessment on discontinuance.**

.....

*Status: Point in time view as at 21/07/2009.*

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**Textual Amendments**

**F251** Ss. 200-208 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

**<sup>F251</sup>205 Overlap profits and overlap losses.**

.....

**Textual Amendments**

**F251** Ss. 200-208 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

*Assessment under Cases III to VI of Schedule D*

**<sup>F251</sup>206 Basis of assessment under Case III.**

.....

**Textual Amendments**

**F251** Ss. 200-208 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

**<sup>F251</sup>207 Basis of assessment under Cases IV and V.**

.....

**Textual Amendments**

**F251** Ss. 200-208 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

**<sup>F251</sup>208 Basis of assessment under Case VI.**

.....

**Textual Amendments**

**F251** Ss. 200-208 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))



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## Loss relief

### F252 209 Loss relief: general.

.....

#### Textual Amendments

F252 S. 209 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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

C34 S. 209 amended (*retrospectively*) by [1995 c. 4](#), s. 118

### F253 210 Relief for losses on unquoted shares.

.....

#### Textual Amendments

F253 S. 210 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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

C35 S. 210 amended (*retrospectively*) by [1995 c. 4](#), s. 119

## Capital allowances

### 211 Income tax allowances and charges in taxing a trade etc.

F254 (1) .....

(2) Subject to section 214(7) below, this section and sections 212 to 214 below, in their application to trades, professions or vocations set up and commenced before 6th April 1994 or employments or offices entered into before that date, have effect as respects the year 1997-98 and subsequent years of assessment.

#### Textual Amendments

F254 S. 211(1) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by [2001 c. 2](#), s. 580, [Sch. 4](#)

### F255 212 .....

#### Textual Amendments

F255 S. 212 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by [2001 c. 2](#), s. 580, [Sch. 4](#)

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**F256 213** .....

**Textual Amendments**

**F256** S. 213 repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by 2001 c. 2, s. 580, **Sch. 4**

**214 Amendments of other enactments.**

- (1) In the Taxes Act 1988, the following provisions shall cease to have effect, namely—
  - (a) in section 96 (farming and market gardening: relief for fluctuating profits), in subsection (7), paragraph (b);
  - (b) section 383 (extension of right to set-off to capital allowances);
  - (c) in section 384 (restrictions on right of set-off), in subsection (1), the words “(including any amount in respect of capital allowances which, by virtue of section 383, is to be treated as a loss)”, and in subsection (2), the words “or an allowance in respect of expenditure incurred”, paragraph (b) and the word “or” immediately preceding that paragraph;
  - (d) in section 388 (carry-back of terminal losses), in subsection (6), paragraphs (b) and (d) and the word “and” immediately preceding paragraph (d), and in subsection (7), the words from the beginning to “an earlier year: and”; and
  - (e) in section 389 (supplementary provisions relating to carry-back of terminal losses), subsections (5) to (7).

**F257 (2)** .....

- (3) In subsection (1) of section 397 of that Act (restriction of relief in case of farming and market gardening)—
  - F258** (a) .....
  - (b) the words from “and where” to the end shall cease to have effect.

**F259 (4)** .....

**F259 (5)** .....

**F259 (6)** .....

- (7) Subsection (1)(a) above—
  - (a) except in its application to a trade set up and commenced on or after 6th April 1994, has effect where the first of the two years of assessment to which the claim relates is the year 1996-97 or any subsequent year, and
  - (b) in its application to a trade so set up and commenced, has effect where the first of those two years of assessment is the year 1995-96 or any subsequent year.

**Textual Amendments**

**F257** S. 214(2) repealed (6.4.2007) by **Income Tax Act 2007** (c. 3), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

**F258** S. 214(3)(a) repealed (6.4.2007) by **Income Tax Act 2007** (c. 3), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

**F259** S. 214(4)-(6) repealed (22.3.2001 with effect as mentioned in s. 579(1) of the repealing Act) by 2001 c. 2, s. 580, **Sch. 4**

*Status: Point in time view as at 21/07/2009.*

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*Miscellaneous and supplemental*

**F260 215 Treatment of partnerships.**

**Textual Amendments**

**F260** S. 215 repealed (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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

**C36** S. 215 amended (*retrospectively*) by 1995 c. 4, s. 117

**216 Effect of change in ownership of trade, profession or vocation.**

**F261** (1) .....

(2) Subsections (3) to (5) of that section and, in subsection (6) of that section, the words from “and where” to the end shall cease to have effect.

(3) The following provisions of that Act shall cease to have effect, namely—

- (a) in section 96 (farming and market gardening: relief for fluctuating profits), in subsection (6) the words from “except that” to the end;
- (b) in section 380 (set-off against general income), subsection (3);
- (c) in section 381 (further relief in early years of trade), subsection (6);
- (d) in section 384 (restrictions on right of set-off), subsection (5);
- (e) in section 385 (carry-forward against subsequent profits), subsections (2) and (5);
- (f) in section 386 (carry-forward where business transferred to a company), subsection (4); and
- (g) in section 389 (supplementary provisions relating to carry-back of terminal losses), subsection (3).

**F262** (4) .....

(5) Subsection (3)(a) above—

- (a) except in its application to a trade set up and commenced on or after 6th April 1994, has effect where the first of the two years of assessment to which the claim relates is the year 1996-97 or any subsequent year, and
- (b) in its application to a trade so set up and commenced, has effect where the first of those two years of assessment is the year 1995-96 or any subsequent year.

**Textual Amendments**

**F261** S. 216(1) repealed (6.4.2005) by **Income Tax (Trading and Other Income) Act 2005** (c. 5), s. 883(1), **Sch. 3** (with Sch. 2)

**F262** S. 216(4) repealed (6.4.2005) by **Income Tax (Trading and Other Income) Act 2005** (c. 5), s. 883(1), **Sch. 3** (with Sch. 2)

*Status: Point in time view as at 21/07/2009.*

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## 217 Double taxation relief in respect of overlap profits.

- (1) In subsection (1) of section 804 of the Taxes Act 1988 (relief against income tax in respect of income arising in years of commencement), for the words “any income arising in the years of commencement” there shall be substituted the words “any income which is an overlap profit”.
- (2) For subsection (5) of that section there shall be substituted the following subsections—
- “(5) Subsections (5A) and (5B) below apply where—
- (a) credit against income tax for any year of assessment is allowed by virtue of subsection (1) above in respect of any income which is an overlap profit (“the original income”), and
- (b) the original income or any part of it contributes to an amount which, by virtue of section 63A(1) or (3), is deducted in computing the profits or gains of a subsequent year of assessment (“the subsequent year”).
- (5A) The following shall be set off one against the other, namely—
- (a) the difference between—
- (i) the amount of the credit which, under this Part (including this section), has been allowed against income tax in respect of so much of the original income as contributes as mentioned in subsection (5) above, and
- (ii) the amount of the credit which, apart from this section, would have been so allowed; and
- (b) the amount of credit which, on the assumption that no amount were deducted by virtue of section 63A(1) or (3), would be allowable under this Part against income tax in respect of income arising in the subsequent year from the same source as the original income.
- (5B) The person chargeable in respect of the income (if any) arising in the subsequent year from the same source as the original income shall—
- (a) if the amount given by paragraph (a) of subsection (5A) above exceeds that given by paragraph (b) of that subsection, be treated as having received in that year a payment chargeable under Case VI of Schedule D of an amount such that income tax on it at the basic rate is equal to the excess; and
- (b) if the amount given by paragraph (b) of subsection (5A) above exceeds that given by paragraph (a) of that subsection, be allowed for that year under this Part an amount of credit equal to the excess.
- (5C) For the purposes of subsections (5) to (5B) above, it shall be assumed that, where an amount is deducted by virtue of section 63A(1), each of the overlap profits included in the aggregate of such profits contributes to that amount in the proportion which that overlap profit bears to that aggregate.”
- (3) In subsection (8) of that section—
- (a) immediately before the definition of “overseas tax” there shall be inserted the following definition—
- ““overlap profit” means an amount of profits or gains which, by virtue of sections 60 to 62, is included in the computations for two successive years of assessment;”;

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- (b) the definitions of “non-basis period” and “years of commencement” and the words “references to the enactments relating to cessation are references to sections 63, 67 and 113” shall cease to have effect.”

## 218 Commencement, transitional provisions and savings.

- (1) Unless the contrary intention appears, this Chapter—
  - (a) except in its application to a trade set up and commenced on or after 6th April 1994 or income from a source arising to a person on or after that date, has effect as respects the year 1996-97 and subsequent years of assessment, and
  - (b) in its application to a trade so set up and commenced or income from a source so arising, has effect as respects the year 1994-95 and subsequent years of assessment.

[<sup>F263</sup>(1A) In a case where—

- (a) a trade is set up and commenced by a company, and
  - (b) it is not set up and commenced before 6th April 1994,
- sections 213(4) and (8) and 214(4) and (6) have effect only if it is set up and commenced on or after 6th April 1995.]
- (2) Any reference in subsection (1) above to a trade includes a reference to a profession, vocation, employment or office.
  - (3) Where the first underwriting year of the underwriting business of a member of Lloyd’s is the year 1994, subsection (1) above shall have effect in relation to that business as if it had been set up and commenced on 6th April 1994.
  - (4) Where, as respects income from any source, income tax is to be charged under Case IV or V of Schedule D by reference to the amounts of income received in the United Kingdom, the source shall be treated for the purposes of subsection (1) above as arising on the date on which the first amount of income is so received.
  - (5) This Chapter shall have effect subject to the transitional provisions and savings contained in Schedule 20 to this Act.

### Textual Amendments

**F263** S. 218(1A) inserted (*retrospectively*) by 1995 c. 4, s. 102(2)

## CHAPTER V

### LLOYD’S UNDERWRITERS: CORPORATIONS ETC.

### Modifications etc. (not altering text)

**C37** Pt. IV Chapter V (ss. 219-230) modified (1.12.1997) by S.I. 1997/2681, reg. 3(2)(a)

**C38** Pt. IV Chapter V (ss. 219-230) applied (1.5.1995) by 1995 c. 4, s. 129(4)(6)

Pt. IV Chapter V (ss. 219-230) applied (1.5.1995) by 1995 c. 4, s. 127(16)(a)(19)

*Status: Point in time view as at 21/07/2009.*

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### Main provisions

#### 219 Taxation of profits.

- (1) Corporation tax for any accounting period on the profits arising from a corporate member’s underwriting business shall be computed on the profits of that accounting period.
- (2) As respects the profits arising to a corporate member for any accounting period directly from its membership of one or more syndicates, or from assets forming part of a [<sup>F264</sup>premium] trust fund—
  - (a) the aggregate of those profits shall be computed for tax purposes under [<sup>F265</sup>Part 3 of the Corporation Tax Act 2009] ; and
  - (b) accordingly, no part of those profits shall be computed for those purposes [<sup>F266</sup>otherwise than under Part 3 of the Corporation Tax Act 2009] .
- (3) <sup>F267</sup>... the profits arising to a corporate member for any accounting period—
  - (a) from assets forming part of an ancillary trust fund; or
  - (b) from assets employed by it in, or in connection with, its underwriting business, shall be computed for tax purposes under [<sup>F268</sup>Part 3 of the Corporation Tax Act 2009] if, and to the extent that, they do not fall to be computed for those purposes [<sup>F269</sup>otherwise than under Part 3 of that Act] .
- <sup>F270</sup>(4) .....
- <sup>F271</sup>(4A) .....
- <sup>F272</sup>(4B) Section 231(1) of the Taxes Act 1988 (entitlement to tax credit) shall not apply where the distribution there mentioned is a distribution in respect of any asset of a corporate member’s [<sup>F264</sup>premium] trust fund.]
- <sup>F273</sup>(4C) .....
- <sup>F274</sup>(5) .....

#### Textual Amendments

- F264** Words in s. 219(2)(4)(4B) substituted (1.12.2001) by [S.I. 2001/3629, art. 87\(a\)](#)
- F265** Words in s. 219(2)(a) substituted (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 392\(2\)\(a\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F266** Words in s. 219(2)(b) substituted (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 392\(2\)\(b\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F267** Words in s. 219(3) omitted (21.7.2009) (with effect in accordance with Sch. 14 para. 31 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\), Sch. 14 para. 18\(a\)](#)
- F268** Words in s. 219(3) substituted (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 392\(3\)\(a\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F269** Words in s. 219(3) substituted (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 392\(3\)\(b\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F270** S. 219(4) omitted (21.7.2009) (with effect in accordance with Sch. 14 para. 31 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\), Sch. 14 para. 18\(b\)](#)
- F271** S. 219(4A) omitted (21.7.2009) (with effect in accordance with Sch. 14 para. 31 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\), Sch. 14 para. 18\(b\)](#)
- F272** S. 219(4A)-(4C) inserted (31.7.1997 with effect as mentioned in [s. 22\(7\)](#) of the amending Act) by [1997 c. 58, s. 22\(4\)](#)

*Status: Point in time view as at 21/07/2009.*

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- F273** S. 219(4C) omitted (21.7.2009) (with effect in accordance with Sch. 14 para. 31 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 14 para. 18\(b\)](#)
- F274** S. 219(5) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

## 220 Accounting period in which certain profits or losses arise.

- (1) For the purposes of section 219 above and all other purposes of the Corporation Tax Acts, the profits or losses arising to a corporate member in any accounting period directly from its membership of one or more syndicates, or from assets forming part of a [<sup>F275</sup>premium] trust fund, shall be taken to be—
- (a) if two underwriting years each fall partly within that period, the aggregate of the apportioned parts of those profits or losses in those years; and
  - (b) if a single underwriting year falls wholly or partly within that period, those profits or losses or (as the case may be) the apportioned part of those profits or losses in that year.
- (2) Subject to the provisions of this Chapter, for the purposes of subsection (1) above and all other purposes of the Corporation Tax Acts—
- (a) the profits or losses arising to a corporate member in any underwriting year directly from its membership of one or more syndicates shall be taken to be those of any previous year or years which are declared in that year; and
  - [<sup>F276</sup>(b) the profits or losses arising to a corporate member from assets forming part of a premium trust fund which shall be taken to be profits or losses of any underwriting year are—
    - (i) 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 that year, and
    - (ii) those arising in that year and not so allocated to any previous year or years.]
- (3) In this section “apportioned part”, in relation to the profits or losses of an underwriting year, means a part apportioned under [<sup>F277</sup>section 52 of the Corporation Tax Act 2009] .

### Textual Amendments

- F275** Words in s. 220(1)(2)(b) substituted (1.12.2001) by [S.I. 2001/3629](#), [art. 87\(b\)](#)
- F276** S. 220(2)(b) substituted (1.7.2007 with effect in accordance with reg. 1(2) of the amending S.I.) by [The Finance Act 1994, Section 220 \(Amendment\) Regulations 2007 \(S.I. 2007/1616\)](#), [regs. 1\(1\), 2](#)
- F277** Words in s. 220(3) substituted (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 393](#) (with [Sch. 2 Pts. 1, 2](#))

## <sup>F278</sup>221 Assessment and collection of tax.

### Textual Amendments

- F278** S. 221 repealed (20.7.2005 for specified purposes, 1.1.2006 in so far as not already in force) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), s. 45(4)(8)(9), [Sch. 11 Pt. 2\(11\)](#); [S.I. 2005/3337](#), [art. 2](#)

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### Trust funds

#### 222 [F279 Premium] trust funds.

- (1) For the purposes of the Corporation Tax Acts—
  - (a) a corporate member shall be treated as absolutely entitled as against the trustees to the assets forming part of a [F279 premium] trust fund belonging to it; 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 corporate member’s [F279 premium] trust fund at the beginning of any underwriting year, for the purposes of the Corporation 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 corporate member’s [F279 premium] trust fund at the end of any underwriting year, for the purposes of the Corporation 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.

F280 (4) .....

F280 (5) .....

F281 (6) .....

F281 (7) .....

#### Textual Amendments

**F279** Words in s. 222(1)(a)(2)(3) and sidenote substituted (1.12.2001) by S.I. 2001/3629, art. 87(c)

**F280** S. 222(4)(5) repealed (19.3.1997 with effect as mentioned in Sch. 10 para. 7(1), Sch. 18 Pt. VI(10), Note 1 of the repealing Act) by 1997 c. 16, s. 113, Sch. 18 Pt. VI(10); S.I. 1997/991, art. 2

**F281** S. 222(06)(07) repealed (29.4.1996 with effect as mentioned in s. 154(9) of the repealing Act) by 1996 c. 8, s. 205, Sch. 41 Pt. V(18), Note

#### 223 Ancillary trust funds.

A corporate member shall be treated for the purposes of the Corporation Tax Acts as absolutely entitled as against the trustees to the assets forming part of an ancillary trust fund belonging to it.

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

**C39** S. 223 applied (with modifications) (1.12.1997) by S.I. 1997/2681, reg. 5(1)



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### Other special cases

<sup>F282</sup>224 .....

#### Textual Amendments

**F282** S. 224 repealed (28.7.2000 with effect as mentioned in s. 107(12)(c) of the repealing Act) by 2000 c. 17, ss. 107(11), 156, **Sch. 40 Pt. II(9)**

### 225 Stop-loss and quota share insurance.

- (1) In computing for the purposes of corporation tax the profits of a corporate member’s underwriting business, each of the following shall be deductible as an expense, namely—
  - (a) any premium payable by it under a stop-loss insurance, and any repayment of insurance money paid to it under such an insurance; and
  - [<sup>F283</sup>(b) where an amount is payable by it 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, the following provisions apply where any insurance money is payable to a corporate member under a stop-loss insurance in respect of a loss in its underwriting business—
  - (a) if the underwriting year in which the loss is declared falls within two or more accounting periods, the apportioned part of the insurance money shall be treated as a trading receipt in computing the profits arising from the business for each of those periods; and
  - (b) if the underwriting year in which the loss is declared falls within a single accounting period, the insurance money shall be treated as a trading receipt in computing the profits arising from the business for that period.
- (3) Where, as respects the payment of any such insurance money 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 any of the accounting periods or (as the case may be) the accounting period is precluded by section 34 of the Management Act (ordinary time limit), 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) of that Act,

that subsection shall have effect in relation to the apportioned part of that insurance money or (as the case may be) that insurance money as if, instead of that accounting period, it referred to the accounting period in which the payment is made.

[<sup>F284</sup>(3A) Where the amount payable by a corporate member under a quota share contract is less than the declared amount—

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- (a) if the underwriting year in which the contract takes effect falls within a single accounting period, the difference between the two amounts (“the surplus”) shall be treated as a trading receipt in computing the profits arising from the member’s underwriting business for that period, and
  - (b) if that underwriting year falls within two or more accounting periods, the apportioned part of the surplus shall be treated as a trading receipt in computing the profits arising from the member’s underwriting business for each of those periods.
- (3B) Where a corporate member has entered a quota share contract, any amount paid by it to cover a cash call in respect of transferred losses that are not declared at the time the contract takes effect shall be treated, for the purposes of subsections (1)(b)(i) and (3A) above, as an amount payable under the contract at that time.]

[<sup>F285</sup>(4) In this section—

“apportioned part”, in relation to any insurance money or other amount, means a part apportioned under [<sup>F286</sup>section 52 of the Corporation Tax Act 2009] ;

“cash call” means a request for funds which, in pursuance of a contract made in accordance with the rules and practices of Lloyd’s, is made to a corporate member by the agent of a syndicate of which it is a member;

“quota share contract” means any contract between a corporate 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 it 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

**F283** S. 225(1)(b) substituted (with effect as mentioned in s. 86(2) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 82(1), [Sch. 32 para. 7](#)

**F284** S. 225(3A)(3B) inserted (with effect as mentioned in s. 86(2) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 82(1), [Sch. 32 para. 8](#)

**F285** S. 225(4) substituted (with effect as mentioned in s. 86(2) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 82(1), [Sch. 32 para. 9](#)

**F286** Words in s. 225(4) substituted (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 394](#) (with [Sch. 2 Pts. 1, 2](#))

#### *Miscellaneous*

### 226 Provisions which are not to apply.

- (1) <sup>F287</sup> .....

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(2) <sup>F288</sup> .....

[<sup>F289</sup>(3) No relevant contract (within the meaning of [<sup>F290</sup>Part 7 of the Corporation Tax Act 2009] ) forming part of a premium trust fund of a corporate member shall be a derivative contract.]

#### Textual Amendments

**F287** S. 226(1) repealed (with effect as mentioned in s. 80(2) and [Sch. 24](#) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), ss. 80, 141, [Sch. 24 para. 7\(2\)](#), [Sch. 40 Pt. 3\(11\)](#)

**F288** S. 226(2) repealed (with effect as mentioned in s. 79(3) and [Sch. 23](#) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 141, [Sch. 40 Pt. 3\(10\)](#)

**F289** S. 226(3) substituted (with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 83, [Sch. 27 para. 16](#)

**F290** Words in s. 226(3) substituted (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 395](#) (with [Sch. 2 Pts. 1, 2](#))

#### 227 Cessation: final underwriting year.

- (1) This section applies where a corporate member ceases to carry on its underwriting business, whether by reason of being wound up or otherwise.
- (2) Subject to the provisions of any regulations made by the Board—
  - (a) the member’s final underwriting year shall be that in which its deposit at Lloyd’s is paid over to it or its liquidator, and
  - (b) the member’s underwriting business shall be treated as continuing until the end of that year.

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

**C40** S. 227 excluded (1.12.1997) by [S.I. 1997/2681](#), [reg. 4\(2\)](#)

#### [<sup>F291</sup>227A] Restriction of group relief

- (1) Losses of the last active underwriting year of a corporate member are not eligible for surrender by the corporate member as group relief to another company unless the group-relief continuity condition is satisfied.
- (2) In this section “last active underwriting year”, in relation to a corporate member, means—
  - (a) if the corporate member writes insurance business in only one underwriting year, that underwriting year, and
  - (b) otherwise, the last underwriting year in which the corporate member writes insurance business.
- (3) Where in an underwriting year—
  - (a) the corporate member writes an amount of insurance business which is insignificant when compared with that written by it in the preceding underwriting year, or

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- (b) the only insurance business written by the corporate member consists of the acceptance of reinsurance to close premiums,  
 the underwriting year is not to be regarded for the purposes of subsection (2)(b) above as an underwriting year in which the corporate member writes insurance business.
- (4) In subsection (3)(b) above “reinsurance to close premium” means a premium or other consideration under a contract in pursuance of which, in accordance with the rules or practice of Lloyd’s, one underwriting member agrees with another to meet liabilities arising from the latter’s underwriting business in an underwriting year so that the accounts of the business for that year may be closed.
- (5) The group-relief continuity condition is satisfied if the corporate member (as the surrendering company) and the other company (as the claimant company) meet the conditions in section 402(2) or (3) of the Taxes Act 1988 throughout the period—
- (a) beginning with the last day of the last active underwriting year of the corporate member, and
  - (b) ending with the first day of the first underwriting year in which losses of the last active underwriting year are declared.]

#### Textual Amendments

**F291** S. 227A inserted (19.7.2007 with effect in accordance with s. 33(2) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 33\(1\)](#)

#### [<sup>F292</sup>227B] **Transfer of underwriting business without change of ownership**

- (1) This section applies where, in accordance with the rules or practice of Lloyd’s, a corporate member (“the successor”) has taken up the syndicate capacity of another corporate member (“the predecessor”).
- (2) Section 343 of the Taxes Act 1988 (company reconstructions without a change of ownership) applies as if—
- (a) the trade mentioned in that section were the underwriting business of the predecessor,
  - (b) the predecessor ceases to carry it on, and the successor begins to carry it on, at the end of the first underwriting year in which profits or losses of the predecessor’s last active underwriting year are declared, and
  - (c) subsections (8) to (10) and (12) were omitted.
- (3) For the purposes of subsection (1) above the successor has taken up the predecessor’s syndicate capacity if it has taken up the rights to participate in syndicates which were (or otherwise would be) offered to the predecessor.
- (4) In subsection (2)(b) above “last active underwriting year” has the same meaning as in section 227A above (see subsections (2) to (4) of that section).]

#### Textual Amendments

**F292** S. 227B inserted (19.7.2007 with effect in accordance with s. 43(2) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 43\(1\)](#)

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## 228 Lloyd’s underwriters: individuals.

- (1) Chapter III of Part II of the 1993 Act (Lloyd’s underwriters: individuals) shall have effect subject to the amendments specified in Schedule 21 to this Act.
- (2) The following provisions shall cease to have effect, namely—
  - (a) section 627 of the Taxes Act 1988 (elections by Lloyd’s underwriters with respect to retirement annuities);
  - (b) in section 641 of that Act, subsection (2) (elections by Lloyd’s underwriters with respect to carry-back of contributions); and
  - (c) in section 183 of the 1993 Act, subsection (3) (amendments of sections 627(5) and 641(2) of the Taxes Act 1988).
- (3) Subject to any provision to the contrary, the provisions of Schedule 21 to this Act have effect for the year 1994-95 and subsequent years of assessment.
- (4) Subsection (2) above has effect for the year 1997-98 and subsequent years of assessment.

### *Supplemental*

## 229 Regulations.

- [<sup>F293</sup>(1)] The Board may by regulations provide—
- (a) for the assessment and collection of tax charged in accordance with section 219 above <sup>F294</sup>...;
  - (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 corporate member becomes insolvent or otherwise ceases to carry on its underwriting business;
  - [<sup>F295</sup>(ca) for modifying the application of this Chapter in relation to cases where assets forming part of a [<sup>F296</sup>premium] trust fund are the subject of—
    - <sup>F297</sup>(i) .....
    - [<sup>F298</sup>(ii) [<sup>F299</sup>arrangements involving repos (within the meaning given by section 554(4) of the Corporation Tax Act 2009); or
    - (iii) arrangements meeting the conditions in section 554(2) of that Act (redemption arrangements);]
  - (d) for giving credit for foreign tax.
- [<sup>F300</sup>(2) Any power to make regulations conferred by this section includes power to make—
- (a) different provision for different cases or different purposes, and
  - (b) incidental, supplemental or transitional provision and savings.]]]

### Textual Amendments

- F293** S. 229(1): s. 229 renumbered as s. 229(1) (20.7.2005 for specified purposes, 1.1.2006 in so far as not already in force) by [Finance \(No. 2\) Act 2005 \(c. 22\), s. 45\(5\)\(8\)\(9\)](#); [S.I. 2005/3337, art. 2](#)
- F294** Words in s. 229(1)(a) repealed (20.7.2005 for specified purposes, 1.1.2006 in so far as not already in force) by [Finance \(No. 2\) Act 2005 \(c. 22\), s. 45\(6\)\(8\)\(9\), Sch. 11 Pt. 2\(11\)](#); [S.I. 2005/3337, art. 2](#)

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- F295** S. 229(ca) inserted (1.5.1995) by 1995 c. 4, s. 83(2)
- F296** Word in s. 229(ca) substituted (1.12.2001) by S.I. 2001/3629, art. 87(e)
- F297** S. 229(ca)(i) repealed (19.3.1997 with effect as mentioned in Sch. 10 para. 7(1), Sch. 18 Pt. VI(10), Note 1 of the repealing Act) by 1997 c. 16, s. 113, Sch. 18 Pt. VI(10); S.I. 1997/991, art. 2
- F298** S. 229(1)(ca)(ii) substituted (with effect in accordance with art. 3 of the commencing S.I.) by Finance Act 2007 (c. 11), s. 47(4), Sch. 14 para. 19; S.I. 2007/2483, art. 3
- F299** S. 229(1)(ca)(ii)(iii) substituted for s. 229(1)(ca)(ii) (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 396 (with Sch. 2 Pts. 1, 2)
- F300** S. 229(2) inserted (20.7.2005 for specified purposes, 1.1.2006 in so far as not already in force) by Finance (No. 2) Act 2005 (c. 22), s. 45(7)(8)(9); S.I. 2005/3337, art. 2

## 230 Interpretation and commencement.

(1) In this Chapter, unless the context otherwise requires—

“the 1993 Act” means the <sup>M39</sup>Finance Act 1993;

“ancillary trust fund”, in relation to a corporate member, does not include a [<sup>F301</sup>premium] trust fund but, subject to that, means any trust fund required or authorised by the rules of Lloyd’s, or required by a members’ agent or regulating trustee of the corporate member;

“closing year”—

- (a) in relation to an underwriting year, means the underwriting year next but one following that year; and
- (b) in relation to a syndicate, means the closing year of the underwriting year for which it was formed;

“corporate member” means a body corporate which is a member of Lloyd’s and is or has been an underwriting member;

“inspector” includes any officer of the Board;

“the Management Act” means the <sup>M40</sup>Taxes Management Act 1970;

“managing agent”, in relation to a syndicate and an underwriting year, 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 that year, or
- (b) such other person as may be determined in accordance with regulations made by the Board;

“member” means a member of Lloyd’s who is or has been an underwriting member;

“members’ agent”, in relation to a corporate member, means a person registered as a members’ agent at Lloyd’s who has been appointed by the corporate member to act as its members’ agent in respect of all or any part of its underwriting business;

[<sup>F302</sup>“premium trust fund” means a trust fund into which premiums receivable by members are paid in compliance with a trust deed under [<sup>F303</sup>Rule 8.2.19 of the Insurance Prudential Sourcebook] made by the Financial Services Authority under the Financial Services and Markets Act 2000;]

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

“profits” includes gains;

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“regulating trustee”, in relation to a corporate member, means a person designated as such by the terms of any trust deed by which a premiums trust fund of the corporate member is constituted;

“stop-loss insurance” means any insurance taken out by a corporate member against losses in its underwriting business [<sup>F304</sup>, except insurance taken out by entering a quota share contract (within the meaning of section 225 above)];

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

“underwriting business”, in relation to a corporate member, means its underwriting business as a member of Lloyd’s;

“underwriting year” means the calendar year.

- (2) For the purposes of this Chapter, unless the contrary intention appears—
- (a) the profits or losses of a corporate member’s underwriting business include profits or losses arising to it—
    - (i) from assets forming part of a [<sup>F305</sup>premium] trust fund or an ancillary trust fund; or
    - (ii) from assets employed by it in, or in connection with, its underwriting business; and
  - (b) any charge made on a corporate member by the managing agent of a syndicate of which it is a member, and any expense incurred on its behalf by the managing agent of such a syndicate, shall be treated as expenses arising directly from its membership of that syndicate.
- (3) Subject to any provision to the contrary, the provisions of this Chapter have effect for accounting periods ending on or after 1st January 1994 or, as the case may require, for the underwriting year 1994 and subsequent underwriting years.

#### Textual Amendments

**F301** S. 230(1): Word in the definition of “ancillary trust fund” substituted (1.12.2001) by [S.I. 2001/3629, art. 87\(f\)](#)

**F302** S. 230(1): Definition of “premium trust fund” substituted (1.12.2001) by [S.I. 2001/3629, art. 85](#)

**F303** Words in s. 230 substituted (31.12.2006) by [The Lloyds Sourcebook \(Finance Act 1993 and Finance Act 1994\) \(Amendment\) Order 2006 \(S.I. 2006/3273\), arts. 1, 3](#)

**F304** Words in s. 230(1) inserted (with effect as mentioned in [s. 86\(2\)](#) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 86, Sch. 32 para. 10](#)

**F305** Word in s. 230(2)(a)(i) substituted (1.12.2001) by [S.I. 2001/3629, art. 87\(f\)](#)

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

**C41** S. 230 applied (1.5.1995) by [1995 c. 4, s. 127\(16\)\(b\)](#)

S. 230 applied (29.4.1996 with effect as mentioned in [s. 105](#) of the amending Act) by [1996 c. 8, s. 99, Sch. 11 para. 7\(2\)](#) (with [Pt. IV Chapter II \(ss. 80-105\)](#))

#### Marginal Citations

**M39** [1993 c.34.](#)

**M40** [1970 c.9.](#)

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## PART V

### OIL TAXATION

#### CHAPTER I

##### ELECTION BY REFERENCE TO PIPE-LINE USAGE

### 231 Election by reference to pipe-line with excess capacity.

- (1) The provisions of this Chapter apply where, on or before 1st January 1996, a participator in a taxable field makes, in accordance with Part I of Schedule 22 to this Act, an election with respect to that field by reference to a pipe-line—
  - (a) which is a qualifying asset;
  - (b) which is used or intended to be used for transporting oil in circumstances which give rise or are expected to give rise to tariff receipts;
  - (c) which, at the date of the election, is at least 25 kilometres in length; and
  - (d) for which the initial usage fraction does not exceed one-half.
- (2) A participator may not make an election—
  - (a) unless the field to which the election applies is (or, as the case may be, is intended to be) the chargeable field in relation to the tariff receipts referred to in subsection (1)(b) above; or
  - (b) if the first chargeable period of that field ended on or before 30th June 1982; or
  - (c) if the participator's net profit period with respect to that field ended on or before 30th June 1993;

and for the purposes of paragraph (c) above no account shall be taken of the operation of section 113 of the <sup>M41</sup>Finance Act 1981 (loss following net profit period).
- (3) If there is more than one pipe-line by reference to which the electing participator could, apart from this subsection, make an election (with respect to the same field) he may make an election only by reference to that pipe-line which is the longer or longest.
- (4) In this Chapter, in relation to a pipe-line or an election made by reference to a pipe-line, "the initial usage fraction" means the fraction of which—
  - (a) the numerator is the daily contracted and production throughput of oil in relation to the pipe-line on 16th March 1993; and
  - (b) the denominator is the design capacity of the pipe-line, expressed on a daily basis.
- (5) Subject to subsection (6) below, where an election is in operation it shall apply to all those assets which, by reference to the field to which the election applies, are at the date of the election or subsequently become—
  - (a) qualifying assets in relation to the electing participator; and
  - (b) assets to which are or are expected to be referable any tariff receipts of the electing participator attributable to that field.
- (6) If the electing participator specifies in his election that the election is to be limited to oil which is, or is expected to be, transported by the pipe-line by reference to which the election is made, the election shall apply only to such of the assets referred to



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in subsection (5) above as, in whole or in part, are or subsequently become used in connection with that oil.

- (7) For the purposes of this Chapter, unless it is just and reasonable to determine some other quantity of oil, the daily contracted and production throughput of oil in relation to a pipe-line on 16th March 1993 is the aggregate of—
- (a) the maximum daily capacity specified in contracts then in force for the use of the pipe-line (whether at that date or in the future) for transporting oil won from any taxable field (including the field to which the election applies); and
  - (b) the maximum expected daily throughput, otherwise than pursuant to such contracts, of oil transported by the pipe-line and won from the field to which the election applies or any other taxable field, being the throughput ascertained by reference to what was at that date the most recent development plan applicable to the field to which the election applies or, as the case may be, the other taxable field.
- (8) For the purposes of this Chapter, unless it is just and reasonable to determine some other capacity, the design capacity of a pipe-line is that which is specified for the pipe-line as a whole in what was, on 16th March 1993, the most recent development plan applicable to the field to which the election applies or, as the case may be, the pipe-line itself.

#### Marginal Citations

M41 1981 c. 35.

### 232 Restriction on electing participator's allowable expenditure on elected assets.

- (1) This section has effect in relation to expenditure which is incurred on an asset to which an election applies; and in this section “allowable or allowed”, in relation to any expenditure, means allowable or allowed under any of the expenditure relief provisions.
- (2) Subject to the following provisions of this section, in the case of expenditure incurred before the date of the election, the amount which, apart from this section, would be allowable or allowed in the case of the electing participator shall be reduced by multiplying it by the initial usage fraction.
- (3) Subject to subsection (5) below, in the case of expenditure incurred on or after the date of the election, the amount which, apart from this section, would be allowable or allowed in the case of the electing participator shall be reduced to nil.
- (4) Where, after 30th November 1993 and before the date of the election, expenditure was incurred on an asset to which the election applies and—
- (a) apart from this section, that expenditure would have qualified for supplement by virtue of paragraph (c) or paragraph (d) of subsection (5) of section 3 of the principal Act, and
  - (b) the effect of the expenditure is to increase the maximum capacity of the pipe-line by reference to which the election was made above its design capacity or to increase the capacity of any asset used or to be used for the initial treatment or initial storage of oil transported by the pipe-line above its development plan capacity,

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that expenditure shall be treated for the purposes of the application of subsections (2) and (3) above as if it had been incurred after the date of the election.

(5) Where, at the date of the election, an asset to which the election applies is for the time being leased or hired under a contract which was entered into before 16th March 1993, any expenditure—

- (a) which is incurred on or after the date of the election on the leasing or hiring of the asset under the contract, and
- (b) which is not of a description falling within paragraphs (a) and (b) of subsection (4) above,

shall be treated for the purposes of the application of subsections (2) and (3) above as if it had been incurred before the date of the election.

(6) For the purposes of subsection (4)(b) above, the development plan capacity of any asset used or to be used for the initial treatment or initial storage of oil transported by a pipe-line is—

- (a) the maximum capacity of that asset as specified in what, on 16th March 1993, was the most recent development plan applicable to the field to which the election applies or, as the case may be, to the asset itself; or
- (b) if no such maximum capacity was so specified in relation to an asset, its actual maximum capacity on that date or, if there was no such capacity on that date, nil.

(7) Where a claim under Schedule 5 or Schedule 6 to the principal Act relates to the allowance of any expenditure to which subsection (2) above applies, the amount claimed shall take account of the operation of that subsection; and where subsection (3) above applies to any expenditure, no such claim shall be made with respect to it.

(8) Where a claim has been made under Schedule 5 or Schedule 6 to the principal Act with respect to any expenditure and, subsequently, an election is made which has the effect of altering the amount of expenditure which is allowable or allowed,—

- (a) a notice of variation such as is mentioned in paragraph 9 of Schedule 5 to the principal Act may be served after the end of the period referred to in subparagraph (1) of that paragraph if it is served before the expiry of the period of three years beginning on the date of the election; and
- (b) if the effect of such a notice is that the net profit period with respect to the field to which the election applies is changed, the change shall not (by virtue of section 231(2) above) affect the validity of the election.

(9) Nothing in this section affects the determination of the question whether an asset is a qualifying asset for the purposes of the 1983 Act and, accordingly, for that purpose, the preceding provisions of this section shall be disregarded in determining whether any expenditure is allowable or allowed.

### **233 Tax relief for certain receipts of an electing participator.**

(1) If any sum—

- (a) is received or receivable by the electing participator on or after the date of an election, and
- (b) is so received or receivable from [<sup>F306</sup>any person] in respect of the use, [<sup>F306</sup>otherwise than in connection with a taxable field], of an asset to which

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the election applies or the provision of services or other business facilities of whatever kind in connection with that use, and

- (c) would, apart from this section, constitute a tariff receipt attributable to the field to which the election applies,

that sum shall not be regarded as a tariff receipt for the purposes of the Oil Taxation Acts.

- (2) If any sum—

- (a) is received or receivable by the electing participator on or after the date of an election, and  
(b) is so received or receivable in respect of the disposal of an asset to which the election applies or of an interest in such an asset, and  
(c) constitutes a disposal receipt of the electing participator attributable to the field to which to the election applies,

that sum shall, for the purposes of the Oil Taxation Acts, be taken to be reduced in accordance with subsection (4) below.

- (3) Any reference in subsection (1) or subsection (2) above to a sum received or receivable includes a reference to an amount which (apart from this section) would be treated as a tariff receipt or disposal receipt by virtue of paragraph 5 of Schedule 2 to the 1983 Act (acquisition and disposal of qualifying assets otherwise than at arm's length).

- (4) Unless it is just and reasonable to make a different reduction, the reduction referred to in subsection (2) above shall be determined by reference to that applicable under subsection (2) or subsection (3) of section 232 above to the expenditure incurred on the asset concerned so that if, for the purposes of determining under those subsections the amount of that expenditure which was allowed or allowable,—

- (a) the whole or any part of that expenditure was reduced by multiplying it by the initial usage fraction, or  
(b) the whole or any part of that expenditure was reduced to nil,

a similar reduction shall apply to the whole or, as the case may require, to each correspondingly proportionate part of any sum falling within subsection (2) above.

- (5) In this section “the Oil Taxation Acts” means Parts I and III of the principal Act, the 1983 Act and any other enactment relating to petroleum revenue tax.

#### Textual Amendments

**F306** Words in s. 233(1)(b) substituted (27.7.1999 with application as mentioned in s. 101(2) of the amending Act) by 1999 c. 16, s. 101(1)

### 234 Interpretation of Chapter and supplementary provisions.

- (1) In this Chapter “the 1983 Act” means the <sup>M42</sup>Oil Taxation Act 1983 and expressions used in this Chapter have the same meaning as in that Act.

- (2) In this Chapter—

- (a) “election” means an election under section 231 above and “electing participator” means a participator who makes or has made an election;  
(b) “the expenditure relief provisions” means sections 3 and 4 of the principal Act and section 3 of the 1983 Act; and

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- (c) “the initial usage fraction” shall be construed in accordance with section 231(4) above.
- (3) In this Chapter—
- (a) any reference to the assets to which an election applies is a reference to the pipe-line by reference to which the election is made together with the assets determined in accordance with subsections (5) and (6) of section 231 above;
  - (b) any reference to the net profit period is a reference to the chargeable period which is the net profit period for the purposes of section 111 of the <sup>M43</sup>Finance Act 1981 (restriction of expenditure supplement); and
  - (c) any reference to a development plan is a reference to a consent for, or programme of, development granted, served or approved by the Secretary of State.
- (4) Any reference in this Chapter to expenditure incurred on an asset is a reference to expenditure (whether or not of a capital nature) which—
- (a) is incurred in acquiring, bringing into existence or enhancing the value of the asset, or
  - (b) is incurred (for any of the purposes mentioned in section 3(1) of the principal Act) by reference to the use of the asset in connection with a taxable field, other than expenditure which, in the hands of the recipient, constitutes a tariff receipt.
- (5) For the purposes of this Chapter—
- (a) an election is “in operation” if it has been accepted by the Board; and
  - (b) the date of an election which is in operation is the date on which the election was received by the Board.
- (6) The provisions of Part II of Schedule 22 to this Act shall have effect for supplementing the preceding provisions of this Chapter.
- (7) The Board may make all such amendments of assessments or determinations or of decisions on claims as may be necessary in consequence of the provisions of this Chapter.

**Marginal Citations**

**M42** 1983 c. 56.

**M43** 1981 c. 35.

## CHAPTER II

### MISCELLANEOUS

#### 235 Valuation of oil.

- (1) With respect to chargeable periods ending after 31st December 1993, subsection (5A) of section 2 of the <sup>M44</sup>Oil Taxation Act 1975 (special rules for valuation of oil consisting of gas which is disposed of in a sale at arm’s length on terms including transportation costs etc.) shall be amended as follows—
- (a) for the words “oil consisting of gas” there shall be substituted “ oil ”;

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- (b) for the word “gas”, in each place where it subsequently occurs, there shall be substituted “oil”;
  - (c) for the words “for delivery at a place” there shall be substituted “or another country for delivery at another place in or”; and
  - <sup>F307</sup>(d) .....
- <sup>F308</sup>(2) .....
- (3) In Schedule 10 to the <sup>M45</sup>Finance Act 1987 (nomination scheme for disposals and appropriations of oil), in paragraph 4 (timing of nominations)—
    - (a) in sub-paragraph (1) for the words “sub-paragraph (2)” there shall be substituted “sub-paragraphs (2) and (2A)”; and
    - (b) after sub-paragraph (2) there shall be inserted—

“(2A) Where the proposed transaction has a transaction base date later than 31st December 1993, sub-paragraph (1) above has effect with the substitution for the reference to the second business day of a reference to the first business day.”
  - (4) In paragraph 11 of that Schedule (a participator’s aggregate nominated proceeds for a month), in sub-paragraph (2) for the words “sub-paragraph (2A)” there shall be substituted “sub-paragraphs (2A) and (2B)” and after sub-paragraph (2A) there shall be inserted the following sub-paragraph—

“(2B) In the case of a nominated transaction which is a disposal to which subsection (5A) of section 2 of the principal Act applies, for the amount which, apart from this sub-paragraph, would be the nominated price for the purposes of sub-paragraph (2) above there shall be substituted the amount which, under that subsection, is deemed to be the price received or receivable for the oil in question.”

**Textual Amendments**

**F307** S. 235(1)(d) repealed (19.7.2006) (with effect in accordance with Sch. 26 Pt. 5(1) Note 2 of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 26 Pt. 5\(1\)](#)

**F308** S. 235(2) repealed (19.7.2006) (with effect in accordance with Sch. 26 Pt. 5(1) Note 2 of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 26 Pt. 5\(1\)](#)

**Marginal Citations**

**M44** 1975 c. 22.

**M45** 1987 c. 16.

**236 Valuation of certain light gases.**

- (1) Subject to subsection (2) below, the principal Act shall have effect subject to the amendments in Schedule 23 to this Act, being—
  - (a) amendments altering the rules for determining the market value of certain light gases for the purposes of petroleum revenue tax; and
  - (b) amendments consequential upon, or incidental to, those amendments.
- (2) The amendments in Schedule 23 to this Act do not have effect in relation to any light gases if, before 1st January 1994, an election was made under section 134 of the <sup>M46</sup>Finance Act 1982 (alternative valuation of certain ethane) or section 109 of

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the <sup>M47</sup>Finance Act 1986 (alternative valuation of certain light gases) and the election applies to those gases.

- (3) No election may be made after 31st December 1993 under section 134 of the Finance Act 1982 or section 109 of the Finance Act 1986; and, accordingly—
- (a) in subsection (2) of the said section 134, after the word “section” there shall be inserted “ must be made before 1st January 1994 and ”; and
  - (b) in subsection (1) of the said section 109, after the word “section” there shall be inserted “ before 1st January 1994 ”.
- (4) In section 12 of the principal Act (interpretation), in subsection (1) after the definition of “licensee” there shall be inserted—

““light gases”, except in relation to an election under section 134 of the Finance Act 1982 or section 109 of the Finance Act 1986, means oil consisting of gas of which the largest component by volume over any chargeable period, measured at a temperature of 15 degrees centigrade and a pressure of one atmosphere, is methane or ethane or a combination of those gases”.

#### Marginal Citations

**M46** 1982 c. 39.

**M47** 1986 c. 41.

### 237 Abortive exploration expenditure.

- (1) In section 5 of the principal Act (allowance of abortive exploration expenditure incurred before 16th March 1983), after subsection (2) there shall be inserted the following subsection—

“(2A) For the purpose only of determining under paragraph (c) of subsection (1) above whether expenditure is or is likely to become allowable for any oil field, it shall be assumed that any oil field which, apart from this subsection, would be a non-taxable field is or, as the case may be, will be a taxable field and, accordingly, that section 185(4)(e) of the Finance Act 1993 (no expenditure allowable for non-taxable fields) does not apply.”

- (2) Subsection (1) above shall be deemed to have come into force at the same time as Part III of the <sup>M48</sup>Finance Act 1993 (27th July 1993).
- (3) The Board may make all such amendments of assessments or determinations or of decisions on claims as may be necessary in consequence of the preceding provisions of this section.

#### Marginal Citations

**M48** 1993 c. 34.

*Status: Point in time view as at 21/07/2009.*

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## 238 Disposals of assets producing tariff receipts.

- (1) With respect to disposals made after 30th November 1993, paragraph 5 of Schedule 2 to the <sup>M49</sup>Oil Taxation Act 1983 (acquisition and disposal of qualifying assets otherwise than at arm's length: limit on tariff and disposal receipts) shall be amended in accordance with subsections (2) and (3) below; and in this subsection “disposal” has the same meaning as in that paragraph.
- (2) In sub-paragraph (1) of paragraph 5, at the end of paragraph (c), and in place of the amendment made by section 190(5)(b) of the <sup>M50</sup>Finance Act 1993, there shall be inserted “and
  - (d) the use of the asset will be wholly by that person in connection with a taxable field in which he is a participator (and accordingly, and in particular, there will be no use giving rise to tariff receipts)”; and for the words “those receipts”, where they next occur, there shall be substituted “the receipts referred to in paragraphs (b) and (c) above”.
- (3) In sub-paragraph (3) of paragraph 5, for paragraph (b) there shall be substituted the following paragraph—
  - “(b) the disposal does not fall within sub-paragraph (1) above, and”.
- (4) The Board may make all such amendments of assessments or determinations or of decisions on claims as may be necessary in consequence of the preceding provisions of this section.

### Marginal Citations

**M49** 1983 c. 56.  
**M50** 1993 c. 34

## PART VI

[<sup>F309</sup>STAMP DUTY AND STAMP DUTY LAND TAX]

### Textual Amendments

**F309** Pt. VI heading substituted (11.2.2005) by [The Stamp Duty Land Tax \(Consequential Amendment of Enactments\) Regulations 2005 \(S.I. 2005/82\)](#), art. 1 **reg. 3(2)**

## 239 Execution of deeds.

- (1) In section 122 of the <sup>M51</sup>Stamp Act 1891 (definitions)—
  - (a) after subsection (1) there shall be inserted—

“(1A) For the purposes of this Act a deed (or, in Scotland, a deed for which delivery is required) shall be treated as executed when it is delivered or, if it is delivered subject to conditions, when the conditions are fulfilled”, and
  - (b) at the end of the definition of “executed” and “execution” in subsection (1) there shall be added “(but subject to subsection (1A) of this section)”.

*Status: Point in time view as at 21/07/2009.*

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- (2) In section 27 of the <sup>M52</sup>Stamp Duties Management Act 1891 (definitions), in the definition of “executed” and “execution”, for the words following “execution” there shall be substituted “ have the same meaning as in the Stamp Act 1891 ”.
- (3) This section shall apply to any instrument except one which, on or before 7th December 1993, has been executed for the purposes of the <sup>M53</sup>Stamp Act 1891 as that Act has effect before amendment by this section.

#### Marginal Citations

- M51** 1891 c. 39.  
**M52** 1891 c. 38.  
**M53** 1891 c. 39.

#### [<sup>F310</sup>240 Time for presenting agreement for lease.

- (1) This section applies if there are presented for stamping at the same time in pursuance of Schedule 13 to the Finance Act 1999—
  - (a) an agreement for a lease, and
  - (b) the lease which gives effect to the agreement,
 and the duty (if any) chargeable on the agreement is paid.
- (2) Section 15A of that Act (interest payable on late stamping) applies in relation to the agreement as if the reference to the day on which the instrument was executed were to the day on which the lease was executed.
- (3) For the purposes of section 15B of that Act (penalty on late stamping) the agreement is treated—
  - (a) as if it had been executed at the same time and place as the lease, and
  - (b) where the lease was executed outside the United Kingdom, as if it had been first received in the United Kingdom at the same time as the lease.
- (4) For the purposes of this section a lease gives effect to an agreement if the lease is granted subsequent to the agreement and either is in conformity with the agreement or relates to substantially the same property and term as the agreement.
- (5) References in this section to an agreement for a lease include missives of let in Scotland.]

#### Textual Amendments

- F310** Ss. 240, 240A substituted for s. 240 (27.7.1999 with application as mentioned in s. 109(4) of the amending Act) by 1999 c. 16, s. 109(3), 122, **Sch. 12 para. 4**

#### <sup>F311</sup>240A Requirements before lease treated as duly stamped.

- (1) A lease shall not be treated as duly stamped unless—
  - (a) it contains a certificate that there is no agreement to which it gives effect, or
  - (b) it is stamped with a stamp denoting—



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- (i) that there is an agreement to which it gives effect which is not chargeable with duty, or
  - (ii) the duty paid on the agreement to which it gives effect.
- (2) For the purposes of this section a lease gives effect to an agreement if the lease is granted subsequent to the agreement and either is in conformity with the agreement or relates to substantially the same property and term as the agreement.
- (3) References in this section to a lease do not include, and references in this section to an agreement do include, missives of let in Scotland.

**Textual Amendments**

**F311** Ss. 240, 240A substituted for s. 240 (27.7.1999 with application as mentioned in s. 109(4) of the amending Act) by 1999 c. 16, s. 109(3), 122, **Sch. 12 para. 4**

**241 Exchange, partition, etc.**

- (1) Where—
- (a) the consideration for the transfer or vesting of any estate or interest in land or the grant of any [<sup>F312</sup>lease] consists of or includes any property, and
  - (b) for the purposes of stamp duty chargeable under or by reference to [<sup>F313</sup>Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale)] no amount or value is, apart from this section, attributed to that property on that transfer, vesting or grant,
- then, for those purposes, the consideration or, as the case may be, the consideration so far as relating to that property shall be taken to be the market value of the property immediately before the instrument in question is executed and accordingly the instrument shall be charged with ad valorem duty under that heading.
- (2) For the purposes of this section the market value of property at any time is the price which that property might reasonably be expected to fetch on a sale at that time in the open market.
- <sup>F314</sup>(3) .....
- <sup>F314</sup>(4) .....
- <sup>F314</sup>(5) .....
- (6) This section shall apply to instruments executed after 7th December 1993, not being instruments executed in pursuance of a contract made before 30th November 1993.

**Textual Amendments**

**F312** Word in s. 241(1)(a) substituted (27.7.1999 with effect as mentioned in s. 112(6) of the amending Act) by 1999 c. 16, s. 112(4)(6), 122, **Sch. 14 para. 30(a)**

**F313** Words in s. 241(1)(b) substituted (27.7.1999 with effect as mentioned in s. 112(6) of the amending Act) by 1999 c. 16, s. 112(4)(6), 122, **Sch. 14 para. 30(b)**

**F314** S. 241(3)-(5) repealed (27.7.1999 with effect as mentioned in Notes 1 and 2 to Sch. 20 Pt. V(2) of the repealing Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. V(2)**

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## 242 Where consideration not ascertainable from conveyance or lease.

- (1) Where, for the purposes of stamp duty chargeable under or by reference to <sup>F315</sup>Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale)], the consideration, or any part of the consideration, for—
- (a) the transfer or vesting of any estate or interest in land, or
  - (b) the grant of any <sup>F316</sup>lease],
- cannot, apart from this subsection, be ascertained at the time the instrument in question is executed, the consideration for the transfer, vesting or grant shall for those purposes be taken to be the market value immediately before the instrument is executed of the estate or interest transferred or vested or, as the case may be, the <sup>F316</sup>lease] granted.
- (2) Where, for the purposes of stamp duty chargeable under <sup>F317</sup>paragraph 12 of Schedule 13 to the Finance Act 1999], the rent, or any part of the rent, payable under any <sup>F316</sup>lease] cannot, apart from this subsection, be ascertained at the time it is executed, the rent shall for those purposes be taken to be the market rent at that time.
- (3) For the purposes of this section—
- (a) the cases where consideration or rent cannot be ascertained at any time do not include cases where the consideration or rent could be ascertained on the assumption that any future event mentioned in the instrument in question were or were not to occur, and
  - (b) the market rent of a <sup>F316</sup>lease] at any time is the rent which the <sup>F316</sup>lease] might reasonably be expected to fetch at that time in the open market, and in this section “market value” has the same meaning as in section 241 above.
- (4) This section shall apply to instruments executed after 7th December 1993.

### Textual Amendments

- F315** Words in s. 242(1) substituted (27.7.1999 with effect as mentioned in s. 112(6) of the amending Act) by 1999 c. 16, s. 112(4), 122, **Sch. 14 para. 31(3)**
- F316** Words in s. 242 substituted (27.7.1999 with effect as mentioned in s. 112(6) of the amending Act) by 1999 c. 16, s. 112(4), 122, **Sch. 14 para. 31(2)**
- F317** Words in s. 242(2) substituted (27.7.1999 with effect as mentioned in s. 112(6) of the amending Act) by 1999 c. 16, s. 112(4), 122, **Sch. 14 para. 31(4)**

## 243 Agreements to surrender leases.

- (1) Where, in pursuance of any agreement, any lease is surrendered (or, in Scotland, renounced) at any time otherwise than by deed, the agreement shall be treated for the purposes of <sup>F318</sup>stamp duty] as if it were a deed executed at that time effecting the surrender (or, as the case may be, renunciation).
- (2) This section shall apply to any agreement made after 7th December 1993.

### Textual Amendments

- F318** Words in s. 243 substituted (27.7.1999 with effect as mentioned in s. 112(6) of the amending Act) by 1999 c. 16, s. 112(4), 122, **Sch. 14 para. 32**

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## **244 Production of documents on transfer of land in Northern Ireland.**

- (1) Subject to section 245 below, on the occasion of—
  - (a) any transfer on sale of any freehold interest in land in Northern Ireland, or
  - (b) the grant, or any transfer on sale, of any lease of such land,the transferee, lessee or proposed lessee shall produce to the Commissioners the instrument by means of which the transfer is effected or the lease granted or agreed to be granted, as the case may be.
- (2) Any transferee, lessee or proposed lessee required to produce any instrument under subsection (1) above shall produce with it a document (signed by him or by some person on his behalf and showing his address) giving such particulars as may be prescribed.
- (3) Any person who, within thirty days—
  - (a) after the execution of an instrument which he is required under subsection (1) above to produce, or
  - (b) in the case of such an instrument executed at a place outside Northern Ireland, after it is first received in Northern Ireland,fails to comply with that subsection or subsection (2) above shall be liable on summary conviction to a fine not exceeding level 1 on the standard scale.
- (4) Where any agreement for any lease of land in Northern Ireland is produced to the Commissioners together with a document (signed as mentioned in subsection (2) above) giving such particulars as may be prescribed—
  - (a) it shall not be necessary to produce to them the instrument granting the lease, or any further such document as is referred to in that subsection, unless that instrument is inconsistent with the agreement, but
  - (b) the Commissioners shall, if any such instrument is produced to them and application is made for that purpose, denote on the instrument that it has been produced to them.
- (5) Notwithstanding anything in section 12 of the <sup>M54</sup>Stamp Act 1891, no instrument required by this section to be produced to the Commissioners shall be deemed, for the purposes of section 14 of that Act, to be duly stamped unless it is stamped with a stamp denoting that the instrument has been so produced.

### **Commencement Information**

**I17** S. 244 wholly in force; s. 244 not in force at Royal Assent, see s. 245(8); s. 244 in force at 4.11.1996 by S.I. 1996/2316, **art. 2**

### **Marginal Citations**

**M54** 1891 c. 39.

## **245 Production of documents: supplementary.**

- (1) Section 244 above shall not apply to any instrument (an “exempt instrument”) falling within any prescribed class; but regulations may, in respect of exempt instruments or such descriptions of exempt instruments as may be prescribed, require such a document as is mentioned in subsection (2) of that section to be furnished in

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accordance with the regulations to the Commissioner of Valuation for Northern Ireland.

- (2) The information contained in <sup>F319</sup>—
- (a) any document produced to the Commissioners under section 244(2) above<sup>F320</sup>, or
  - (b) any return delivered to the Commissioners under Part 4 of the Finance Act 2003 (stamp duty land tax),]
- shall be available for use by the Commissioner of Valuation for Northern Ireland.
- (3) Any person who fails to comply with any requirement imposed by virtue of subsection (1) above shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (4) Section 244 above shall also not apply to any instrument which relates solely to—
- (a) incorporeal hereditaments or to a grave or right of burial, <sup>F321</sup> ...
  - (b) land subject to land purchase annuities which are registered in the Land Registry in Northern Ireland. [<sup>F322</sup>or]
  - <sup>F323</sup>(c) an SDLT transaction within the meaning of paragraph 1(2) of Schedule 19 to the Finance Act 2003.]
- (5) In this section and section 244 above—
- “lease”—
  - (a) includes an underlease or other tenancy and an agreement for a lease, underlease or tenancy, but
  - (b) does not include a mortgage, charge or lien on any property for securing money or money’s worth,
- and “lessee” and “grant” shall be construed accordingly,  
 “prescribed” means prescribed by regulations, and  
 “regulations” means regulations made by the Commissioners under this section.
- (6) The power to make regulations under this section shall be exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of the House of Commons.
- (7) Regulations under this section may make different provision for different cases.
- (8) This section and section 244 above shall come into force on such day as the Treasury may by order made by statutory instrument appoint.

#### Subordinate Legislation Made

**P5** S. 245(8) power exercised: 4.11.1996 appointed by [S.I. 1996/2316, art. 2](#)

#### Textual Amendments

**F319** S. 245(2) renumbered (11.2.2005) by [The Stamp Duty Land Tax \(Consequential Amendment of Enactments\) Regulations 2005 \(S.I. 2005/82\), regs. 1, 3\(3\)\(a\)](#)

**F320** S. 245(2)(b) and word inserted (11.2.2005) by [The Stamp Duty Land Tax \(Consequential Amendment of Enactments\) Regulations 2005 \(S.I. 2005/82\), regs. 1, 3\(3\)\(b\)](#)

**F321** Word in s. 245(4)(a) omitted (1.12.2003) by virtue of [The Stamp Duty Land Tax \(Consequential Amendment of Enactments\) Regulations 2003 \(S.I. 2003/2867\), reg. 1, Sch. para. 22\(a\)](#)

*Status: Point in time view as at 21/07/2009.*

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**F322** Word in s. 245(4)(b) inserted (1.12.2003) by [The Stamp Duty Land Tax \(Consequential Amendment of Enactments\) Regulations 2003 \(S.I. 2003/2867\)](#), reg. 1, [Sch. para. 22\(b\)](#)

**F323** S. 245(4)(c) added (1.12.2003) by [The Stamp Duty Land Tax \(Consequential Amendment of Enactments\) Regulations 2003 \(S.I. 2003/2867\)](#), reg. 1, [Sch. para. 22\(c\)](#)

#### Commencement Information

**I18** S. 245 wholly in force; s. 245 not in force at Royal Assent, see s. 245(8); s. 245 in force at 4.11.1996 by [S.I. 1996/2316](#), [art. 2](#)

## PART VII

### INHERITANCE TAX

#### 246 Rate bands: no indexation in 1994.

The Table substituted by section 72(1) of the <sup>M55</sup>Finance (No. 2) Act 1992 shall apply to chargeable transfers made in the year beginning 6th April 1994, and accordingly section 8(1) of the <sup>M56</sup>Inheritance Tax Act 1984 (indexation of rate bands) shall not apply to such transfers.

#### Marginal Citations

**M55** 1992 c. 48.

**M56** 1984 c. 51.

#### 247 Business and agricultural relief.

- (1) In section 113B of the Inheritance Tax Act 1984 (replacement business property)—
  - (a) in subsections (2)(a) and (5)(b), for “twelve months” substitute, in each case, “ the allowed period ”; and
  - (b) in subsection (8), at the end add “ and “allowed period” means the period of three years or such longer period as the Board may allow ”.
- (2) In section 124B of the Act of 1984 (replacement agricultural property)—
  - (a) in subsections (2)(a) and (5)(b), for “twelve months” substitute, in each case, “ the allowed period ”; and
  - (b) in subsection (8), at the end add “ and “allowed period” means the period of three years or such longer period as the Board may allow ”.
- (3) This section applies in relation to transfers of value made, and other events occurring, on or after 30th November 1993.

#### 248 Corporate Lloyd’s underwriters.

- (1) No property forming part of a premiums trust fund or ancillary trust fund of a corporate member shall be relevant property for the purposes of Chapter III of Part III of the Inheritance Tax Act 1984 (settlements without interests in possession).

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- (2) In this section “ancillary trust fund”, “corporate member” and “premiums trust fund” have the same meanings as in Chapter V of Part IV of this Act (Lloyd’s underwriters: corporations etc.).

## PART VIII

### MISCELLANEOUS AND GENERAL

#### *Companies treated as non-resident*

<sup>F324</sup>**249 Certain companies treated as non-resident.**

.....

**Textual Amendments**

**F324** S. 249 repealed (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 397, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

<sup>F325</sup>**250 Companies treated as non-resident: supplementary.**

.....

**Textual Amendments**

**F325** S. 250 repealed (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 397, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**251 Companies treated as non-resident: repeals.**

- (1) For the purposes of this section—
- (a) the relevant date is 30th November 1993;
  - (b) the <sup>M57</sup>1992 Act is the Taxation of Chargeable Gains Act 1992.
- (2) In section 468F of the Taxes Act 1988 the following shall be omitted—
- (a) in subsection (1)(c) the words “and not a dual resident”;
  - (b) in subsection (8) the definition of “dual resident”;
- and this subsection shall have effect where the date of payment is the relevant date or later.

<sup>F326</sup>(3) .....

- (4) Sections 749(4A) and 751(2)(bb) of the Taxes Act 1988 shall be omitted; and this subsection shall be deemed to have come into force on the relevant date.
- (5) Section 139(3) of the 1992 Act shall be omitted; and this subsection shall have effect in relation to acquisitions on or after the relevant date.

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- (6) Section 160 of the 1992 Act shall be omitted; and this subsection shall have effect where the disposal of the old assets (or of the interest in them) is made on or after the relevant date or the acquisition of the new assets is made (or the acquisition of the interest in them is made or the unconditional contract for their acquisition is entered into) on or after the relevant date.
- (7) The following provisions shall be omitted—
- (a) in section 166(2) of the 1992 Act the words “or a company” and the words “or company”;
  - (b) in section 171(2) of that Act, paragraph (e) and the word “or” immediately preceding it;
  - (c) section 172(3)(a) of that Act;
- and this subsection shall have effect in relation to disposals on or after the relevant date.
- (8) In section 175(2) of the 1992 Act the words from “or a company which” to the end of paragraph (b) shall be omitted; and this subsection shall have effect where the disposal of the old assets (or of the interest in them) or the acquisition of the new assets (or of the interest in them) is made on or after the relevant date.
- (9) Section 186 of the 1992 Act shall be omitted together with the following in section 187—
- (a) in subsection (1)(a) the words “or 186”;
  - (b) in subsection (6) the words “or, as the case may be, section 186(2),” and the words “or, as the case may be, section 186(1)”;
- and this subsection shall have effect where the company concerned becomes on or after the relevant date a company which falls to be regarded as mentioned in section 186(1).
- (10) Section 188 of the 1992 Act shall be omitted; and this subsection shall be deemed to have come into force on the relevant date.
- (11) In section 211(3) of the 1992 Act the words “(and would not be a gain on which, under any double taxation relief arrangements, it would not be liable to tax)” shall be omitted; and this subsection shall have effect where the transfer is made on or after the relevant date.

<sup>F327</sup>(12) .....

**Textual Amendments**

**F326** S. 251(3) repealed (6.4.2007) by *Income Tax Act 2007 (c. 3)*, s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

**F327** S. 251(12) repealed (the repeal coming into force in accordance with the provisions of Pt. IV Ch. II (ss. 80-105) of the repealing Act) by *1996 c. 8*, s. 205, **Sch. 41 Pt. V(3)**, Note

**Commencement Information**

**I19** S. 251 partly in force retrospectively (to 30.11.1993) as mentioned in this section.

**Marginal Citations**

**M57** 1992 c. 12.

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### *Privatisations*

#### **252 Railways.**

- (1) Schedule 24 to this Act (which makes provision in connection with transfers and other disposals under or by virtue of the <sup>M58</sup>Railways Act 1993) shall have effect.
- (2) Paragraphs 4(1) and 17 of that Schedule, and this section so far as relating to those provisions, shall be taken to have come into force on 5th November 1993 (the date on which the <sup>M59</sup>Railways Act 1993 was passed).
- (3) Subject to subsection (2) above, this section and that Schedule shall be taken to have come into force on 11th January 1994.

#### **Commencement Information**

**I20** S. 252 in force retrospectively (partly 5.11.93 and partly 11.1.1994) as mentioned in s. 252(2)(3)

#### **Marginal Citations**

**M58** 1993 c. 43.

**M59** 1993 c. 43.

#### **253 Northern Ireland Airports Limited.**

Schedule 25 to this Act (which makes provision in connection with the transfer of the undertaking of Northern Ireland Airports Limited) shall have effect.

### *Management*

#### **254 Practice and procedure in connection with appeals.**

- (1) Section 56B of the <sup>M60</sup>Taxes Management Act 1970 (regulations about practice and procedure in connection with appeals) shall be amended as follows.
- (2) In subsection (2)(b) (documents to be made available for inspection by Commissioners or by officers of the Board) for “the Commissioners or by officers of the Board” there shall be substituted “specified persons”.
- (3) The following subsection shall be inserted after subsection (2)—
  - “(2A) In subsection (2)(b) above “specified persons” means such of the following as may be specified in the regulations—
    - (a) the Commissioners;
    - (b) any party to the appeal;
    - (c) officers of the Board.”

#### **Marginal Citations**

**M60** 1970 c.9.



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**F328 255 Calling for documents of taxpayers and others.**

**Textual Amendments**

**F328** S. 255 omitted (1.4.2009) by virtue of Finance Act 2008 (c. 9), s. 113(2), Sch. 36 para. 92(c) (with Sch. 36 para. 38); S.I. 2009/404, art. 2 (with art. 12)

*Assigned matters*

**256 Minor corrections.**

- (1) The provisions mentioned in subsection (2) below (which enable revenue traders and taxable persons to be required to keep records) shall be amended in accordance with subsections (3) and (4) below (which correct minor errors in those provisions so far as they relate to the admissibility in evidence of the recorded information).
- (2) The provisions are—
  - (a) in the <sup>M61</sup>Customs and Excise Management Act 1979, section 118A; and
  - (b) in Schedule 7 to the <sup>M62</sup>Value Added Tax Act 1983, paragraph 7.
- (3) In subsection (6) and sub-paragraph (5) of those provisions—
  - (a) in paragraph (c) for the words “sections 13 and 14 of the <sup>M63</sup>Law Reform (Miscellaneous Provisions) (Scotland) Act 1968” there shall be substituted “sections 5 and 6 of the Civil Evidence (Scotland) Act 1988”; and
  - (b) in paragraph (d), for the words “except in accordance with the said sections 13 and 14” to the end there shall be substituted “except in accordance with Schedule 3 to the Prisoners and Criminal Proceedings (Scotland) Act 1993”.
- (4) Subsection (7) and sub-paragraph (6) of those provisions shall be omitted.

**Marginal Citations**

**M61** 1979 c. 2.  
**M62** 1983 c. 55.  
**M63** 1968 c. 70.

*General*

**257 Interpretation and construction.**

- (1) In this Act “the Taxes Act 1988” means the <sup>M64</sup>Income and Corporation Taxes Act 1988.
- (2) Part V of this Act shall be construed as one with Part I of the <sup>M65</sup>Oil Taxation Act 1975, and in Part V that Act is referred to as “the principal Act”.
- (3) Part VI of this Act shall be construed as one with the <sup>M66</sup>Stamp Act 1891.

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**Marginal Citations**

**M64** 1988 c. 1.

**M65** 1975 c. 22.

**M66** 1891 c. 39.

**258 Repeals.**

The enactments specified in Schedule 26 to this Act (which include provisions which are already spent) are hereby repealed to the extent specified in the third column of that Schedule, but subject to any provision of that Schedule.

**259 Short title.**

This Act may be cited as the Finance Act 1994.

**Status:**

Point in time view as at 21/07/2009.

**Changes to legislation:**

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